

Metcalfe-Hough, Victoria; Fenton, Wendy; Willitts-King, Barnaby; Spencer, Alexandra

## Research Report

# The grand bargain at five years: An independent review

HPG Commissioned Report

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**HPG commissioned report**

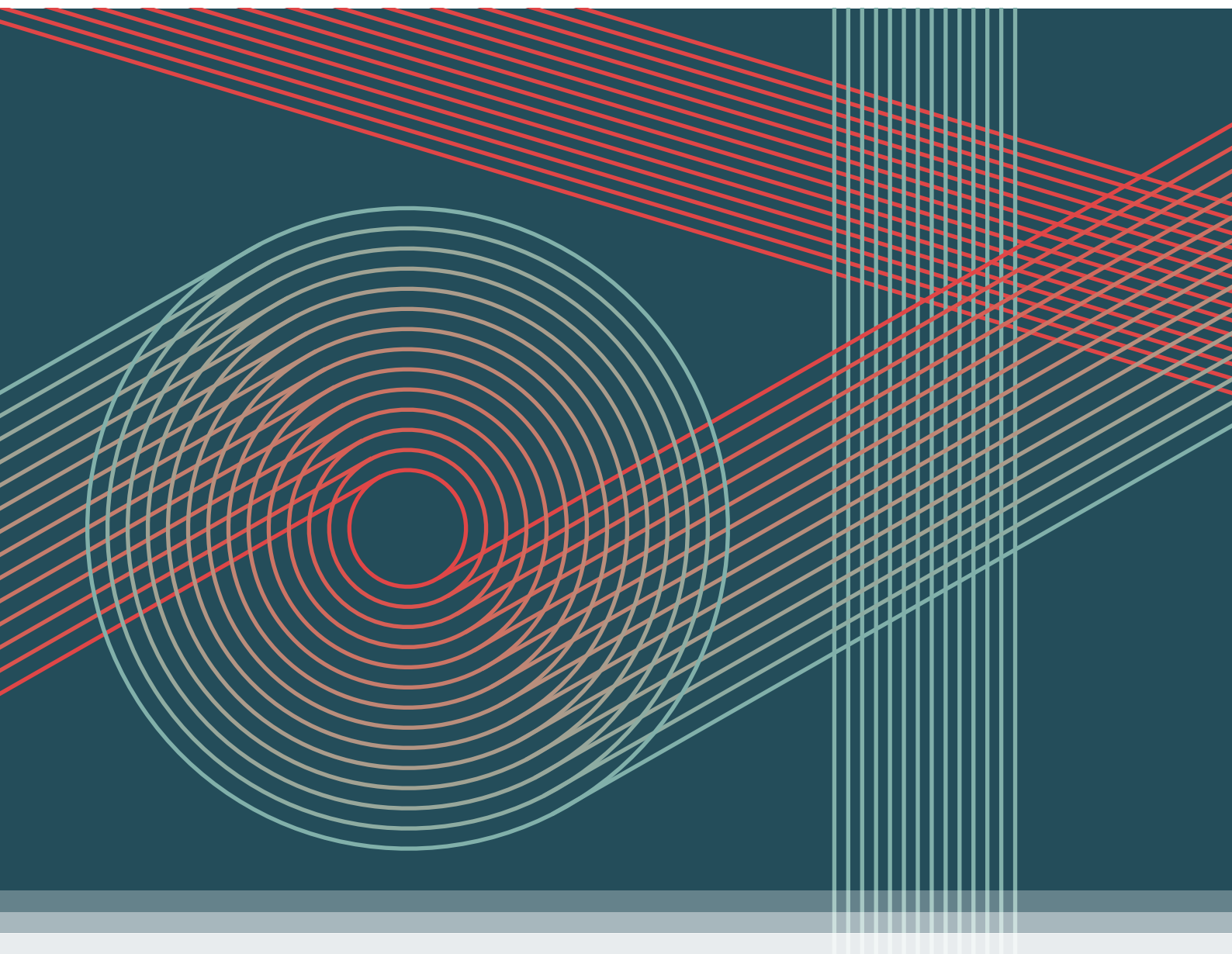
# The Grand Bargain at five years

## An independent review

Victoria Metcalfe-Hough, Wendy Fenton, Barnaby Willitts-King and Alexandra Spencer

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June 2021





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**Correction:** This report was first published online on 8 June 2021. This version was updated on 11 June 2021 to correct an error on page 60.

# Acknowledgements

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## About the authors

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# Foreword

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2021 is proving to be another year in which millions of people are reliant on humanitarian assistance, as indicated by the Global Humanitarian Overview (GHO) 2021. The impacts of armed conflicts, disasters, climate change and the Covid-19 pandemic continue to push people into vulnerability. Humanitarian organisations and donors are faced with growing challenges and expectations as they respond to these needs, as it is not always easy to find solutions to the root causes of these problems. In their efforts to do so, the humanitarian community, including the signatories to the Grand Bargain, strives to assist in the best possible manner. The intentions and objectives of the Grand Bargain negotiators in 2016 were to work together, bound by the Bargain, to improve how assistance reaches people affected by crises and disasters. And their objectives were ambitious! Five years on, there is an opportunity to critically assess progress, individually and collectively. Once again, this year's annual independent report supports us in this endeavour. The report looks at progress made in 2020, considers broader Grand Bargain developments since 2016 and reflects on the risk-sharing conversation, a topic the Grand Bargain signatories first discussed during the 2020 Annual Meeting.

Despite the ambitious nature of the tasks we set ourselves, there has been progress, as this report clearly highlights. Progress that we should acknowledge. Collectively and as individual institutions, we have improved the way we work, enhanced how we work jointly to assess and analyse needs and learned how to use cash transfer programming more widely to support people better. We are better at supporting local organisations, and we are moving towards greater harmonisation of reporting. And we have a clearer understanding of how a conversation about the risks inherent in humanitarian action can allow partners to better share those risks, enabling more effective assistance.

The report also recognises that change takes time, and that some ambitions have not been fulfilled: achieving quality financing at scale and for local organisations, ensuring the inclusion of affected people in collective processes and promoting greater efficiencies by working together more closely, for example on reducing donor assessments and cutting management costs, or having a common data standard in the interest of greater transparency.

While we might have reached some of our targets, the Grand Bargain's overall objectives of greater effectiveness and efficiency remain as relevant today as they were in 2016. Individual signatories have taken important decisions in recent years to change their practices in line with the Grand Bargain and the technical progress and products that have emerged through its processes. It is now time to build on this. It is time to take more bold and ambitious collective political decisions on specific Grand Bargain commitments, to scale up what we know works, and to overcome enduring problems. This is more important than ever given the growing humanitarian financing gap.

I would like to thank ODI for its excellent work in capturing our collective progress. This is the fourth year that ODI has conducted the independent review. Thanks to the expertise gathered throughout these years, ODI has provided valuable advice to improve and enhance

the Grand Bargain framework, processes and structures, including with respect to the Bargain's future. Through this process, we as signatories continue to strengthen our accountability and transparency, complementing other humanitarian response evaluations.

The report observes that the majority of signatories continue to recognise the value of the Grand Bargain platform. Since its inception, the platform has adapted, offering scope to engage more directly with new and emerging issues, including with local organisations. That is its strength. We must continue to be ambitious in what we want to achieve, and take the political decisions required to make it work. Not for ourselves, but for – and together with – the people we aim to serve.

**Sigrid A.M. Kaag**

**Grand Bargain Eminent Person**

Minister for Foreign Trade and Development Cooperation of the Kingdom of the Netherlands

### **Reflections from Facilitation Group members**

**Mr Janez Lenarčič, European Commissioner for Crisis Management:** The Grand Bargain has demonstrated our capacity as humanitarians to look introspectively at how we should reform to better serve people in need, and justify the trust put in us by taxpayers and budgetary authorities. We have come a long way already but this is not the time for complacency. Now we need to make bold decisions to translate the technical work of these past years into concrete change, to respond to growing humanitarian needs more flexibly, effectively and efficiently, and to increase the accountability, transparency and visibility of aid. At the same time, we must step up investment in prevention and anticipatory action to strengthen resilience and help avert further needs. Prevention is better than cure!

**Mr Mark Lowcock, Under-Secretary-General for Humanitarian Affairs and Emergency**

**Relief Coordinator:** The Grand Bargain continues to remain 'grand' for its inclusiveness. It is a partnership and a 'bargain' among all key stakeholders to make the humanitarian system more responsive and anticipatory for affected populations. The Grand Bargain has been a catalyst for change, although the conversations today are very different than before. It must stay the course, maintain an ambitious agenda and adapt to the realities of today. Its potential could be further exploited based on lessons learned from our collective response to Covid-19.

**Mr David Beasley, World Food Programme (WFP) Executive Director:** Last year was unprecedented, with conflict, climate change and the Covid-19 pandemic creating record demand for humanitarian assistance – and there will be no let-up in 2021. This exceptional situation requires exceptional collaboration to ensure we reach the people we all serve. The Grand Bargain remains a key forum for making progress on critical issues such as funding, risk-sharing and localisation. But we need to go even further, linking these discussions into the work of the High-Level Panel on reducing needs and widening the resource base. It is an ambitious agenda for the year ahead.

**Mr Jagan Chapagain, International Federation of Red Cross and Red Crescent Societies (IFRC) Secretary-General:**

The Grand Bargain has supported real progress towards cultural and normative change in the humanitarian system on localisation. Looking forward to the Grand Bargain 2.0, our collective focus must be on meeting the needs, rights and aspirations of people we serve. Simply put – people must be at the centre of everything we do. We can only achieve real impact through local action and empowered local actors. Let us stop waiting for the perfect time to truly invest in localisation. Now is the time. And Covid-19 has given us the proof that such an investment makes a difference between life and death.

**Ms Abby Maxman, Chair of the Steering Committee for Humanitarian Response (SCHR) and Oxfam America President and CEO:**

The past five years of investment under the Grand Bargain have resulted in some important progress. We welcome the increased political attention to driving real shifts in power to affected people and local responders. We applaud the growing use of cash programming and harmonised reporting, among many others. But we all need to do more to go beyond these incremental shifts and make a tangible difference on the ground for people affected by crises. Signatories are now at a critical juncture. We need a ‘Grand Bargain 2.0’ that is more inclusive of affected communities and local responders, grounded at the country level, and which connects political will to even higher ambitions to shrink need and centre gender equality.

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# Acronyms

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<b>A4EP</b>	Alliance for Empowering Partnership
<b>AAWG</b>	Assessment and Analysis Working Group
<b>AIR</b>	annual independent review
<b>CAFOD</b>	Catholic International Development Charity
<b>CaLP</b>	Cash Learning Partnership
<b>CAR</b>	Central African Republic
<b>CCD</b>	Collaborative Cash Delivery (network)
<b>CBPF</b>	Country-based Pooled Fund
<b>CERF</b>	Central Emergency Response Fund
<b>CHS</b>	Core Humanitarian Standard
<b>CRNA</b>	Covid-19 Recovery Needs Assessment
<b>CRS</b>	Catholic Relief Services
<b>CSCE</b>	Common Services for Community Engagement
<b>CSO</b>	civil society organisation
<b>DEEP</b>	Data Entry and Exploration Platform
<b>DG DEVCO</b>	Directorate-General for International Cooperation and Development
<b>DG ECHO</b>	Directorate-General for European Civil Protection and Humanitarian Aid Operations
<b>DG INTPA</b>	Directorate-General for International Partnerships
<b>DI</b>	Development Initiatives
<b>DRC</b>	Democratic Republic of Congo
<b>DREF</b>	Disaster Relief Emergency Fund
<b>DTM</b>	Displacement Tracking Matrix
<b>EDRIS</b>	Electronic Data Research and Innovation Service
<b>ERC</b>	Emergency Relief Coordinator
<b>ESSN</b>	Emergency Social Safety Net
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization
<b>FbF</b>	forecast-based financing
<b>FCDO</b>	Foreign, Commonwealth and Development Office
<b>FoGG</b>	Friends of Gender Group

<b>FTS</b>	Financial Tracking Service
<b>GBV</b>	gender-based violence
<b>GCCG</b>	Global Cluster Coordination Group
<b>GEWE</b>	gender equality and women's empowerment
<b>GHD</b>	Good Humanitarian Donorship initiative
<b>GHO</b>	Global Humanitarian Overview
<b>GHRP</b>	Global Humanitarian Response Plan
<b>GIMAC</b>	Global Information Management and Analysis Cell
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>GPPI</b>	Global Public Policy Institute
<b>GTS</b>	Ground Truth Solutions
<b>HCT</b>	Humanitarian Country Team
<b>HERE</b>	Humanitarian Exchange and Research Centre
<b>HNO</b>	Humanitarian Needs Overview
<b>HPC</b>	Humanitarian Programme Cycle
<b>HRP</b>	Humanitarian Response Plan
<b>IASC</b>	Inter-Agency Standing Committee
<b>IATI</b>	International Aid Transparency Initiative
<b>ICCG</b>	Inter-Cluster Coordination Group
<b>ICRC</b>	International Committee of the Red Cross
<b>ICVA</b>	International Council of Voluntary Agencies
<b>IDA</b>	International Development Association
<b>IFC</b>	International Finance Corporation
<b>IFRC</b>	International Federation of Red Cross and Red Crescent Societies
<b>ILO</b>	International Labour Organization
<b>INCAF</b>	International Network on Conflict and Fragility
<b>INGO</b>	international non-governmental organisation
<b>IOM</b>	International Organization for Migration
<b>IPC</b>	Integrated Food Security Phase Classification
<b>IRC</b>	International Rescue Committee
<b>JIAF</b>	Joint Intersectoral Analysis Framework
<b>JIAG</b>	Joint Intersectoral Analysis Group
<b>JIPS</b>	Joint IDP Profiling Service

<b>LIFT</b>	Local Initiative Fund in Turkey
<b>MOPAN</b>	Multilateral Organisation Performance Assessment Network
<b>MPR</b>	multi-partner review
<b>MSNA</b>	Multi-sectoral Needs Assessment
<b>NEAR</b>	Network for Empowered Aid Response
<b>NGO</b>	non-governmental organisation
<b>NNGO</b>	national non-governmental organisation
<b>NRC</b>	Norwegian Refugee Council
<b>NSIA</b>	National Society Investment Alliance
<b>OCHA</b>	Office for the Coordination of Humanitarian Affairs
<b>ODA</b>	Official Development Assistance
<b>OECD-DAC</b>	Organisation for Economic Cooperation and Development–Development Assistance Committee
<b>OHCHR</b>	Office for the High Commissioner for Human Rights
<b>PBA</b>	programme-based approach
<b>PDNA</b>	Post-disaster Needs Assessment
<b>PMU</b>	Project Management Unit
<b>PPBA</b>	Prevention and Peacebuilding Assessment
<b>RCCE</b>	Risk Communication and Community Engagement
<b>RC/HC</b>	Resident and Humanitarian Coordinator
<b>RCRCM</b>	Red Cross and Red Crescent Movement
<b>REDLAC</b>	Communication for Disaster Response
<b>RMRP</b>	Regional Refugee and Migrant Response Plan
<b>RPBA</b>	Recovery and Peacebuilding Assessment
<b>RRAs</b>	Risk and Resilience Assessments
<b>RRF</b>	Rapid Response Facility
<b>SCHR</b>	Steering Committee for Humanitarian Response
<b>sclr</b>	survivor- and community-led response
<b>TRC</b>	Turkish Red Crescent society
<b>UK</b>	United Kingdom of Great Britain and Northern Ireland
<b>UN</b>	United Nations
<b>UN BIG</b>	United Nations Business Innovation Group
<b>UN CCA</b>	United Nations Common Country Analyses
<b>UN CCS</b>	United Nations Common Cash Statement



<b>UNCT</b>	United Nations Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UN ECOSOC</b>	United Nations Economic and Social Council
<b>UNFPA</b>	United Nations Population Fund
<b>UNGA</b>	United Nations General Assembly
<b>UNHCR</b>	United Nations Refugee Agency
<b>UNICC</b>	United Nations International Computing Centre
<b>UNICEF</b>	United Nations Children’s Emergency Fund
<b>UN JSC</b>	United Nations Joint Steering Committee to Advance Humanitarian and Development Collaboration
<b>UNOPS</b>	United Nations Office for Project Services
<b>UNOSAT</b>	United Nations Operational Satellite Applications Programme
<b>UN PP</b>	United Nations Partner Portal
<b>UNRWA</b>	United Nations Relief and Works Agency for Palestine Refugees in the Near East
<b>UNSDCF</b>	United Nations Sustainable Development Cooperation Framework
<b>UN SDG</b>	United Nations Sustainable Development Goals
<b>UN SG</b>	United Nations Secretary General
<b>UN SWAP</b>	UN System-wide Action Plan on Gender Equality and Women’s Empowerment
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women
<b>US</b>	United States of America
<b>USAID</b>	US Agency for International Development
<b>USG</b>	Under-Secretary General
<b>US OFDA</b>	US Office of Foreign Disaster Assistance
<b>VOICE</b>	Voluntary Organisations in Cooperation in Emergencies
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization
<b>WHS</b>	World Humanitarian Summit
<b>WVI</b>	World Vision International

## Executive summary

Under the auspices of the World Humanitarian Summit (WHS) in Istanbul in May 2016, representatives of 18 donor countries and 16 international aid organisations from the United Nations, international non-governmental organisations (INGOs) and the Red Cross and Red Crescent Movement (RCRCM) agreed a 'Grand Bargain'. This outlined 51 commitments aimed at improving the efficiency and effectiveness of international humanitarian aid, and included a voluntary annual reporting mechanism, supported by an annual independent review, in order to monitor implementation of those commitments.

This fifth annual independent review (AIR) of the Grand Bargain was commissioned by the Facilitation Group (currently comprising Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), International Federation of Red Cross and Red Crescent Societies (IFRC), Office for the Coordination of Humanitarian Affairs (OCHA), Steering Committee for Humanitarian Response (SCHR), World Food Programme (WFP) and the United Kingdom (UK)), on behalf of the now 63 signatories, and under the overall guidance of the current Eminent Person, Minister for Foreign Trade and Development Cooperation Sigrid Kaag of the Netherlands. Its remit is two-fold: to analyse the progress achieved and challenges faced during 2020; and to review the progress achieved by the collective of signatories over the five years since the establishment of the Grand Bargain in 2016.

Using a broadly similar methodology as previous reports, this year's review is based on self-reports provided by 61 of the 63 donors and aid organisations that were signatories in 2020, with additional data gathered through narrative reports from the co-conveners of the eight workstreams, alongside semi-structured interviews with 110 representatives of the 57 signatories that submitted reports by the deadline and responded to requests for interview, and with 17 co-conveners for the eight workstreams.

This review has been conducted against the background of the unprecedented pressures the Covid-19 pandemic has placed on the international aid system, including the signatories to the Grand Bargain. The pandemic has been a serious test of the resolve of the signatories to change long-standing practices. It has also provided the opportunity and impetus to accelerate these changes – to scale up, to expand and to systematise ways of working to enhance the overall efficiency and effectiveness of international humanitarian action.

The Grand Bargain was originally established as one of three separate but interconnected recommendations of the UN Secretary General's High Level Panel on Humanitarian Financing, published in 2016: (1) reduce needs; (2) expand the resource base; and (3) establish a Grand Bargain between donors and aid organisations – a bargain in which the former would give better-quality funds and the latter would be more transparent and more cost-conscious in how it spent those funds. Progress has been made in relation to pillar 1 (reducing needs) and, to a lesser extent, on pillar 2 (expanding the resource base). So, what of the Grand Bargain – the Panel's third pillar?

### Key areas of progress

Over the years, there has been some progress in all thematic areas and workstreams of the Grand Bargain, but the level and scope of that progress has varied significantly from one theme to another and from one commitment to another. However, over the five years there have been a number of consistent stand-out performers – workstreams where progress has been particularly significant and where the Grand Bargain can be seen to have driven, or at least significantly contributed to, a system-wide shift in policy and – to a lesser though still important extent – in practice. These are cash assistance, localisation, joint needs analysis and harmonised reporting.

The use of cash assistance (workstream 3) has continued to expand, both in volume and scope, driven by strong collaboration among a range of aid actors, consistent leadership from the co-conveners, the UK and WFP, and substantial investments from other signatories. By 2020, every operational aid organisation signatory reported using cash assistance in some form and several had adopted ‘cash first’ policies. Operational collaboration among aid agencies continues to evolve, and there was a rapid expansion in terms of integration of humanitarian or emergency cash in social safety net programmes in 2020, related largely to the Covid-19 pandemic.

Signatories have also maintained significant momentum under workstream 2 (localisation), with high levels of activity over the five-year period, including development of a comprehensive package of guidance and increasing strategic engagement by and with local actors at field and headquarters level. Now accepted as a norm of international humanitarian action, there has also been a gradual expansion in the operational practice of localisation going beyond the usual good performers: increasing numbers of other signatories reported in 2020 on their efforts to support institutional development of local partners and increase their access to international funding. More signatories are meeting the 25% target for their own humanitarian funds allocated to local partners (13 by the end of 2020), access for local actors to pooled funds has increased significantly (39% of OCHA-managed Country-based Pooled Funds (CBPFs) were allocated to local and national responders in 2020) and there has also been a marginal increase in the global funds allocated to local and national responders (see Figure 1).

After a difficult start, progress under workstream 5 (joint needs analysis) has been substantial, with a number of important outputs produced through multi-stakeholder collaboration, including a theory of change; an ethos document (led by International Organization for Migration (IOM), OCHA and United Nations Refugee Agency (UNHCR) and endorsed in June 2019); the Data Entry and Exploration Platform (DEEP); quality criteria for coordinated needs assessments (developed in 2018); and the first iteration of the Joint Intersectoral Analysis Framework (JIAF) – all of which have been embedded in an enhanced Humanitarian Programme Cycle (HPC) process. Endorsement of the first iteration of the Framework by the Inter-Agency Standing Committee (IASC) in August 2020 and its subsequent roll-out as part of the global HPC for 2021 was a significant achievement, and feedback at field and headquarters levels for both the process and the tool has been generally positive. The improved scores afforded to the 2020 and 2021 Humanitarian Needs Overviews (HNOs) offers indicative evidence of the positive impact of the JIAF and related tools on inter-agency intersectoral analysis of needs.

With respect to workstream 9 (harmonised reporting), the creation, pilot testing, finalisation and subsequent partial roll-out of the so-called ‘8+3’ harmonised template for narrative reporting is a major technical achievement. It provided proof of a concept that many did not consider possible in 2016. By the end of 2020, 28 grant-giving signatories were using this template in some form, with nine using it as the standard for reporting by their civil society partners (see Figure 1). That the target for rolling this tool out has not yet been reached is disappointing, but is a signal of how hard change is within complex institutions, and how gaining and sustaining momentum for that change is critical but challenging. That said, momentum is gathering pace and the number of signatories adopting the template has continued to increase year on year.

Beyond the workstreams there has also been progress in relation to gender equality and women’s empowerment as a cross-cutting theme of the Grand Bargain. For many signatories, this work has been one of the key achievements of the Grand Bargain over the five-year period. Gender did not feature in the original discussions on, or in the language of, the Grand Bargain in 2016. A small group of signatories, brought together by UN Women, quickly sought to address this gap by creating the Friends of Gender Group (FoGG) to mainstream gender equality and women’s empowerment in individual and collective efforts to implement the commitments. The strategy adopted by the group has essentially been to use the Grand Bargain to drive forward progress on commitments made by signatories via their membership of other/pre-existing forums on gender equality and women’s empowerment. Since 2019, the group has prioritised engagement with four workstreams: 2 (localisation), 3 (cash assistance), 5 (joint needs analysis), 6 (participation revolution) and 7+8 (quality funding), working with the co-conveners, and providing guidance and advice on how to integrate considerations on gender in workstream activities and outputs. When the Grand Bargain self-reporting process was adapted in 2018, the group took the opportunity to request inclusion of gender, with reporting required on this theme from 2019. This has encouraged signatories to showcase the work they are doing and increased peer-level accountability for the commitments they have made elsewhere. In the 2020 self-reporting process, 100% of signatories provided information on their efforts in this regard. There have been challenges, however: it has proved difficult to track humanitarian funding for programming related to gender equality and women’s empowerment, and there are some concerns at how the disconnect between the predominantly global-level Grand Bargain discussions and operational realities at field level impacts progress on gender equality and women’s empowerment.

### **Challenges, weaknesses and key barriers to change**

For a complex, multi-stakeholder process, the changes made under the Grand Bargain’s various workstreams have been important and substantial. Unsurprisingly, however, not all of the ambitions set out in 2016 have been achieved. The reasons for this vary, but it is evident, reflecting back, that the logic underpinning some workstreams and some commitments was not clear; that the added value of the Grand Bargain was not well-articulated; or that political commitment was not sufficiently strong to overcome what are essentially political barriers to change.

Workstream 1 (greater transparency) focused on a narrow technical solution to a much wider issue of how to ensure more transparency in how money is spent and with what impact. The technical solution proposed in the commitments, the standard developed by the International Aid Transparency Initiative (IATI), was not well-understood by many signatories at the time and, as has become clear, publishing financial data to this standard requires technical capacities or investments that are simply beyond some signatories.

Workstream 3 (cash programming) has had significant success in relation to many of the commitments on this theme – from engaging local partners to securing agreements on better tracking and monitoring of cash programming. But there is still no global agreement on predictable and accountable coordination of multi-purpose cash among IASC agencies. This is despite mounting evidence of the impact this is having on operational efficiencies and effectiveness, including shortfalls in resources and delays, gaps and duplications in responses. As a result, collectively aid organisations have been unable to realise the full potential of cash assistance in humanitarian contexts.

Workstream 4 (reduce duplication and management costs) was central to the over-arching aim of the Grand Bargain to increase efficiency and effectiveness but has perhaps been the most disappointing area of the Grand Bargain's work. This workstream was disadvantaged from the outset by the inclusion of a shopping list of commitments, each of which required major political and technical investments, and was further hampered by a lack of clarity on what kind of cost-efficiencies were expected versus what were actually possible. To capitalise on the more formal mechanism of the UN reform process, the co-conveners have focused their efforts on getting traction within the UN group. This has brought results in terms of increased joint procurement and logistics for the pandemic response and the creation and roll-out of the UN Partner Portal (UN PP). But this approach has limited opportunities to support and enable expansion of initiatives led by non-UN aid organisations that fall under the themes of this workstream, causing some frustration, particularly among non-governmental organisations (NGOs). Much of the activity under this workstream could be legitimately perceived as being priorities for donors – i.e. to find ways to achieve greater (cost) efficiencies and savings across the humanitarian system. But there has been no coherent effort from donors to initiate a collaborative dialogue on what they expect of aid organisations in relation to cost efficiencies and cost transparency, and what may be possible from the aid organisations' perspective.

Despite a strong start, workstream 6 (a participation revolution) has been hampered by a lack of collective political interest from signatories and has failed to deliver on the original ambitions of a 'revolution'. There has evidently been a lot of activity at institutional and to some degree at collective level. But much of this seems to have focused on engaging with affected populations for information purposes (i.e. to inform them about the humanitarian response or communicate information on health or other concerns) and to solicit their feedback. Some aid organisations are making positive progress in more systematically using feedback collated from beneficiaries to inform their decision-making processes. These efforts are all important, but they fall far short of a system-wide shift towards ensuring that humanitarian responses are more demand-driven. Instead, the data that is available, including from four years of perception surveys, suggests that aid continues to be provided on the

basis of what agencies and donors want to give, rather than what people say they want and need. In the absence of any genuine incentives to change, and in the context of increasing risk intolerance among donors, progress under this workstream is likely to remain incremental at best.

Workstream 7+8 presents a slightly different picture. The workstream has struggled at times to garner momentum, and although there are increasing numbers of donors reporting having met the 30% target for provision of flexible funding (17 out of 25 institutional donors by the end of 2020) there has not yet been a substantive system-wide shift in the funding landscape. The workstream has, however, made good progress in areas that could be considered building-blocks for the transformation originally envisaged: working together, the co-conveners and other signatories have collated a strong body of evidence on the impact more predictable and flexible funding can have on operations and programming outcomes, identified key principles underpinning quality funding and gathered good practice examples. But there has been little progress on other enabling factors, such as clarity on what donors expect in terms of visibility. The objectives and ambitions on quality funding set in 2016 were high, and a five-year timeline to address such fundamental elements of the humanitarian system was always unrealistic. There has also been some misunderstanding among many aid organisations that the ‘Bargain’ agreed in 2016 was to increase the volume of funding, to address the gap between needs and funds available, when in fact it focused – or was intended to focus – more narrowly on increasing efficiencies and effectiveness. But it is important to recognise and build on the progress that has been made – since this is not insignificant given the complexities involved in driving system-wide change on this fundamental issue.

## The Grand Bargain five years on

### A vehicle for change

As elaborated in each of the past AIRs, the vast majority of signatories consider the Grand Bargain an important vehicle for change at institutional, constituency and system levels: self-reporting and interviews by the research team over the years highlight the added value of the Grand Bargain in this respect, with many signatories specifying how the Grand Bargain – through its specific commitments and as a forum for collaboration – has been critical to pressuring institutional decision-makers to change policy and to allocate the necessary resources to translate this policy into practice on cash assistance, on localisation, on joint needs assessment/analysis, on harmonised reporting and even on quality funding.

Signatories’ continued engagement in what is a complex and burdensome accountability process is frankly remarkable. In part, this continued engagement reflects the continued relevance of the original goals and content of the Grand Bargain. First, increasing the efficiency and effectiveness of humanitarian aid is as relevant in 2021 as it was five years ago, and crises requiring that aid have persisted, expanded or started anew in the intervening years. Second, there remains a strong appetite for reform of the humanitarian aid system. Third, the strategic leadership provided by the Eminent Person, Facilitation Group, co-conveners and the support of the Secretariat has been crucial in supporting and steering signatories towards the overarching goals of the Grand Bargain. Finally, the

Grand Bargain has provided a unique platform for collaboration. Signatories, large and small, have repeatedly articulated that the main comparative advantage of the Grand Bargain is that it brings actors from different constituent groups together on a relatively level playing field to work on key technical and, to an extent, political challenges, and to develop solutions. There is obviously still frustration and disagreement on many issues, but the collaboration that has characterised the Grand Bargain is recognised by signatories as a key factor in the progress that they have made to date.

### Field-level relevance

Since the first AIR, there has been an ongoing debate on the relevance of the Grand Bargain to field-level operations, on whether it was originally intended as a headquarters-focused mechanism that had trickle-down impact at country level, or whether there should be an explicit strategy to ‘bring the Grand Bargain to the field’. In fact, the relevance and impact of the Grand Bargain at country level have developed organically over the last five years, with ample evidence of how the framework is being used to improve humanitarian responses. Many of the workstreams have engaged with field colleagues, undertaken field missions and sought to pilot test initiatives and tools at field level. There are also clear links between policy-setting by Grand Bargain signatories and actions taken, and even positive impact felt, at field level. However, the absence of a clear decision or strategy on how to ensure the impact of action under the Grand Bargain reaches field level has limited progress, caused frustration and undermined the reputation of the Grand Bargain among INGOs and local partners. There has been a general failure to strategise on how to ensure headquarter-level policy commitments translate into better operations at country level, how to measure or assess this and, crucially, how to engage country-based actors (particularly local actors) in an assessment of whether the concepts conceived, decisions made and tools developed at headquarters were in fact correct, and how greater progress can be achieved.

### The quid pro quo

Originally envisaged as a tool to encourage and incentivise action and results, this concept soon became an unhelpful framing, in part because of the rapid expansion of membership, and due to different understandings of what the quid pro quo means. The quid pro quo has – unintentionally – enabled further entrenchment of positions adopted by constituent groups (particularly over quality funding and its ‘enablers’) that have been hard to break through. Five years on, signatories still need to understand what the Grand Bargain offers or can bring them individually, as much as what the Grand Bargain offers in terms of improvements to the whole humanitarian system. Pushing the concept of ‘mutual gains’, rather than the language of ‘quid pro quo’, may help reset this conversation and ensure a better balance between the political realities of a negotiated bargain and the humanitarian principles that (should) guide all the signatories’ actions.

### Managing financial, reputational and operational risks

Although not explicitly referenced in the original language of the Grand Bargain commitments, the framework provides an opportunity to better understand and manage some of the financial,



reputational and operational risks inherent in international humanitarian action. Several past initiatives, including the 2010 conference on risk in humanitarian action convened by Denmark and the Organisation for Economic Cooperation (OECD) with ODI support, have outlined how complex it is to clarify and respond to the myriad risks inherent in humanitarian action. The establishment of a high-level dialogue by the International Committee of the Red Cross (ICRC) and the Netherlands in 2018 was therefore hugely important. This initiative has generated momentum, including through country-level consultations and an expert meeting, but there has as yet been no step change in approach from signatories wherein the specific financial, reputational and operational risks to different signatories are clearly identified and prioritised, and concrete mitigating actions agreed and taken.

The 2020 self-reports elicited information that confirms much of the current discourse on risk in humanitarian action. Aid organisations emphasised in particular increasing efforts by donors to reduce their exposure to financial and reputational risks, and how that is cascading down through UN agencies and INGOs, with the result that local responders are often facing the greatest burden. Many donors acknowledged their institutions' low tolerance of financial and reputational risks, explaining that high levels of compliance and controls relate to rules set out by their governments and the increasing need to defend aid expenditures to domestic audiences. Several articulated that they are trying to maintain a balance between the need to be accountable to taxpayers and enabling their partners to be as efficient and effective as possible.

The country consultations and research for this AIR suggest that there is still some way to go before there is a full understanding among signatories of the most prevalent financial, reputational and operational risks, and of the knock-on impact of measures aimed at mitigating these; that there are differences in terminology/understandings of these risks; that there are limited resources for risk management; and that too often there is a lack of transparency between partners on the financial, reputational and operational risks they face, and how they are seeking to manage them. Risk mitigation efforts have been largely undertaken by individual signatories with a focus on their own risk exposure, and appetite for a shift in approach, to focus on how to manage and ensure fairer distribution of these risks across the network of actors from donors through to frontline responders, seems relatively low.

Finally, and perhaps surprisingly, there has been no discussion on the extent to which some of the original Grand Bargain commitments could – if implemented systematically – mitigate some of the reputational, financial and operational risks for donors and aid organisations. For example, a combination of more joint donor assessments or increased sharing of Multilateral Organisation Performance Assessment Framework Network (MOPAN) assessments, expanded roll-out of the UN partner portal and of the 8+3 narrative reporting template, increased transparency of financial and results data, and strengthened investments in the institutional capacities of local partners could, in theory at least, go some way to ameliorate the financial and reputational risks that donors face, while also alleviating the heavy burden of compliance that undermines aid organisations' operational efficiencies/effectiveness. But there is not yet sufficient data to confirm that this is the case, or whether the risk experts in donor governments agree.



At the 2020 annual meeting and in the recent survey on the future of the Grand Bargain, signatories asserted their opinion that the Grand Bargain is an appropriate forum for dialogue on risk and risk management. However, further work is required to identify exactly what the Grand Bargain's added value is in this respect. Certainly, the levels of trust and collaboration developed over the first five years of the Grand Bargain offer an important starting point in tackling this complex and sensitive issue.

### Conclusions

As the Grand Bargain reaches its five-year mark, the key question from many signatories and external stakeholders is whether it has been worth it: have the significant political, financial and human resources investments brought sufficient returns? The answer from the majority of those consulted in this process is yes – but with caveats. Key among these are that it has not yet achieved the goals it set out; that expectations that it would transform policy and practice in quality funding, in localisation, in reducing the reporting burden and in other areas have not been met; and that the level of resources necessary to engage across the breadth of its framework have been far greater than anticipated.

As outlined in this report, signatories have achieved a lot together and, despite a significant degree of scepticism among many stakeholders in the early years, the Grand Bargain has evolved into a key multilateral policy forum with demonstrable results. But signatories should not shy away from the assessment presented in this report that, alongside its successes, the Grand Bargain has also failed to meet some of its self-set targets, that opportunities have been missed and mistakes made and that its goals are still some way away. Rather, signatories should acknowledge these failings and integrate learning from them into the next iteration of the Grand Bargain and other future reform processes.

### Key lessons learned

Often said but still worth repeating: the Grand Bargain is a unique forum for collaboration and problem-solving among the main international humanitarian aid actors. There is no comparable place where these constituent groups come together, in relative equality despite their different sizes, budgets and levels of power, to identify and resolve tensions and challenges in the humanitarian aid system. That there remain a number of outstanding issues to be resolved is more reflective of the complexity of these issues than any lack of resolution on the part of the majority of signatories to find solutions and improve institutional and system-wide policy and practice.

Allied to this, the fact that the Grand Bargain is not a formal body, that it is a voluntary process, has enabled signatories to adapt the framework to the evolving geopolitical context, to grow the membership and to expand into thematic areas beyond the original remit. This ability to adapt has been critical in enabling signatories to overcome or work around long-term obstacles to change, and to exploit the mechanism's added value in relation to emerging challenges and work to address them.

The value of any multilateral mechanism lies in its ability to demonstrate and communicate results to its members and stakeholders. The self-reporting process and the AIR approach are by no means perfect

– though they have undergone various iterations and adaptations over time. But the combination of a self-assessment and an external public review of that self-assessment has proven effective in holding signatories to account for their commitments, requiring them to demonstrate the results they are achieving individually and assessing, to the degree feasible, what this all amounts to in terms of system-wide progress.

In terms of structure and governance, the point made in the 2018 AIR remains valid: despite efforts to adapt and streamline its structures, the Grand Bargain is still unwieldy and exhausting to navigate for even the largest signatories. To a degree this is inherent in the breadth of thematic areas that signatories agreed to work on through the original framework. But, even despite the identification of core commitments in 2018 in an effort to narrow the collective focus, the multitude of workstreams, sub-groups, pilots and initiatives has presented a real practical challenge.

The governance framework has improved substantially over the five years, responding to the realisation that steering the ever-growing membership (now 63, including most of the world's largest aid actors) required a more hands-on leadership style than had been envisaged in the original agreement in 2016. Successive Eminent Persons, and the individuals and institutions serving on the Facilitation Group and as co-conveners of workstreams, have taken on these leadership roles, in many cases for the duration of the five-year period, and in doing so have set aside their own institutional agendas and priorities. However, the complexity of issues and agendas and the technical and political blockages to be navigated require *dedicated* resources for each of these levels of leadership. This has not been the case thus far.

There has also been a tendency, discussed in the 2018 AIR, for signatories to wait to be 'led' into action: an expectation that the Eminent Person or Facilitation Group would determine what actions needed to be taken, and by whom. This is particularly the case in relation to constituency groups, where sometimes entrenched policy positions have been hard to overcome. Working in an inclusive and consultative process and soliciting the views of the wider signatory group is important. But the complex and political nature of some of the commitments is such that someone has to take the first step, and that sometimes a more private bilateral or small group negotiation is required to unblock political obstacles. Key in terms of more strategic leadership is the need to enable adaptation, to identify when a strategy needs to change in response to shifts in the global environment, or because it simply is not working. In this respect it is important for the leadership to identify the incentives for change, devise strategies to influence these or find ways of making progress within constraints that signatories cannot influence.

Successive AIRs have also highlighted the unintended consequence of creating the 10 workstreams. The idea had logic, but implementation has resulted in siloed conversations, resulting in missed opportunities and stifled progress. The evolving dialogue on the new iteration of the Grand Bargain is seeking to address this. Following the adage 'form should follow function', the signatories should focus on creating appropriate structures that enable an integrated approach to these new integrated priorities, and adapting these to new understandings and evidence of what works.

Signatories themselves recognise that much of the work done in the last five years has been at a technical level. In all workstreams this technical focus has been important, but this primary focus on technical issues

has diverted attention from the fact that many of the long-standing obstacles that the Grand Bargain was created to address were political in nature. Looking ahead, a reset is required of the ‘bargain’ that signatories committed to back in 2016. It is a ‘bargain’ between aid actors wherein different constituent groups recognise they are each accountable for making a contribution to collective goals. But it should also be seen as a ‘bargain’ with affected populations and with global taxpayers, wherein signatories commit to improving the way they engage and serve the former, and how they spend the latter’s money. It would be naïve to believe that the kind of transformational change envisaged by the Grand Bargain can be motivated by a sense of shared humanity alone – these are political actors, making political decisions. Political tactics are thus required to unblock the remaining challenges to progress and forge appropriate compromises. But at the same time, it is important to re-emphasise that at the heart of these efforts lie affected populations – and the legal and moral obligation international humanitarian actors have to continually improve and strengthen the response to their needs.

### Recommendations for the Grand Bargain 2.0

On 1 February 2021, the Principals and Ministers of the Facilitation Group met with the Eminent Person to discuss the status of the Grand Bargain at the five-year mark, agree on what remains to be achieved and propose how the collective of signatories could move forward. Building on consultations among the wider group of signatories, the Eminent Person and the Facilitation Group of Ministers and Principals agreed on a revised and refined ‘Grand Bargain 2.0’ for a period of two years to mid-2023. They agreed on an overall objective for this next phase, namely to ensure ‘better humanitarian outcomes for affected populations through enhanced efficiency, effectiveness and greater accountability’. This objective was complemented with two new enabling priorities – better-quality funding and improved support to local responders, with increased engagement of affected populations.

The following summary recommendations are based on preliminary suggestions made to the Facilitation Group by the research team in late March 2021, and are informed by the extensive body of research and knowledge the team has collated through four successive AIRs, by additional policy and research support the team has provided to the signatories during the period 2017–2021 and wider research by the Humanitarian Policy Group (HPG)/ODI on key themes related to the Grand Bargain. These recommendations are intended to support a clearer focus, a stronger function and a simpler format for the Grand Bargain 2.0 and are elaborated in more detail in Section 3.2 of this report.

#### A clearer focus

There is already a recommitment from signatories to the overarching objective of the Grand Bargain 2.0, but the two enabling priorities are complex and need to be further unpacked to enable a clearer focus of effort in this next phase.

#### Recommendation 1: Clarify the theory of change and plan of action

The draft Grand Bargain 2.0 Framework prepared by the Facilitation Group in May 2021 offered an important starting point in setting out some of the outcomes for this new two-year phase. The Facilitation

Group should now elaborate a brief but clear theory of change, setting out the logic by which the two enabling priorities will support achievement of the overarching objectives of the Grand Bargain. This should then support development of an action plan that explains how the two enabling priorities link to or are derived from the core commitments, and sets out the outputs and activities required to achieve them. The action plan should include targets that are ambitious but achievable within the two- year timeframe (i.e. by mid-2023) and measurable (i.e. data exists or can be easily accessed in order to measure progress against the targets), as well as clear roles and responsibilities for agreed actions.

### Recommendation 2: Enable better quality funding

One of the key aims of the Grand Bargain was to secure better-quality funding to support more efficient and effective operations. There remain substantial political challenges to increasing the volume or proportion of international funding that is flexible and predictable. Adopting a pragmatic approach, the signatories need to adopt actions that reduce or navigate some of these challenges, providing funding options that enable varying degrees of control by donors and grant-giving aid organisations over how funds are spent, while also enhancing the flexibility and predictability necessary to ensure more effective and efficient humanitarian responses. Key recommendations include:

- Clarifying what a ‘critical mass’ of quality funding means.
- Promoting a suite of funding models to increase the volume of and access to quality funding, including increased use of core funding and programme-based approaches, expanded use of pooled funds, standardising inclusion of overhead costs in agreements with local partners and increasing flexibility within existing agreements.
- Creating an enabling environment for more predictable and flexible funding, including more consistent application of existing reporting criteria and standards to enable better tracking of funding flows, greater transparency through more timely and comprehensive publication of financial data to agreed standards and systems, enhanced visibility for quality funding allocated and its impact, and improved intersectoral needs analysis and prioritisation to inform more evidence- based decision-making.

### Recommendation 3: Increase support for local responders

The expectations generated by the Grand Bargain go beyond the language of the commitments on localisation. Recognising this, the signatories should now elevate the original ambition and focus on securing a fairer and more appropriate distribution of leadership and decision-making authority, as well as access to funding, between international and local actors. A series of actions can be taken individually and collectively to achieve this over the next two years, including:

- Signatories should identify how they can facilitate more local humanitarian action in line with their existing mandates, working to support a system-wide operational shift based on their own comparative advantages.
- Signatories should collectively adhere to long-standing pledges to support local-level leadership, and increase practical and financial support to enable access for local actors to international mechanisms.
- Signatories should articulate expectations in terms of the role of intermediaries.
- Signatories should work with local partners to better define elements of a ‘quality’ partnership, recognising that there is no ‘one-size-fits-all’ approach.

### Recommendation 4: Realise the participation revolution

In the new enabling priorities, participation of affected populations appears to be more of an ‘add-on’ than an integrated approach to achieving the improved humanitarian outcomes envisaged. Now is the moment for signatories to pause and reflect in a more considered way on how they can move to a more demand-driven humanitarian response, developing an objective more akin to the original ambition of a participation ‘revolution’. In support of this, the following measures should be implemented by signatories with immediate effect:

- Expand good practices on survivor- and community-led approaches, wherein communities are empowered (financially and technically) to design and implement their own responses.
- Establish a mechanism for independently soliciting the views of target populations on the strategic-level response.
- Establish a frank and ongoing dialogue between donors and aid organisations at global, regional and/or country level focused on improving system-wide practice on sharing, learning from and adapting programmes in response to feedback received from affected populations.

### A stronger function

The Grand Bargain has always been and is now more explicitly recognised as a multilateral *political* mechanism. Signatories should exploit more fully its advantages in this respect, focusing on how the mechanism can be used to address political obstacles to progress against the two enabling priorities. This requires adoption of political tactics to enable negotiation and compromise across signatory groups, and ensuring meaningful outreach to local governmental and non-governmental actors, enabling them to inform and support solutions to the challenges that are hindering greater progress.

### Recommendation 5: Shift tactics – a ‘caucus’ approach

Signatories should adopt a ‘caucus’ approach (to complement the core coordination structures of the Grand Bargain) to tackle the most acute or sensitive political obstacles to progress. Caucuses should be time-bound, task-specific groups of the most relevant signatories that work together, under authority delegated by the collective of signatories, to negotiate solutions or compromises required to overcome obstacles that cannot be dealt with in the wider forum of signatories – such as how to reduce donor assessments and reaching a global agreement on coordination of multipurpose cash assistance.

### Recommendation 6: Increase outreach to local governmental and non-governmental actors

Signatories should engage more consistently at a political level with local actors including through expanding the current concept of country-level dialogues developed by workstream 2; developing and implementing a strategy for engagement with affected states at regional and global levels using existing bilateral channels and multilateral mechanisms; and enabling representation of a local signatory on the Facilitation Group – with the same approach to selection, role and accountability as other members, but with additional financial support to enable a local signatory to perform this function.

### A simpler format

Learning lessons from the past five years, signatories need to ensure that the current format of the Grand Bargain is appropriately adapted to its new focus and function. This requires both a streamlining of the multiple workstreams and sub-groups and a strengthening of the leadership and governance functions – thereby decreasing the burden on signatories, while increasing the capacity of designated leaders to provide strategic direction, maintain political momentum and ensure appropriate accountability.

#### Recommendation 7: Reinforce leadership and governance

A more explicitly political function for the Grand Bargain 2.0 requires more robust political leadership. Delivering this kind of leadership requires the institutions that assume roles on the Facilitation Group or as co-conveners or leaders of caucuses to provide dedicated and consistent staff capacity to deliver their leadership functions.

#### Recommendation 8: Simplify the coordination structures

Past AIRs have stressed the need to streamline the structures and bureaucracy around the Grand Bargain to ensure greater efficiency and focus of effort. In this regard, the team recommends:

- Transferring as far as possible any outstanding technical discussions to other forums, including IASC Results Groups, on the understanding that the Facilitation Group and leaders of these forums (who are generally also signatories to the Grand Bargain) will ensure regular exchange of information, identification of gaps and opportunities for collaborative working.
- Maintaining one thematic coordination mechanism or workstream for each of the two enabling priorities – quality funding and localisation/participation. These mechanisms should be led by a combination of signatories from across constituency groups; should focus predominantly on political issues rather than technical discussions and on delivering the relevant elements of the action plan outlined above; they should engage with each other to ensure appropriate synergy of effort between the two enabling priorities; and they should have clear and consistent lines of communication with relevant forums outside the Grand Bargain (e.g. IASC, OECD-DAC, Good Humanitarian Donorship (GHD)).
- Using the proposed caucuses as additional, complementary mechanisms that are created ad hoc to perform time-bound, task-specific functions – namely to find solutions to the most acute obstacles to progress identified in relation to either of the two enabling priorities (as per Recommendation 5).
- Ensuring that both the two remaining workstreams and the caucuses report on a regular basis to the Facilitation Group and the wider set of signatories through a combination of regular briefings and updates at working and Sherpa levels, and via the Secretariat.

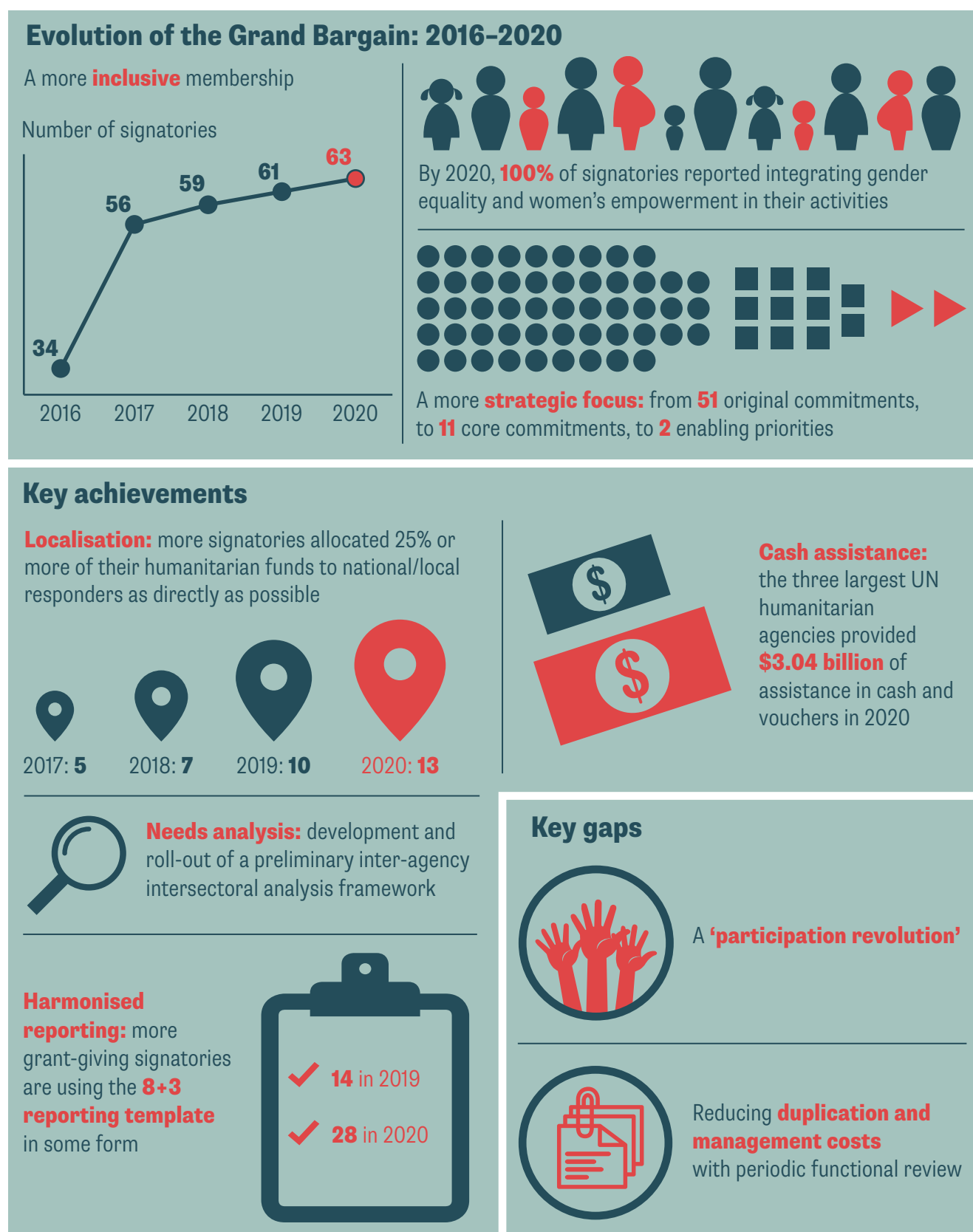
#### Recommendation 9: Strengthen accountability

In the Grand Bargain 2.0 it will be important to retain some of the key elements of the current accountability process, but also to underpin this with a wider understanding of who the signatories are accountable to, including affected populations and taxpayers in donor countries. The latter is often forgotten in policy debates, particularly among aid organisations, but accountability to those who

provide the larger share of international humanitarian funds is critical to enabling the kind of changes in donor policy and practice that aid organisations are asking for. Building on the current mechanism, the research team recommends the following:

- The current accountability process should continue to take place annually, with a more comprehensive review or stock-taking exercise at the conclusion of this next phase in 2023.
- The format and scope of the self-reports should be further streamlined to ease the burden of reporting.
- More pragmatic and measurable targets and indicators should be developed against which signatories should report data to evidence their individual and/or collective progress. Where relevant and useful, existing targets and indicators should be reused or adapted.
- The self-reporting should be analysed through an independent process that provides a robust analysis, with due regard for the subjectivity inherent in self-reports.

**Figure 1** The Grand Bargain 2016-2020





# Introduction

## The Grand Bargain at five years

The last year has been a challenging one for all aid actors, including the signatories to the Grand Bargain. The direct impact of the Covid-19 pandemic on people already affected by crisis and conflict, and its wider political and economic impact at global, regional and national levels, have placed unprecedented pressures on the international aid system. The pandemic has been a serious test of the resolve of Grand Bargain signatories to change long-standing practices. And it has provided the opportunity and impetus to accelerate these changes – to scale up, to expand and to systematise ways of working to enhance the overall efficiency and effectiveness of international humanitarian action.

The evidence collated for this year's report demonstrates a continued commitment from signatories to the Grand Bargain as a vehicle for change at institutional, constituency and system levels. It also suggests that the focus placed by the creators of the Grand Bargain on the importance of empowering local aid actors, of scaling up the use of cash programming, of shifting to more joint analysis of needs, of harmonised reporting and of increasing the flexibility and predictability of funding as ways to enhance efficiency and effectiveness was correct; and that, although much slower than desired, there has been important progress over the five years since it was established.

This year also saw the beginning of a strategic dialogue among signatories on the future of this multi-stakeholder mechanism. This dialogue was still ongoing at the time of writing and final decisions on format and function were still to be made. But what is clear is that the vast majority of signatories are committed to capitalising on the added value of the Grand Bargain, and that they have a strong desire to adapt and evolve this mechanism to ensure its potential is fully exploited in the coming years.

## Background

Under the auspices of the World Humanitarian Summit (WHS) in Istanbul in May 2016, representatives of 18 donor countries and 16 international aid organisations from the United Nations, international NGOs and the RCRCM agreed a 'Grand Bargain'. This outlined 51 commitments aimed at improving the efficiency and effectiveness of international humanitarian aid, and included a voluntary annual reporting mechanism, supported by an annual independent review, in order to monitor implementation of those commitments.

The fourth Annual Independent Review (AIR), published in June 2020, concluded that there had been important progress in a number of areas in the previous year, including in relation to the expanded scale and scope of cash programming; consolidating the shift towards more localised responses and a growing body of good practice on how to operationalise this in practice; a discernible improvement in the quality of intersectoral needs analysis being conducted by Humanitarian Country Teams (HCTs); and a more strategic approach to understanding the nature of and barriers to quality funding, with an

increase in the number of donors providing more flexible funding. The report also found that leadership and governance of the Grand Bargain had been strengthened in 2019; there had been continued progress on integrating a more gender-responsive approach to humanitarian action; and a wealth of activity at country level aimed at translating some of the commitments into better operational practice. It also found that the Grand Bargain is having a wider impact in terms of a more cohesive and collaborative approach across the international humanitarian aid system, which is crucial to help drive forward reform.

However, the report also found that progress had remained very uneven across the breadth of commitments, workstreams and signatories, that long-standing political obstacles to change had not been addressed, and that, as a result, there was little substantive progress on key issues including reducing donor assessments, rolling out more systematically the use of the harmonised narrative reporting template (the '8+3 template'), and in relation to provision and cascading of quality funding.

### Grand Bargain AIR 2021

As the Grand Bargain entered its fifth year, the Facilitation Group (currently comprising DG ECHO, IFRC, OCHA, SCHR, WFP and the UK), on behalf of the wider set of the now 63 signatories, commissioned this fifth AIR, under the overall guidance of the current Eminent Person, Minister for Foreign Trade and Development Cooperation Sigrid Kaag of the Netherlands. The terms of reference included both a review of the progress achieved and challenges faced in the course of 2020 and an analysis, on the basis of evidence available, of the progress achieved by the collective of signatories since 2016 (see Appendix 3). This report therefore includes a combined review of progress in 2020 and over the five-year period.

### Approach, scope and methodology

To ensure consistency and comparability with previous years, the research team largely used the same methodology as for the 2018, 2019 and 2020 reports, which was in turn adapted by ODI from the original methodology developed by Global Public Policy Institute (GPPI) in 2017. The research was conducted on the basis of a set of research questions that have been used consistently over the years for the AIRs, with some adaptation to reflect the expanded scope of this year's reporting process. The questions were as follows:

- To what degree have Grand Bargain signatories made collective progress overall and specifically in relation to the core commitments?
- Which workstreams have made the most progress? What factors contributed to that progress and what factors hindered it?
- To what extent is the quid pro quo functioning?
- To what extent is progress enabled/impeded in one signatory group by progress/no progress in another signatory block?

- How and to what extent has the humanitarian–development nexus been integrated at workstream level? What are the outcomes to date?
- How and to what extent have considerations of gender equality and women’s empowerment been embedded in efforts to institutionalise the commitments? What (if any) tangible outcomes are there in this regard?
- To what degree have the commitments improved or are likely (based on progress to date) to improve the efficiency and effectiveness of humanitarian assistance (referencing available baseline information from the first annual report)?
- What good practices are there among signatories in implementing the different commitments?
- What synergies are there between core commitments, and to what extent have these been exploited by signatories (individually and collectively)?
- To what extent has change by individual signatories or workstreams resulted over the five-year period in change across the international humanitarian system?
- After five years, what gaps, challenges or weaknesses remain in terms of increased efficiency and effectiveness of humanitarian response, specifically in relation to the 10 thematic areas of the Grand Bargain?

The data used to answer these questions was collated through a series of research activities, including the following:

- A review of available literature (see Appendix 5 for a full list of documentation reviewed and references).
- A review of the self-reports (a narrative report and an Excel spreadsheet) submitted by 61 signatories by the extended deadline of 1 March 2021.<sup>1</sup>
- Semi-structured interviews with over 110 representatives of the 57 signatories that submitted a report by the deadline and responded to the research team’s request for an interview.<sup>2</sup> (See Appendix 1, Table A1 for a list of the reports received and interviews conducted.)
- A review of narrative reports submitted by all eight workstreams for which there is a coordination mechanism/co-conveners.
- Semi-structured interviews with 23 representatives of the co-convening institutions from these eight workstreams (see Appendix 2, Table A2 for the list of reports received and interviews conducted).
- Semi-structured interviews with the Eminent Person’s team, the Facilitation Group and the Secretariat.
- Semi-structured interviews with 10 thematic experts.
- Complementary analysis of the self-reports conducted by Development Initiatives (DI) in respect of core commitment 1.2 under workstream 1 (greater transparency).
- Preliminary data and analysis provided by Ground Truth Solutions (GTS) from perception surveys conducted since 2017.

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1 Self-reports were not submitted by Médecins du Monde or Global Communities. The latter has not submitted a self-report since becoming a member.

2 The World Bank requested submission of information in writing in lieu of an interview.

There were three changes in relation to the methodology for the 2021 review process. First, the Facilitation Group asked the research team to focus on analysing progress against the core commitments only, not the full set of 51 commitments. This was in recognition of the fact that the signatories had identified 11 commitments as collective priorities in 2018, and that this is where most collective effort has been invested since. This also marked a welcome reduction in the burden of reporting on individual signatories. Second, as noted earlier, the Facilitation Group requested the research team to provide some level of analysis of progress made and challenges faced over the course of the five years since 2016. Given the lack of additional budget and time available for this additional research, the research team suggested the inclusion of new questions in the self-report templates (narrative and Excel spreadsheet) and in the narrative reports for co-conveners, to solicit at least a minimum level of data required for such analysis. The research team also utilised the interviews with all stakeholders (signatories, co-conveners, governance bodies, external actors) and an expanded literature review to collate data to support the analysis of progress over the five-year period. Third, at the request of the Netherlands and the International Committee of the Red Cross (ICRC), the Facilitation Group included two questions on risk and risk management in the narrative component of the self-report template. The research team conducted a light review of the information reported against these questions, but, as outlined in advance, were unable to carry out a thorough analysis of the responses due to limits of budget and time.

For the analysis of signatories' actions in 2020, quantitative and qualitative data was analysed using the same methodology as for previous AIRs (2018, 2019, 2020). A coding system, adapted from that developed by GPPi for the first AIR, was used to mark when each individual signatory reported taking an action and any results achieved. To ensure a more qualitative analysis of actions and results for those commitments against which individual signatories could report (i.e. some commitments require collective action), the research team rated results reported on a scale of 0–4, with '0' representing no progress or results reported and '4' representing excellent progress/commitment achieved (see Appendix 4, Figure A1). These individual scores were aggregated to obtain a picture of activity and results by the collective of signatories and were complemented with the wider qualitative analysis of collective action drawn from the interviews with signatories and co-conveners and wider literature. This analysis for 2020 was then combined with analysis from the previous AIRs to develop a picture of collective level progress over the five year period.

Performance of the eight workstreams was assessed in relation to 2020 and over the five-year period against the same five key indicators that were developed by GPPi for the first AIR, and used by ODI in subsequent AIRs (see Appendix 4, Figures A2 and A3). These indicators were: donor activity, aid organisation activity, activity on joint commitments, links to other workstreams and links to other processes outside the Grand Bargain. The numerical rating was not used in this report as this was considered less appropriate in reflecting the overall performance of each workstream over the five-year period.

In the present report, as per previous AIRs, the authors have made reference to examples of actions taken and results achieved by signatories. These references are based on information provided by signatories in their self-reports and the research team have not had sufficient time to conduct

thorough cross-referencing of this information. However, on the basis of the information submitted these are offered as positive examples of the kind of actions and results that can help advance the commitments of the Grand Bargain. For this report, the authors have gone further in highlighting in text boxes a number of ‘positive practice examples’ – these are examples for which more information has been made available over the last five years, including evaluation reports, and which are understood, on the basis of that information, to offer particular points of learning.

### Caveats

As in past years, the primary source of evidence for the analysis presented in this report is the self-reports submitted by signatories which are, by their nature, inherently subjective. The timeframe and budget for this AIR were no different than in previous years despite the additional analysis undertaken for the five-year period and in relation to risk, and did not allow for detailed interrogation, verification or cross-referencing of information reported. The analysis presented in this report should therefore be considered a review of evidence presented, not an in-depth evaluation. As in past years, there was a lack of comparable and consistent data reported by signatories, with great variations in the quality and level of detail reported, which in turn impacted the level and quality of analysis. Indicators were developed for the core commitments in 2018–2019 by co-conveners and their workstream members. However, the nature of some of these indicators has meant that reporting against them has been inconsistent because signatories did not have the data available or did not understand what data was being requested, and it is not possible to aggregate or compare the quantitative data reported against some of the indicators.

The lack of effective benchmarks established and targets developed back in 2016 when the Grand Bargain was created has been an ongoing challenge. In 2019 and 2020, the Eminent Person’s team, together with the Facilitation Group and the Secretariat, sought to address this to the degree possible by retroactively identifying benchmarks from 2016 and asking co-conveners to develop appropriate targets. These benchmarks and targets, included in the Roadmap developed in 2020, have been used as far as possible in the analysis presented in this report, but problems remain in relation to the quality and consistency of data to assess progress against these benchmarks and targets.

### Mitigating measures

As per past practice, the research team undertook a number of measures to mitigate the challenges posed in this process. They adjusted for the natural bias in self-reporting by systematically interviewing all signatories that responded to requests – using these interviews to interrogate, as far as possible, the information reported. Information reported was also cross-referenced with available external and internal literature, with interviews with select independent experts, and with other relevant signatories. Before finalisation, a draft of the present report was offered for review by all signatories and shared for peer review with select independent experts.

### Covid-19

The Covid-19 pandemic has dominated policy discourse and operational practice in humanitarian response around the world. It has affected – on a personal as well as professional level – every stakeholder involved in this review process, including the research team. The research team has endeavoured to take into account this impact and to consider (as much as available data allows) the wider relationship between the humanitarian aid response to the pandemic and the Grand Bargain.

# Section 1 Progress and remaining challenges at workstream level

This section analyses progress in relation to each of the eight workstreams and the 11 core commitments. This covers both the activities and results reported for the year 2020 and – in summary – the progress achieved over the five years since the Grand Bargain was created (2016 to 2020).

## 1.1 Workstream 1: Greater transparency

### 1.1.1 Workstream summary

Since 2016 the co-conveners, the Netherlands and the World Bank, have adopted a clear strategy, with technical support from DI, to prioritise increasing publication by signatories to the International Aid Transparency Initiative (IATI) data standard (commitment 1.1). This strategy continued throughout 2020, including securing a restatement by signatories of their commitment to publication during the annual meeting in June 2020; the formal launch of a new Humanitarian Data Portal aimed at monitoring the aggregate progress of signatories on their commitment to publish ‘timely, high quality, harmonised and transparent open data on global humanitarian action’ (IATI Humanitarian Data Portal, 2020); the issuance of guidance on ensuring appropriate publication of Covid-19-related humanitarian data; and the creation of a prototype to visualise Covid-19 IATI and OCHA’s Financial Tracking Service (FTS) humanitarian and development data. The extensive political and financial investment expended by the co-conveners over the five-year period has been effective. An increasing proportion of signatories have reported publishing their humanitarian data to the IATI standard – from 61% of signatories in June 2017 to 84% by March 2021.<sup>3</sup> All UN signatories and an increasing number of NGO signatories are now publishing some humanitarian data to this standard. United Nations Development Programme (UNDP), United Nations Children’s Emergency Fund (UNICEF) and the World Bank reported that, over the five-year period, they had increased their respective ratings in the Aid Transparency Index published by Publish What You Fund, with the World Bank reaching 97.1% in 2020. There has also been progress in terms of the quality of the data published – both the level of detail or granularity and the timeliness of data: by February 2021, 26 signatories were publishing IATI traceability information. Since 2018/2019

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3 Statistics are drawn from [www.humportal.org](http://www.humportal.org) (as at 20 April 2021). The portal defines ‘signatories’ as either the signatory itself or at least one of a signatory’s agencies or affiliates.

the co-conveners have placed additional focus on core commitment 1.2 – enabling greater use of data published to the standard (see Figure 2). Progress on this has been more limited over the five years, with some increase in use of data by signatories but ongoing concerns about its quality.

Research conducted since 2016 for the AIRs has repeatedly evidenced a strong commitment from signatories to being more transparent in their financial and operational information. This reflects a broad recognition among humanitarian actors of the need to be more accountable to affected populations, to affected states and to taxpayers in donor countries. The Grand Bargain has acted as a vehicle to drive forward action in this regard, giving greater prominence to this concept, conferring a greater sense of urgency for action and providing concrete tools to achieve greater transparency across the system. But progress in terms of utilising IATI as the common standard for publishing financial information by all signatories has been less than hoped, with the target not yet reached.

This less than optimal progress can be attributed to several factors. First, there has been a lack of appropriate technical capacities within many signatory institutions. The IATI standard relies on significant capacity in publishing entities – in this case the signatories – to ‘pre-curate’ their own data before submitting to a common data system. Many aid organisations and donors lack such capacities: for decades they have relied on OCHA’s FTS team to perform this function in relation to FTS, which remains the main financial data system for humanitarian operations. Medium and smaller humanitarian actors, particularly local organisations, do not have the capacity or funding for this task (see also Lewis and Forster, 2020c). Research commissioned by the Netherlands in two crisis contexts in 2020, in partnership with DI, and conducted by Publish What You Fund and GTS, found that some INGO and donor representatives at field level did not trust the data in IATI submitted by their respective headquarters, citing their concerns about missing projects, incorrect start dates, unknown implementers and differences in project titles (Lewis and Forster, 2020a). During interviews with the research team, one signatory aid organisation estimated the cost to adjust existing financial reporting systems at tens of thousands of dollars and questioned whether, in such constrained economic times, funds would be better focused on operations. In addition, using data published to the standard to undertake analysis, for instance to identify trends, requires a platform to visualise and search the data (like that provided by the Humanitarian Data Portal and the Covid-19 prototype). There are some good examples of signatories creating such platforms, notably the Netherlands, Canada, UNDP and Oxfam. But many signatories explained that they do not have capacity to create such a tool themselves, and several did not feel confident that the multi-stakeholder tools created to access IATI data reflected the full scope and nature of their humanitarian work.

Second, the process to create the technological systems that enable signatories to ‘publish once and use often’ has been slow. An effort was begun in 2018 to create an ‘ingestion bridge’ between IATI and FTS so that data published by an institution to the IATI standard could be automatically imported by FTS. Several signatories offered to be part of this pilot – United States Agency for International Development (USAID), the International Rescue Committee (IRC), the UK and OCHA (for CBPFs) – but the pilot took almost two years. The delays related in part to the technical nature of the exercise



but also, latterly, to a lack of capacity within OCHA.<sup>4</sup> At the time of writing, the process to enable interoperability between IATI and the European Union's (EU) Electronic Data Research and Innovation Service (EDRIS) system had made progress, with the successful conclusion of a first phase pilot and planned expansion.

Third, from aid organisations' perspective there has been a lack of coherence from donors on the importance of IATI as a tool for greater transparency. Only a handful of donors have required their international partners to publish data to the IATI standard (Belgium, the Netherlands and the UK) and the strategy pursued by some donors has had unintended negative consequences – namely growing frustration among many partners of the requirement to publish to the standard, without appreciating the scale of the task or the provision of financial support to enable them to do it (it is noted, however, that the Netherlands has provided a technical helpdesk to support its partners).

Finally, related to this, a lack of donor feedback on how they use information published to the IATI standard has increased frustration among aid organisations and acts as a disincentive to more frequent and more comprehensive publication. Over the last four years, aid organisations have repeatedly articulated to the research team that they have received little, and in some cases no, feedback from donors (including from donors that require publication as a condition of funding) on their performance relating to publication to the IATI standard, or a clear indication of whether donors are using this data in any way. One exception is the Netherlands, which has recently begun sharing how it is using partners' IATI data. Several aid organisations expressed frustration that despite their efforts to increase their transparency – via use of the IATI standard and other efforts – they have seen no return from donors in terms of more, or better-quality, funding.

Some of these challenges stem from the original formulation of the commitments under this workstream. For example, there seems to have been a failure in 2016 to fully understand or consider how IATI would or could work as a publication standard for humanitarian data (compared to development data), and what resources would be required to enable better pre-curation of data and, therefore, enable appropriate use of the data once published. There was also an assumption made by many signatories that IATI would 'replace' FTS. This assumption is both conceptually and practically incorrect, but it has nonetheless added to existing frustration, particularly among some UN and NGO signatories. There also appears to have been inadequate emphasis placed on incentivising publication to the standard. Publication to the IATI standard is a voluntary commitment (with the exception of partners of donors that require it as a condition of funding), and as such progress is always likely to be subject to whether or not individual institutions prioritise this action. Donors' failure to ensure a coherent approach to requiring or even encouraging publication to the standard, together with a lack of feedback to downstream partners that are publishing, have acted as disincentives to fulfil aid organisations' commitment on IATI (see also Poole and Gressman, 2020).

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4 UNHCR for example reported that it provided data entry staff to FTS for eight months in 2020 to increase its capacity for data entry on Covid-19-related funding.

### Covid-19

There was some hope among key stakeholders that the Covid-19 pandemic response would act as an accelerator, encouraging more signatories to publish better-quality data to IATI and to demonstrate how data published to the standard can be used. There was a rapid increase in the number of signatories publishing Covid-19-specific data to the IATI standard so it could be captured in the prototype created in mid-2020 by DI (from 13 to 26 in the week before the launch of the prototype, according to DI). The prototype, which was subsequently handed over to the Humanitarian Data Centre, has reportedly proven useful in visualising data on funds provided. But the concerns many signatories have about this standard as the primary tool for data-driven transparency remain, as articulated by many during interviews with the research team.

By 2021, the debate on IATI has become much more informed, with much greater understanding of this particular standard's advantages and limitations – as evidenced in discussions at the workshop convened by the workstream in March 2021. But there is as yet no systematic and comprehensive publication to the standard by all signatories and, in part in consequence of this, the data published to that standard is not useable in the way that many signatories had expected.

#### 1.1.2 Progress against the core commitment

##### **Core commitment 1.2**

**Signatories make use of appropriate data analysis, explaining the distinctiveness of activities, organisations, environments and circumstances**

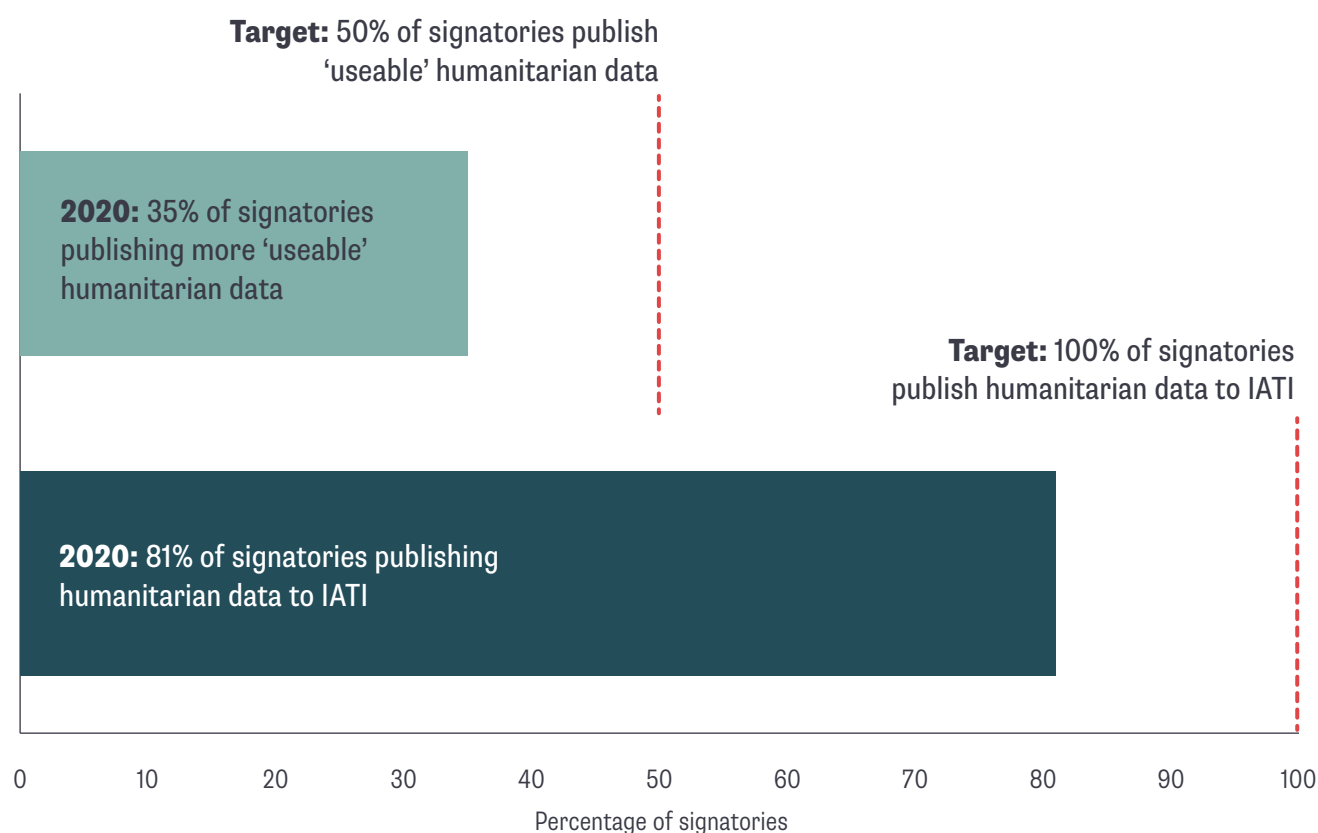
**All signatories – individual action – no deadline**

**Revised target:** By 2021, 100% of signatories are publishing humanitarian data to IATI, and of these 50% are publishing more useable humanitarian data.

**Target status:** As at March 2021, 81% of signatories (or at least one of their affiliates) were publishing some humanitarian data to the IATI standard. 35% were publishing more useable humanitarian data.<sup>5</sup>

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5 Statistics were provided by DI. 'More useable humanitarian data' is defined by the workstream as publication of IATI version 2.02 granular data. Noting the limits to this criterion highlighted in discussions with workstream members, DI supplements this data with additional information from Humportal, a publication timeliness measure and a measure for traceability.

**Figure 2** Signatories publishing humanitarian data to the IATI standard

Analysis of the 2020 self-reports conducted by DI and by the research team indicate that there has been an increase in the number of signatories reporting 'using' IATI data in some form – from 23 (39%) signatories in 2019 to 33 (53%) signatories in 2020. Consistent with research for the previous AIR, this 'use' included cross-checking with their own data systems to ensure harmonisation with what they have published to IATI; using their own IATI-published data to populate institutional dashboards or data platforms (e.g. Canada, Care International, Oxfam, UNDP, WFP, World Health Organization (WHO)); collating data that other signatories (primarily donors) have published to inform advocacy strategies (e.g. World Vision International (WVI) and IRC); and combining IATI data with data available through FTS and other platforms to inform decision-making on either programming or funding allocations. This increased use of IATI data reflects in part the efforts invested in open data during the pandemic, the recommitment to publication at the Annual Meeting in 2020, and ongoing dialogue with signatories.

Despite some progress in this respect, a significant majority of signatories from all constituent groups continued to express concerns both in the self-reporting and in interviews with the research team regarding the quality of data published to the IATI standard and its resulting limited useability. These concerns were echoed in the findings of research commissioned by the Netherlands in 2020 from Publish What You Fund, GTS and DI into data publication and use at field level (Lewis and Forster, 2020a; 2020b; Development Initiatives, 2020a).

There is recognition from most (though not all) signatories that, if more of them published better-quality data, then IATI data would be more ‘useable’ – and this in turn would increase levels of trust in the data as useable to inform decision-making. But opinions vary as to whether it is realistic to expect the quality of data to improve sufficiently given the level of investment and incentives required to ensure much more systematic use of the standard by a critical mass of signatories. Some signatories linked the balance of investments versus returns to the concept of ‘publish once and use often’, indicating that the data would likely be better-quality if there was functioning interoperability with FTS, thus requiring signatories to only publish their data once. Certainly, the results of the pilot from 2018–2020 proved that interoperability is technically possible, which in itself is an important step forward. But the pilot also highlighted the very significant challenges to rolling this out across the board – namely the need for a substantial increase in the capacities of individual publishers to pre-curate the data, and equally significant political investments and resources from OCHA to adapt its data service role, while still providing post-curation and technical support to the wider humanitarian system.

### 1.1.3 Cross-cutting issues

#### The humanitarian–development nexus

One of the key areas of added value of the IATI standard is that it can be used for both humanitarian and development funding data, and therefore allows users to look across publishers’ financial data to explore funding streams in a combined humanitarian and development platform. The Covid-19 prototype was purposely designed by DI to allow users to view all IATI Covid-19 published activities across the humanitarian–development spectrum, and then disaggregate this data according to their specific needs, and 67% of all published activities are tagged as either development or humanitarian.

#### Gender and women’s empowerment

In 2020, the workstream commissioned analysis to evaluate the options and feasibility of integrating gender-disaggregated data into the transparency commitments. Consultations with signatories, the Facilitation Group, the Inter-Agency Standing Committee (IASC) Reference Group on Gender and Humanitarian Action, the Friends of Gender Group (FoGG) and the Organisation for Economic Cooperation and Development–Development Assistance Committee (OECD-DAC) concluded in 2020 that it would be premature to integrate gender into the transparency commitments until there was consensus regarding the links between the IASC and OECD gender markers. There was limited reporting by signatories on gender in relation to transparency, with most focusing on their efforts to disaggregate data to account for gender, age and other social factors.

### 1.1.4 Workstream performance 2016–2020

#### Donor activity

Over the five years, the donor group has been consistently inconsistent: several admitted during the research that they do not publish their own humanitarian data to the IATI standard, and the majority do not require their downstream partners to publish to the standard, although some explained that they do ‘encourage’ it. For some, this reflects a desire not to overburden their partners and for others it is a reflection that they themselves are not yet up to speed with using this tool for humanitarian data. Those donors that do require use of the standard have reportedly given little feedback to their aid organisation partners and this in turn has caused high levels of frustration and in effect has discouraged aid organisations from making the institutional investments required to publish more frequently and more comprehensively.

#### Aid organisation activity

There is an evident split along constituency group lines, with (by March 2021) all UN and Red Cross and Red Crescent Movement (RCRCM) signatories publishing humanitarian data and doing so fairly comprehensively, though there is clearly also a need for most to improve the granularity and timeliness of their publication process. The NGO group in general are publishing and using IATI data less, though there are also disparities in this group, with a small minority publishing fairly consistently, some publishing very selectively and others not currently publishing to the standard and have no plans to do so.

Beyond IATI there is still important work being undertaken by many aid organisations to be more transparent with their financial and programming data. The self-reports showcase many examples of new data platforms, systems and reporting methods – all efforts which had not yet been fully appreciated or captured in the workstream discourse to date. For its part, OCHA FTS has been active over the five years, instituting important upgrades and improvements in the FTS system to enable greater granularity and analysis of funding flows, including traceability to local and national responders. But like the IATI standard, FTS is dependent to a large degree on humanitarian actors voluntarily reporting their data, and more recently the service appears to have suffered from a lack of adequate resources and decision-making within OCHA itself, though there were signs that this was improving in 2021.

#### Collective activity

Despite the best efforts of the co-conveners, it has been a huge challenge to galvanise collective action given the diversity of views on IATI as the common standard for data publication. Through 2020 and into early 2021, collective understanding of the problems and possible ways forward has increased significantly. The development of the Covid-19 prototype was a collaborative process, mobilised by the co-conveners and with active engagement from workstream members. As evidenced in the workstream workshop in March 2021, there is now a common recognition of the need to move forward with a broader framework for data-driven transparency, of the need to use IATI in combination with other systems or standards.

### Functional links with other workstreams

Over the period there has been only limited engagement with other workstreams despite obvious synergies – such as with workstream 4 (reduced management costs) and workstream 9 (harmonised reporting). This is linked to the broader problem of a lack of strategic dialogue across all workstreams, highlighted in successive AIRs. This lack of strategic dialogue with these other workstreams has meant missed opportunities to explore wider concepts of transparency and accountability, and the inherent links between better-quality financial and programmatic data, better-quality reporting on and visibility of donors' investments and more quality funding. This has been recognised by the co-conveners and workstream members, who have conveyed to the Facilitation Group the importance of a more strategic approach during discussions on the future iteration of the Grand Bargain.

### Functional links with other processes

The workstream has established links with OECD-DAC, EDRIS and the OCHA FTS teams since at least 2017. There has also more recently been engagement with the IASC Reference Group on Gender and Humanitarian Action in relation to the study on gender in data-driven transparency in 2020.

#### 1.1.5 The future?

Interviews for this AIR demonstrate that there is still agreement (if not universal) that the IATI standard is a valuable tool for, and enabler of, data-driven transparency. There is now much greater understanding that, to maximise its potential in this regard, there needs to be a major increase in investment from individual signatories and from OCHA in enabling interoperability and in pre- and post-curation of the data to ensure sufficient quality and useability of the data published. There is also recognition that the IATI standard should be seen as part of a wider effort to increase transparency, and that this should be complemented or combined with other models such as integrating data reporting in country-level monitoring – enabling integration of different methods to gather the data required to facilitate meta-analysis. There is also some recognition that this presents a positive opportunity for OCHA to reconfigure its role as data service provider for the humanitarian system.

The practical and moral value of greater data-driven transparency is now well-embedded as a normative standard across the humanitarian system – in large part due to the attention conferred by the Grand Bargain. But translating this concept into consistent practice will require continued political attention and action. Specifically, there is a need for greater coherence from donors to provide incentives for publication of better-quality data and a recognition that many NGOs – particularly smaller and local NGOs who receive little if any core funding – will need financial and technical support to enable them to upgrade their existing data management systems to ensure a higher standard of transparency, whether to publish to the IATI standard or via a complementary tool or system. Generating incentives for action on transparency more generally is also necessary and could be addressed through making more explicit functional links between more transparent financial and programming data, better-quality reporting on and visibility of funds received and spent, and provision of more predictable and flexible funding.

## 1.2 Workstream 2: More support and funding for local and national responders

### 1.2.1 Workstream summary

Since 2016, there has been no lack of engagement from signatories in this workstream – it has long been considered one of the key areas of the Grand Bargain, for donors and aid organisations alike. And it has, as a result of this interest and investment, made important progress over the five years. But at times the sheer volume of actors involved has made it challenging to reach consensus and prioritise and take action, and there remain technical as well as political challenges to realising the full potential of a more localised response to humanitarian action.

Over the five-year period, the co-conveners, the IFRC and Switzerland, have pursued a consistent strategic approach, identifying collective priorities and working towards them. After a period of slow progress in 2016–2017, during which discussions were focused on further defining and agreeing upon key terms ('local and national responders'; 'as directly as possible'), the workstream picked up speed in 2018 and has continued in that vein, with high levels of activity through 2020, including development of a comprehensive package of guidance (e.g. on capacity strengthening, financing, partnership, coordination, gender equality, and on the role of intermediaries) that draws on the body of research, field consultations and good practice that has emerged through the workstream in recent years.

At a strategic level, engagement by and with local actors, both in this workstream and in the Grand Bargain more broadly, has increased since 2016. There has been increased dialogue at country level with local actors seeking to hold their international partners accountable to the commitments on localisation under the Grand Bargain, as well as outreach by international signatories to local partners at country level (including a series of consultations organised by Voluntary Organisations in Cooperation in Emergencies (VOICE) in 2017–2018, three field missions by the workstream in 2018–2019 and its more recent launch of country-level dialogues in six countries);<sup>6</sup> 18 local actors are participating in the workstream's discussions and activities, with five acting as facilitators of the country-level dialogues; the Eminent Person's team organised a group call in 2020 to solicit the views of local actors; and the number of local signatories has increased to three, with Network for Empowered Aid Response (NEAR) and Alliance for Empowering Partnership (A4EP) representing a wider set of local actors.

Evidence available over the five years demonstrates that the Grand Bargain broadly, and the workstream specifically, have become the main drivers of progress on localisation across the humanitarian system. The breadth and depth of this policy discourse indicate a system-wide normative shift, with the concept of and rationale for localisation no longer in question. But, perhaps predictably, translating this norm into system-wide practice has been slower.

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6 Country-level dialogues are being launched in Myanmar, north-west Syria, Somalia, South Sudan, Nigeria and Colombia.



There is discernible progress in relation to operational practice, both in supporting institutional development of local partners and increasing their access to international funding. On quality partnerships, the same core group of aid organisations continues to demonstrate good practice – working in support of local partners as a default, and expanding initiatives to help augment local operational and policy capacities. Research for the 2019 and 2020 AIRs also evidences a growing shift by other aid organisations to support more localised responses, with a number exploring their specific comparative advantages in this respect. In addition, there is evidence of incremental support over the five-year period for local humanitarian leadership: some signatories have been supporting local networks and coordination mechanisms (e.g. Catholic Relief Services (CRS), Norwegian Refugee Council (NRC) and Oxfam), and there has been a wider effort by IASC members to enable local government and civil society actors to engage in international coordination mechanisms. OCHA reports that, according to 2019 data, national NGOs (NNGOs) held the fourth-highest number of HCT seats (7%), serving on 21 of 28 HCTs surveyed.<sup>7</sup> NNGOs constituted 43% of cluster members on average, and more than half of clusters indicated that a national/local language was spoken at meetings, with the use of multilingual staff to translate as needed.

However, there is still some way to go in terms of empowering local actors to lead/co-lead coordination mechanisms: in 2019, NNGOs held only 8% of all cluster co-lead or co-chair positions at national and sub-national levels, with, for example, WHO reporting that the percentage of health clusters co-led at country level by national Ministries of Health has decreased from 57% in 2017 to 37% in 2020, and only one cluster was co-led by an NNGO. At the time of writing, there was an effort under way by the IASC Result Group 1 sub-group on localisation (led by UN High Commissioner for Refugees (UNHCR) and the Somali NGO Consortia) to develop formal guidance on strengthening participation, representation and leadership of local and national actors in IASC humanitarian coordination mechanisms. Following extensive consultations, this new guidance builds upon but goes beyond the interim guidance developed for the Covid-19 response. This new effort could help ensure more meaningful participation and leadership of local humanitarian actors in international coordination structures where they are necessary, but should also strongly encourage international actors to reach out to, engage with and strategically complement existing local/national coordination structures.

In terms of access to funding for local actors, discernible progress has been made with increasing numbers of signatories meeting the 25% target for their own humanitarian funds allocated to local partners, increased access for local actors to pooled funds, including OCHA-managed CBPFs, and an incremental increase, according to FTS data, in global funds allocated to local and national responders. But this progress remains far below the original ambition of 25% of all humanitarian funding.

Clearly, a number of gaps and challenges remain. There is recognition among some signatories that the debates under workstream 2 have not, to date, sufficiently captured the breadth of the endeavour, or the scope of support provided by some international actors for local humanitarian action. A number

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<sup>7</sup> Please note that annual coordination mapping was delayed due to Covid-19, hence data for 2020 will not be available before May 2021. The data included here is for 2019, and was collated and analysed in March 2020.



of signatories pointed to the lack of focus on support to national and sub-national government actors – particularly the support provided by UN agencies by virtue of their mandates. This gap seemed particularly stark in 2020 given the nature of the Covid-19 pandemic and the heightened importance of supporting state capacities and systems as part of the wider response.

Furthermore, the sheer volume of actors and diversity of opinions on localisation has, at times, made it challenging to reach consensus and adopt a coherent approach. Some, particularly local actors, have tried to prioritise efforts to increase funding directly to local actors. While this is important, including because there is a clear target to be met, this approach also needs to take account of the reality that not all donors and aid organisations will be able to meet that designated target, and that the other core commitment, ensuring multi-year investments in the institutional capacities of local actors, requires just as much effort from signatories. In reality, the two core commitments are intrinsically linked – supporting further development of local partners' institutional capacities is critical to enable them to solicit and manage larger funding flows in full compliance with risk management standards and procedures; and provision of more and better-quality funding is essential to enable local partners to augment their institutional capacities. Thus, one cannot be achieved without the other. This has been more clearly articulated in the workplan of the workstream, as well as the nature and content of the country missions, country dialogues and the guidance package.

### Covid-19

The Covid-19 pandemic was recognised by signatories as a major opportunity to showcase the work that has been done on localisation and to accelerate progress in key areas, as evidenced in the language of the Global Humanitarian Response Plan (GHRP) and related policy documentation and statements. However, although there is as yet no formal analysis or evaluation of the pandemic response, information available for the AIR suggests that in practice this opportunity was not fully exploited (see also Barbelet et al., forthcoming). The workstream contributed to guidance on localisation and the Covid-19 response developed by the IASC Results Group 1 sub-group on localisation and there has been specific discussion on how pooled funds can better support localisation (Oxfam, for example, commissioned research on this topic on behalf of the workstream – see Featherstone and Mowjee, 2020) and how to more effectively leverage humanitarian and development funding to support capacity strengthening of local humanitarian actors. But despite much conversation at headquarters that this crisis has demonstrated more clearly than ever before the critical role of local actors, there is as yet little evidence of a step change in operational practice on the ground. Rather, the pandemic has highlighted the as yet insufficient political commitment to localisation, and the prior lack of investment by many international actors in the structures, relationships and capacities that would empower a locally led response in this and other acute crises.

### 1.2.2 Progress against the core commitments

#### **Core commitment 2.1**

**Increase and support multi-year investments in the institutional capacities of local and national responders, including preparedness, response and coordination**

**All signatories – individual action – no deadline**

**Revised target:** N/A

**Target status:** N/A

Seven signatories provided information against the indicator (% of agreements that incorporate capacity-strengthening support) including Catholic International Development Charity (CAFOD), International Labour Organization (ILO), Oxfam and UNDP, who all report that the large majority of their partnership agreements/frameworks with local actors include some form of capacity-strengthening support; and ActionAid, CRS and United Nations Population Fund (UNFPA) provided quantitative data on the percentage of agreements with local partners that have some form of capacity-strengthening component (59%, 49% and 63% respectively). However, the vast majority of signatories do not track this data and there are many different ways in which signatories are providing support to local actors – not all of which are specified in a formal partnership agreement. Thus, the formal reporting process does not adequately capture the scope of investments being made by donors and aid organisations in augmenting the institutional capacities of local governmental and non-governmental actors.

Research from the first few years of the Grand Bargain process indicated a fairly static trend – activity under this commitment was primarily undertaken by a core group of aid actors for whom quality partnerships, based on recognition of mutual respect and exploiting respective comparative advantages, is a default approach. However, self-reporting in 2019 and 2020 indicates an expanding practice across a wider set of aid organisations and donors, with a combination of both standalone/targeted capacity-strengthening programmes and the integration of capacity-strengthening objectives in wider programme or project partnerships (see Positive practice examples 1–6 and 8 for examples of these two approaches). IRC reported on its new organisational strategy, a central aim of which is to significantly enhance the scale and quality of partnerships with local actors, and in 2019 the organisation won the Humintum Operational Excellence Award for its partnership framework, PEERs, which it went on to update in 2020.

**Positive practice example 1      The LIFT programme**

Since 2018, DG ECHO and Germany have co-funded (€16,250,000 from DG ECHO since 2018) the Local Initiative Fund in Turkey (LIFT), a multi-year programme implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), which is supporting community-based initiatives specifically targeting people with vulnerabilities and important protection needs. The community-based initiatives supported by LIFT are implemented across different sectors in 14 provinces. The programme includes provision of technical and financial support to local NGOs to strengthen their outreach to vulnerable and at-risk populations and tailor-made capacity development support. At least 56,000 individuals and around 30 implementing organisations are estimated to have benefitted from the intervention.

**Positive practice example 2      Norwegian Refugee Council's organisational development of civil society organisations in the Lake Chad Basin**

Through its NORCAP project, NRC is implementing a multi-year capacity development programme for national NGOs and civil society organisations (CSOs) in the Lake Chad Basin, through deployment of organisational development experts hosted by UNDP, WFP and UN Women to Chad, Niger and Nigeria. The experts have focused on strengthening local actors' capacities in accordance with CSOs' self-identified needs. In 2020, the project provided systemic training (monitoring and evaluation (M&E); programme and financial management) and thematic training (protection, gender-based violence (GBV) and accountability to affected populations) for 36 organisations, over 20 of them women-led. With NORCAP's support, more than 20 organisations have gone on to secure partnerships and funding, and two grassroots women's organisations were elected as members of the management committee of the Chadian National CSO Platform. The project has also undertaken comprehensive mapping of CSOs in Adamawa, Borno and Yobe States in Nigeria, including those supporting Covid-19 response. NORCAP experts also support the Lake Chad Basin Regional Stabilisation Programme, including contributing towards a Capacity Engagement Framework to provide comprehensive capacity strengthening to CSOs across the humanitarian–development–peace nexus in the Lake Chad region.

An increasing number of donors, including Australia, Denmark and Germany, are integrating requirements for capacity strengthening of local partners in their agreements with INGOs. Ireland plans to extend its multi-year humanitarian funding to partners from four years to five, in part to enable and encourage partners to provide more effective support to local actors. Others, including Canada and DG ECHO, are engaging in internal dialogue on better aligning humanitarian and development funding tools to advance a nexus approach to provide more effective support to enhance local capacities.

One key gap highlighted by some international signatories as well as local and national NGOs (signatories and non-signatories) is overhead costs. There is an emerging policy debate on the importance of providing more core funds or overhead costs to local partners, with increasing recognition that such support is critical to enable institutional development, including in relation to risk management processes and systems; to upgrade staff skills; and to enable staff to engage meaningfully in international coordination mechanisms and policy discourse (see above). Such activities have generally been excluded from the project-focused funding model that has characterised international–local partnerships over the years, with the result that local organisations struggle to develop institutionally – including to meet the thresholds on risk management that international partners require. Reporting indicates some positive practice, most notably from UNHCR, which in 2019 agreed a new policy on Partner Integrity Capacity and Support Costs to standardise an allowance of 4% of partner agreements’ budgets as overhead costs (an approach in line with the pre-existing standard 7% for INGOs);<sup>8</sup> from CRS, which allows at least 5% of budgets in partnership agreements to be allocated as core costs; from UNFPA, which in 2020 provided an average of 7.2% in support costs for its local and national partners in humanitarian action; and from the UK, where the Rapid Response Facility (RRF) allocation of £18 million for the Covid-19 response in 2020 required its INGO partners to pass the same percentage of indirect costs that they received onwards to their downstream local partners.

However, those aid organisations that continue to work in a targeted way to increase the institutional capacities of local humanitarian actors have consistently reported that they struggle to secure funds from institutional donors for this. Some have been able to expand their efforts: Oxfam, for example, has increased the number of multi-year programmes focused on building institutional capacities of local actors from two programmes in three countries in 2016 to six multi-year programmes in 13 countries. But these are primarily funded by publicly raised funds or funds from private foundations – only a few signatory donors (such as Sweden and the US) have made funds available for this critical activity, and often in small-scale pilots. As such, and as noted in past AIRs, it has been difficult to scale up and expand existing good practice. There is evidence from the research for this AIR that donors often provide support for capacity building via their development funds, but this is not captured in the reporting for the Grand Bargain. Further exploration of complementary use of development and humanitarian funds for such activities could be useful to understand how best to support local partners engaged in humanitarian action.

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8 The 7% standard for INGOs includes the additional costs associated with maintaining international headquarters as well as operations in various countries. It is assumed that NNGOs do not have similar costs as they do not have international headquarters.

### **Core commitment 2.4**

**Achieve by 2020 a global aggregated target of at least 25% of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transaction costs**

**All signatories – individual action – target: 25% by 2020**

**Revised target:** original target retained

**Target status:**

- 13 out of 53 grant-giving signatories reported that they met or exceeded the target of providing 25% of their humanitarian funding to local and national responders in 2020.<sup>9</sup>
- According to FTS data, 4.7% of global humanitarian funds in 2020 were given to local and national responders, representing \$1.3 billion.<sup>10</sup>

Over the five-year period, there has been a steady increase in the number of signatories reporting that they have met or exceeded the 25% target (13 in 2020; 10 in 2019; seven in 2018) (see Figure 3). The standout performers have been Christian Aid and CAFOD, with respectively 73% and 72% of their humanitarian funding channelled to local partners in 2020. The other signatories are ActionAid, the Czech Republic, IFRC, New Zealand, OCHA (for CBPFs), Slovenia, Spain, UNFPA, UNHCR, UNICEF and WFP. While this is positive news, not all signatories are tracking this data in their financial systems, those that do track it are using slightly varying criteria, and it is not possible to aggregate the statistics provided.

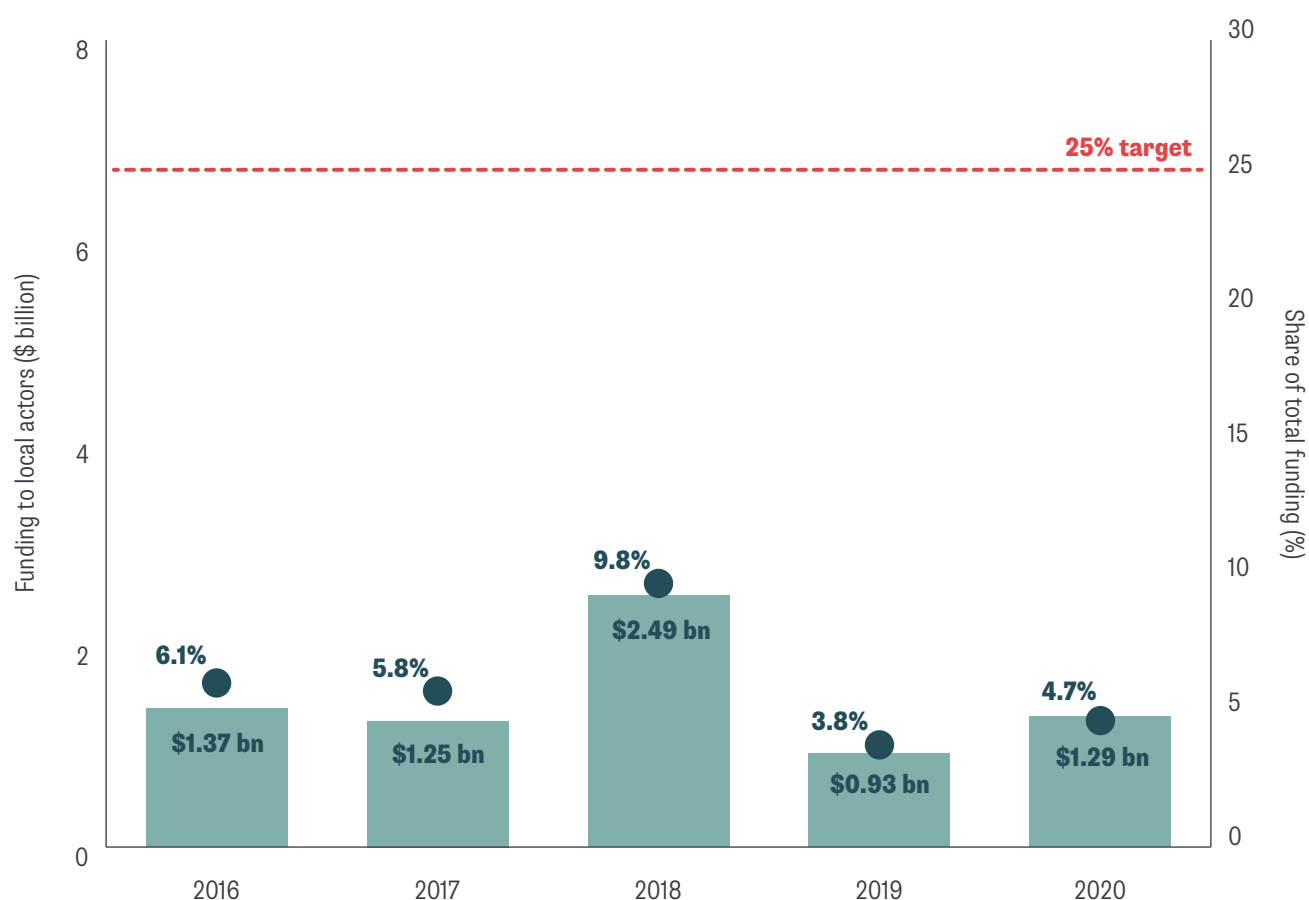
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9 This figure excludes A4EP, ICRC, InterAction, ICVA, Near Network, OECD, SCHR and UNRWA, as they do not have a 'grant-giving' role.

10 Data extracted from FTS on 16 April 2021.

**Figure 3** Percentage and volume of global humanitarian funds provided as directly as possible to local actors

### Share of global humanitarian funding provided to local and national actors



Source: OCHA FTS

Data reported to OCHA FTS indicates that, in 2020, 4.7% of global humanitarian funding was allocated to local and national responders (government and non-government), representing \$1.3 billion. This is an increase from 2019, when 3.8% of international humanitarian funding was provided to local actors. But overall the statistics from 2016 (see Figure 3) do not show any significant trend upwards, or in fact downwards. In essence, the percentage of global funds reported via FTS that are allocated directly to local actors (government and non-governmental) has remained largely unchanged over the period and, certainly, falls far short of the original target of 25%. However, this data can only give a partial picture. Recognising that the phrasing of the commitment was ‘as directly as possible’, it is useful also to reflect on trends relating to pooled funds. In this respect, the OCHA-managed CBPFs (which involve one intermediary) and the Central Emergency Response Fund (CERF) (which involves two intermediaries) offer a useful proxy indicator given the multi-stakeholder nature of these common funding mechanisms and the overall volume of global funds they allocate.<sup>11</sup> In this regard there are more positive trends: OCHA reports that, in 2020, 39% of total funding from CBPFs was allocated to local and national actors including 30% directly and 9% as sub-grants, an increase from 25% in 2016 which included 19% directly and 6% as sub-grants. The latest figures available for the CERF are for 2018, when 15% of funds were sub-granted to national and local partners, representing the highest percentage ever for the CERF.<sup>12</sup> In 2020, a pilot CERF project was launched with the express intention of allocating funds as directly as possible to NGOs at country level for Covid-19-related responses – one-third of the NGOs that received part of the \$25 million grant (via IOM, which acted as intermediary) were local/national NGOs.

### Positive practice example 3 CRS EMPOWER project

The CRS ‘EMPOWER’ project in South America and the Caribbean builds on CRS’s long-standing partnerships with local faith organisations (including its PEER project). Beginning in 2018, it aims to connect these organisations directly with donors to increase their visibility and enable their access to international funding. Activities include strengthening local platforms to facilitate networking among emergency response actors; helping strengthen organisational structures and capacities; supporting partners’ external engagement with donors and their development of proposals for external funding; and helping to improve internal controls to support their eligibility for external funding. EMPOWER’s initial seven partners from six countries have secured over \$21 million from public and private donors to implement 17 emergency programmes, including an allocation of \$8.6 million from USAID/Department of State (DOS) to four of the partners in four countries. Three more EMPOWER partners have successfully passed the US Office of Foreign Disaster Assistance (US OFDA) Pre-Award Survey, and 10 have been registered in the grants.gov system. Through business development support, the EMPOWER project will help local partners directly raise an additional \$5 million by the end of 2022 to implement humanitarian responses, as well as become eligible to receive US government funding directly.

<sup>11</sup> In 2020, the CERF and CBPFs allocated a combined total of \$1.64 billion, 6% of global humanitarian funding reported to OCHA’s FTS (data accessed from FTS on 21 April 2021).

<sup>12</sup> Due to the reporting cycle for CERF grants, comparable data for 2020 will not be available until 2022.

Data provided by some signatories on funding to their local partners indicates that the volume of such funds necessarily varies from context to context. WVI, for example, reports that, in 2020, 9% of its humanitarian funding for Somalia was allocated to local partners, compared with 68% in Syria. As signatories themselves indicated, these differences reflect the complexity of funding flows to local partners, with necessary consideration for the complementary roles of international and local organisations in a given response, and the capacity of local partners to absorb and effectively programme international funds.

Noting the complexity of increasing funding to local partners, the workstream has been exploring further the role of intermediary organisations. This dialogue is particularly important because it is clear that there is a limit – from a political and a financial risk perspective – to how much funding donors are able to channel directly to local partners. The research for this AIR and elsewhere indicates that there is unlikely to be much greater progress in this regard – for many donors (of whatever size), domestic political pressures and legal and administrative frameworks present major, immovable obstacles. As such, it is important to move forward with clarifying expectations or standards on the role of intermediaries in different contexts, with greater focus on their role as a ‘risk filter’, mentor, advocate and support, and less on substantive programming where this is not required, thereby enabling more funding to move more quickly to local actors.

Expanded use of pooled funds is another important tool in this respect. Research for this AIR indicates that many donors see pooled funds, particularly the OCHA-managed CBPFs, as a way to navigate their own legal, administrative, capacity and political constraints in order to get more of their money to local actors more directly. The data illustrates increased donor support for pooled funds, and that this in turn increased the volume of funds reaching local actors: in 2020, CBPFs were the largest channel of international funding to local actors. There are also other pooled funds being established by signatories specifically to enable greater flow of funds to local actors: Denmark, Save the Children and NEAR are working together to establish locally managed pooled funds in Somalia and West Africa, and Oxfam has been piloting a pre-financing rapid response facility that allows it to more rapidly disburse funds to local actors in acute emergencies. However, it is also clear that CBPFs and other types of pooled funds still have some way to go before they are maximising opportunities for onward allocation of funds, particularly quality funds, to local actors (see for example Featherstone and Mowjee, 2020). It is therefore important to expand options for making pooled fund grants (including from CBPFs) multi-year, and to expand current objectives to allow grants specifically for institutional capacity strengthening of local actors. The RCRCM’s National Society Investment Alliance (NSIA) offers positive practice in this regard, with documented evidence of impact two years after its launch (see Positive practice example 4).



### **Positive practice example 4**      The Red Cross and Red Crescent Movement's National Society Investment Alliance (NSIA)

Since 2017, the ICRC and IFRC have been working to strengthen the capacities of Red Cross and Red Crescent National Societies through the establishment of the NSIA. The NSIA includes a short-term ('bridge awards') and longer-term ('accelerator') funding window for grants. The return on these investments is already beginning to show: in Lebanon, for example, NSIA funding to the Lebanese Red Cross has supported an expansion in digital communications and fundraising capacity, which helped the National Society raise additional funds during its Covid-19 response, and in the aftermath of the Beirut Port explosion in 2020. Despite this and other examples of impact, the ICRC and IFRC have struggled to secure contributions from donors for the NSIA (with the exception of Canada, Switzerland and the US) and have been able to respond to fewer applications for support from National Societies than hoped (IFRC and ICRC, 2020).

## **1.2.3 Cross-cutting issues**

### **The humanitarian-development nexus**

The workstream has made a strategic link between its commitments and the humanitarian-development nexus, understanding that supporting local humanitarian action is critical to building sustainable humanitarian responses. In 2020, the workstream undertook an internal desk review on 'Leveraging development and humanitarian funding to strengthen local response capacities', collating evidence and practice to build a business case for localisation particularly through capacity strengthening. A high-level meeting is planned ahead of the signatories' annual meeting in 2021 to elevate conversation on this theme and to spur concrete actions.

### **Gender equality and women's empowerment**

Gender has been integrated in the workstream strategy and activities from early on in the period, with close and consistent collaboration with the FoGG. Individual signatories have also sought to integrate gender in their localisation strategies, plans and actions, and some – including ActionAid and Oxfam – have made support for women's rights and women-led organisations a focus of their localisation efforts. Other signatories, such as Save the Children, have linked their Grand Bargain commitments with those elaborated under the Call to Action on Protection from Gender-Based Violence in Emergencies. Over the period, many signatories, including CRS, InterAction and IRC, reported on their efforts to engage local actors on prevention of sexual exploitation and abuse, including working with local partners to build capacities in this respect. But as has been the case since 2019, there was very limited reporting by signatories against the optional indicators for two core commitments (only Oxfam and

ActionAid reported data for 2020). UNFPA is leading the development of a mechanism in the UN Partner Portal (UN PP) that will allow easier identification of local women-led organisations, as well as tracking of funding provided to them by the UN agencies that use the portal (see Section 1.4).

### 1.2.4 Workstream performance 2016–2020

#### Donor activity

Following the 2020 AIR, there has been an effort by donors to increase incentives for changes in operational practice. There is also some positive practice from select donors that are providing funds more directly to local actors, and those that support capacity-building efforts through intermediaries. But there is still a major gap in terms of funding available from institutional donors for targeted, stand-alone capacity building of local actors. Research for this AIR indicates that this may relate in part to questions on how appropriate humanitarian, as compared to development, funds may be for such activity. Further dialogue on this is required.

#### Aid organisation activity

Self-reporting over the years showcases an array of positive practice examples, initiatives, pilots and innovations to operationalise the concept of localisation. More recently, there has been positive expansion of such practices beyond the original core group of aid organisations already working in this way. Key examples include the work of IFRC and ICRC to establish better-quality partnerships and support for National Societies, as well as localisation efforts by NRC, Care International and Save the Children. But positive practices have not yet been taken to scale. This is due in part to lack of funding or incentives to enable scaling up, but also reflects the dilemmas and challenges some international organisations face in shifting entrenched modalities, including entrenched corporate cultures. The UN agency group also presents a mixed picture, with some (e.g. ILO, UN Women and WHO) much more advanced on localisation than others by virtue of their specific mandates, particularly but not only in relation to their support for local governmental actors. Not all international aid organisations will be able or should follow the same pattern in terms of supporting more local humanitarian action, but those that have not traditionally worked in support of local partners could and should do more to identify and act upon their added value on this theme.

#### Collective activity

Collaboration among different constituent groups – donors, UN, international and national NGOs, the RCRCM – has been key to the success achieved by this workstream to date. The broad group of signatories active in this workstream have worked through some difficult concepts, and agreed on definitions and priority actions. As a collective body, members have focused efforts on sharing good practice and addressing knowledge gaps, connecting practitioners with research and experts and

working to provide practical guidance on a range of issues relating to localisation. There has also, as noted above, been significant effort to bring local actors into discussions and to forge closer links with local and international stakeholders at country level.

### Functional links with other workstreams

There has been some collaboration with workstream 1 (greater transparency) on how IATI data can be modelled for localisation, as well as informal exchanges with workstream 7+8 (enhance quality funding) on cascading of funds to local actors via CBPFs, and with workstream 3 (cash programming) on the role of local actors in cash programming. But strategic collaboration with other workstreams, to mainstream the principles of localisation across the breadth of the Grand Bargain, has been more limited. In early 2021, there was some discussion on the links between participation and localisation as part of the dialogue on the future of the Grand Bargain, but this had not been further elaborated at the time of writing.

### Functional links with other processes

From early on in the period, the workstream had forged functional links with the Charter for Change by virtue of signatories' existing engagement in that mechanism, as well as the Missed Opportunities consortium, which includes four INGO signatories to the Grand Bargain.<sup>13</sup> The co-conveners also promoted cooperation among different mechanisms engaged on localisation at the UN Economic and Social Council (ECOSOC), and there has been more recent engagement with the IASC Results Group 1 in relation to guidance for localisation in context of the Covid-19 response.

### 1.2.5 The future?

Since 2016, there has been demonstrable progress in terms of embedding localisation as a norm of humanitarian response and – though more slowly – expanding practice across a range of areas, aid actors and contexts. But a systemic shift in practice is still far off: incentives are not yet sufficient and there remain practical issues that limit how far some international actors, including institutional donors, can go in providing more funding more directly for local humanitarian action.

The early discussions on localisation were rightly ambitious, but dogged adherence by some actors to direct funding flows has ignored the prevailing political and practical realities and limited opportunities for reaching compromises that could lead to speedier progress against the goal of instituting humanitarian responses that are 'as international as necessary, as local as possible'. Reflecting on this, constructive dialogue is now required on the role of intermediaries – to clarify what is optimal from a donor perspective in terms of sharing or more fairly distributing financial and institutional risks, and from the local partners' perspective in terms of maximising their access to funds while also reducing their burden of risk. Greater effort is also required to unpack in a very concrete way the different

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13 The Missed Opportunities Consortium includes ActionAid, CAFOD, Christian Aid, Oxfam and Tearfund.

elements of a 'quality' partnership (based on existing policy frameworks including the 2007 Principles of Partnership, the Charter for Change and the Core Humanitarian Standard (CHS)), recognising that there are many different types of and opportunities for such relations.

There is also still work to be done to exploit the intrinsic links between the two core commitments – strengthening the capacities of local actors to assume greater leadership, but also to better manage the risks associated with access to greater volumes of international funds. Key in this respect will be a focus on increasing provision of overhead/core costs for local partners. Including appropriate volumes of core costs in existing and future agreements could be transformative – enabling local partners to invest in staff development, institutional systems or policy engagement – all areas that can empower them as leaders of humanitarian response. Without predictable and flexible core funding, 'local organisations will continue to be trapped in a cycle of project-based approaches and will suffer from the consequent staff turnover, loss of institutional knowledge and inability to build the capacity of both their staff and their organisation as a whole' (Global Protection Cluster, 2018, cited in Save the Children and Street Child, 2020: 7). There are good practice examples in this regard from across constituency groups – scaling up this practice and standardising inclusion of overheads in partner agreements should now be considered a priority action by all grant-giving signatories. More generally, the signatories should use the opportunity of the next iteration of the Grand Bargain to elevate ambitions on localisation, enabling greater transfer, not just of funds but also leadership and decision-making, to local actors.

## 1.3 Workstream 3: Increase the use and coordination of cash

### 1.3.1 Workstream summary

In many ways, this workstream evidences the potential of the Grand Bargain to help drive change across the humanitarian system. In the first few years, the Grand Bargain was considered the less important of several mechanisms driving progress on humanitarian cash assistance but increasingly it has been seen as catalytic in pushing the huge scaling up of both the volume and the scope of this modality. This success has been driven by a strong sense of collaboration between donors, UN, RCRCM and NGOs at technical level, and to some extent at political level, with consistent leadership from the co-conveners, the UK and WFP, and substantial investments from other signatories across all constituent groups.

Cash assistance is no longer questioned as a modality – it has become both a norm and a key operational standard in humanitarian practice. In the early years of the Grand Bargain, the Cash and Risks sub-group of workstream 3 focused on debunking the myth that cash is riskier than in-kind assistance, and in the following years, the discourse progressed to sharing knowledge across different areas of risk: fiduciary risk, risks to beneficiaries, data responsibility, etc. By 2020, several aid organisation signatories (such as DanChurchAid, IRC, and Oxfam) had adopted ‘cash first’ policies for certain programming objectives (e.g. basic needs, food security) and all operational aid organisation signatories – from the smallest to the largest – report using cash assistance in some form. Many outlined the significant institutional investments they had made in capacities, systems and staff resources to enable the scale up of cash in a safe and effective manner.

The volume of cash assistance is impressive, but so too is the scope of programming objectives that are now pursued with cash – from food security to supporting survivors of GBV and providing hygiene grants. The benefits of cash have been well-documented but of particular note is the impact of unrestricted cash in terms of affording greater dignity and control to affected populations, as evidenced in a range of evaluations (CaLP, 2018; Harvey and Pavanello, 2018; WFP, 2018; 2019; UNHCR, 2020a). Several signatories indicated increases in the proportion of their cash programming that is unrestricted: 95% of UNHCR’s cash assistance was unrestricted in 2020; WFP reported that, in 2020, unrestricted cash accounted for 54.5% of its total cash transfer value, compared to 26.5% in 2016; and WVI reported that, in 2020, 80% of its cash was unconditional.

Over the five years, policy and practice have also become much more informed, with a clear understanding among most signatories active in this area of the limits of cash and its complementarity with other kinds of assistance. The UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), for example, reported that, at the end of 2020, it introduced a blanket food distribution for

a caseload of 400,000 Palestine refugees in Syria, alongside an ongoing cash assistance programme, to mitigate additional vulnerabilities created by the economic crisis and the erosion of the purchasing power of cash assistance due to inflation.

### Covid-19

The response to the Covid-19 pandemic provided an opportunity for signatories to demonstrate the progress they had already made in relation to cash assistance, including in terms of the speed of set-up of such programmes. UNHCR reported that 73 of its country operations responded within two months with Covid-19-specific cash assistance programmes. The pandemic also acted as an accelerator in integrating emergency cash in existing social safety net programmes, and doing so in a manner that supported local actors. Guidance was issued in May 2020 by the workstream's sub-group on linking humanitarian cash and social protection, reinforcing principles such as delivering cash by using, linking or aligning with local and national social protection systems and reinforcing the capacities of local actors to support effective implementation. The latter principle has been particularly critical in the pandemic response: by June 2020, a total of 133 countries had planned, introduced or adapted cash-based social assistance programmes in response to the Covid-19 pandemic (DI, 2020b). The workstream subgroup on cash and local partnerships issued guidance specific to the pandemic, drawing on work done prior to the emergency. In terms of digitalisation, the pandemic response increased the urgency and the focus of inter-agency dialogue on data protection requirements, an ongoing issue of concern raised by a number of signatories during this and previous AIR processes. Discussions in the cash and risk sub-group were informed by the publication of the second edition of the ICRC's handbook on data protection in humanitarian action (ICRC, 2020), and by toolkits and case studies issued by the Cash Learning Partnership (CaLP) on data responsibility, including during Covid-19 (CaLP, 2021; Raftree and Kondakhchyan, 2021).

The year 2020 saw further significant effort from the workstream – co-conveners, members and sub-groups – in all of these areas and more. There has been increased operational collaboration between NGOs with multiple examples of consortia models established under the Collaborative Cash Delivery (CCD) network. Efforts to implement the UN Common Cash Statement (UN CCS) issued in December 2018 have continued, including in the pandemic response, signalling an ongoing willingness on the part of the signatories to the statement (WFP, UNICEF, UNHCR and OCHA) to collaborate strategically and in key technical areas. There has been increased coordination at operational level through the HCT cash working groups, supported by inclusion of cash and vouchers in Humanitarian Response Plans (HRPs). But there is still no global agreement on predictable and accountable coordination of multi-purpose cash among IASC agencies, despite mounting evidence of the impact this is having on operational efficiencies and effectiveness, including shortfalls in resources and delays, gaps and duplications in responses (see for example Bailey and Harvey, 2017; CaLP, 2018; 2020). The workstream agreed to pass responsibility for discussion on an agreement to the IASC in 2018, but this has not been tabled by any IASC member for formal discussion at the Deputies Forum or Principals of the

IASC.<sup>14</sup> As a result, collectively aid organisations have been unable to realise the full potential of cash assistance in humanitarian contexts. Key donors have sought to maintain pressure on the IASC in this respect, but have left it to its members to determine the specific nature of an agreement, recognising that the operational agencies delivering cash assistance are best placed to design a coordination mechanism, and because any such arrangement needs to have their full buy-in. Notwithstanding the complex technical and operational questions involved, there is growing frustration – as expressed to the research team again this year by donors, NGOs and some UN agencies – at the failure to secure an agreement on this. Political pressure has continued to build, including formal communications and statements from donors and NGOs; interventions by the current Eminent Person during a high-level dialogue between key donors and IASC Principals in which she referred to the lack of an agreement as the ‘Achilles heel’ in the humanitarian system and called for urgent action (IASC, 2019); and again more recently in signatory interventions at the 2020 annual meeting (see also GHD, 2018; CCD Network, 2018). Concrete proposals have been put forward on what a predictable, accountable arrangement for coordination of cash assistance could involve (e.g. World Bank, 2016; Steets and Ruppert, 2017). It is also clear from views expressed to the research team by other signatories from all constituent groups that there is a particular expectation on the four signatories to the UN CCS, by nature of their mandates and (with exception of OCHA) being the largest providers of humanitarian cash assistance, to forge such an agreement. At time of writing, a public letter was due to be issued by the co-leads of the workstream sub-group on tackling political blockages (USAID and CaLP) on this matter. The letter, which had been signed by 95 entities including NNGOs, INGOs, donors, research institutes, UN, RCRCM and private sector institutions, was addressed to the Emergency Relief Coordinator/Under-Secretary General (ERC/USG) and called on the IASC to take a decision on the leadership and scope of cash coordination within the broader humanitarian coordination architecture in the coming year (USAID and CaLP, 2021).

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14 In a meeting of the Operational Policy and Advocacy Group (OPAG) in November 2020, it was noted by the Global Cluster Coordination Group (GCCG) that the issue of coordination of cash assistance ‘required IASC engagement at other levels’ (IASC OPAG, 2020: 3).

### 1.3.2 Progress against the core commitment

#### Core commitment 3.1+3.6

**Increase the routine use of cash, where appropriate, alongside other tools. Some may wish to set targets**

**All signatories – individual action – no target or deadline**

**Revised target:** N/A

**Target status:** By 2020, 24 out of 31 operational aid organisation signatories (including seven out of 13 UN signatories, 15 out of 16 operational NGO signatories and two out of two RCRCM signatories) reported increasing the volume of cash programming compared to 2016.

Based on the self-reporting process, 24 out of 31 signatories that are operational aid organisations increased provision of cash programming in 2020, compared with 2016. This was in terms of increases in volumes, in the geographic coverage and/or the number of beneficiaries, and/or increases in the scope of programming objectives that cash was used to achieve. Data on cash versus vouchers was not comprehensive so it was not possible to identify trends in this regard, though WFP and UNICEF both reported that they had increased the share of cash versus vouchers over the five-year period.

#### Positive practice example 5      The Emergency Social Safety Net

The DG ECHO-funded Turkey Emergency Social Safety Net (ESSN) was the largest humanitarian cash programme in the world in 2020, with an annual value of €500 million supporting over 1.8 million refugees. The management of the programme was transferred from WFP to the IFRC in April 2020, and it continued to be implemented by the Turkish Red Crescent (TRC). With the onset of the pandemic, the programme was adapted to provide a one-off additional disbursement to households particularly impacted by the economic impacts of Covid-19. The programme has increased outreach to communities and in soliciting feedback on the programme. The IFRC has evolved the model to provide targeted capacity support to the TRC and relevant government institutions in line with identified gaps, and has worked to reduce the humanitarian footprint in country. Learning from this large-scale programme is being shared within the RCRCM and with other cash partners. In December 2020, DG ECHO committed to an additional €400 million, which will allow continuation of activities up to mid-2022.

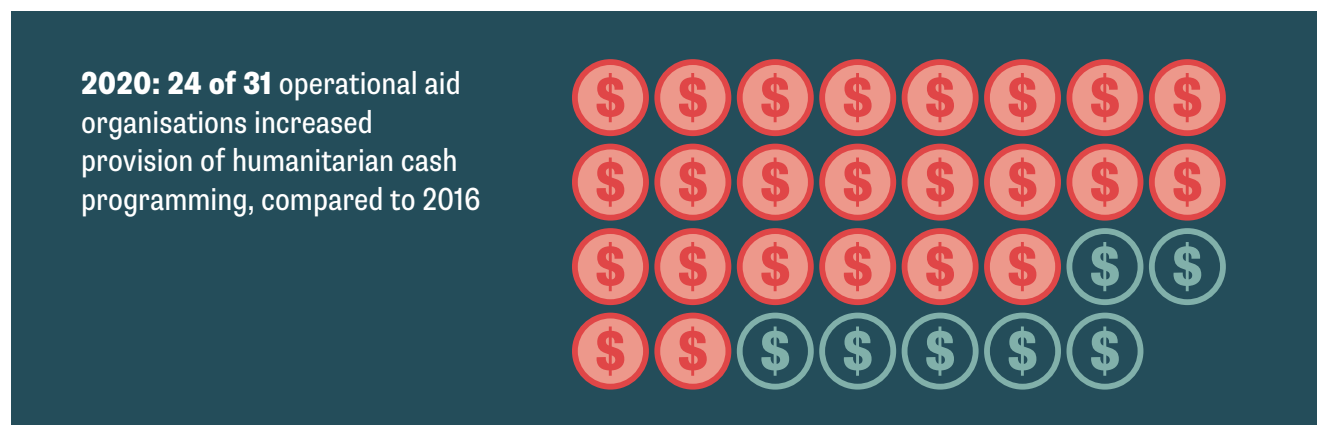


There is no available figure for the volume of cash programmed globally by humanitarian actors in 2020, but statistics from the three largest UN humanitarian agencies (UNHCR, WFP and UNICEF) are indicative of the continuing increase in the use of cash assistance since 2016 (see Figure 4).

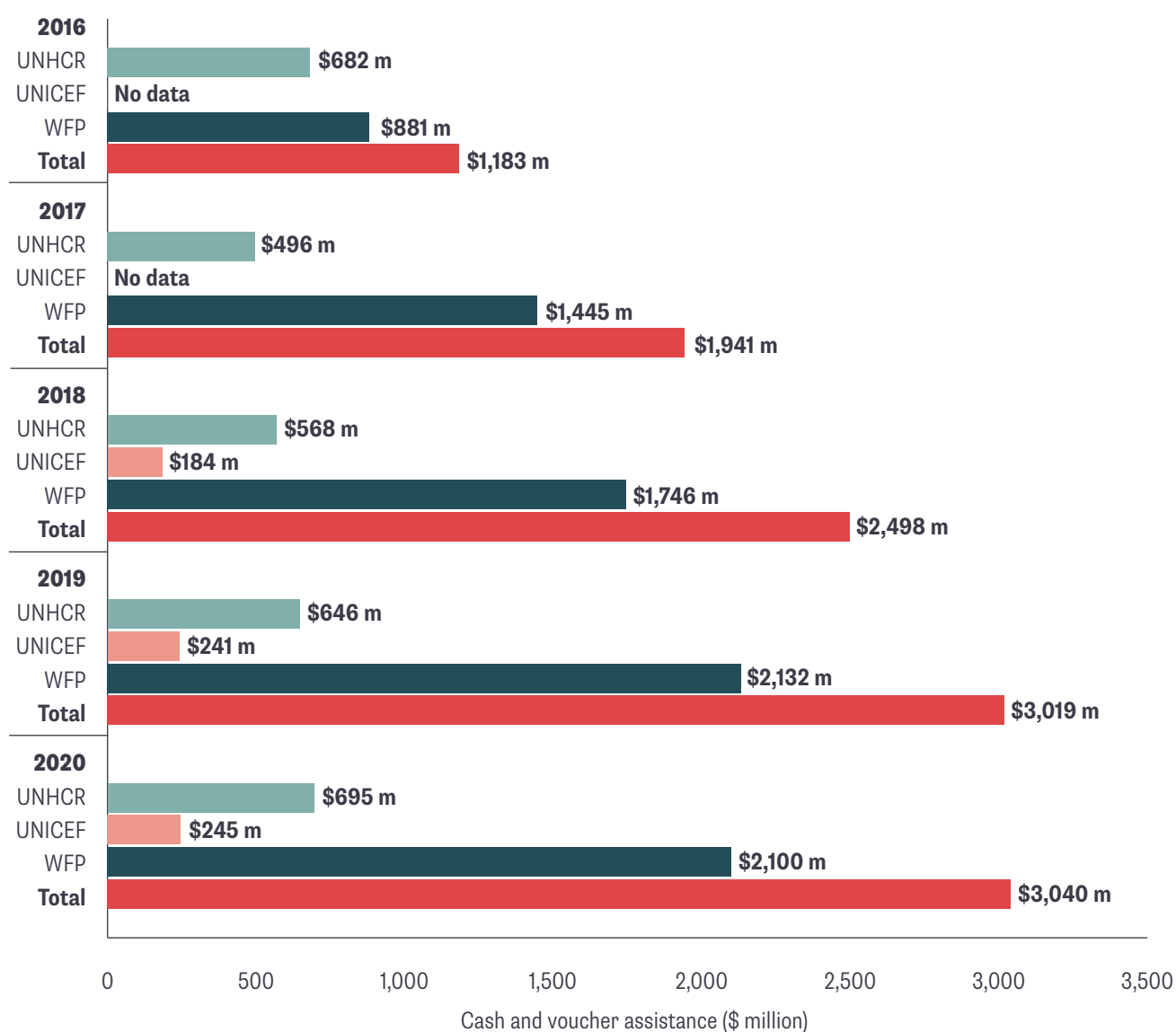
The World Bank is the largest provider of cash assistance of all signatories: in 2019, the Bank allocated \$2.7 billion for social safety net programmes in fragile, conflict and violence-affected contexts, with an additional \$1.48 billion allocated in 2020 to 10 cash transfer operations in response to the pandemic. Figures from the CERF and CBPFs are also indicative of the global trend for cash assistance. OCHA reports that the total value of cash and vouchers transferred to affected people through 2020 CERF-funded projects was \$134.4 million, according to available information in agencies' project proposals – almost triple the amount in 2019. This included an innovative allocation of \$80 million from the CERF's Rapid Response Window for multi-purpose cash assistance to help stave off famine in high-risk countries. Of \$830 million allocated by CBPFs in 2020 (data as of 9 February 2021), \$84 million (10%) went to cash programming. This represents an increase over 2019, when out of \$1.03 billion allocated \$65 million (6%) went to cash programming.

Several signatories had set themselves ambitious targets earlier in the process, in line with the core commitment: UNHCR set and met early its target to double its volume of cash programming from \$303 million in 2015 (reached in 2019); IRC exceeded its own target to increase its volume of cash assistance from a baseline of 7% in 2016 to 25% of all programming by 2020 – reaching 27% in 2018; and CRS set itself a target of \$1 billion in cash and voucher assistance by 2030, reaching \$38.4 million in 2020.

Tracking the use of cash and vouchers has been a challenge since 2016, when few signatories had accurate statistics on how much funding was being allocated to cash assistance. But in April 2020, the workstream's sub-group on tracking released guidance on 'Tracking cash and voucher assistance: agreements, recommendations and minimum requirements from the Grand Bargain cash workstream', the culmination of a complex process to set out the best way to track the use of cash and vouchers in humanitarian action. These minimum standards have been adopted by the key humanitarian reporting mechanisms – FTS and IATI – and it should therefore be possible to more accurately assess the scale of cash programming across the humanitarian system.

**Figure 4** Volume of cash and voucher assistance programmed by UNHCR, UNICEF and WFP, 2016-2020

### Cash and voucher assistance provided by UNHCR, UNICEF and WFP



Note: UNHCR baseline is \$303 million in 2015.

Source: UNHCR, UNICEF and WFP

In terms of volumes of cash programming, there was a massive increase in integration of humanitarian or emergency cash in social safety net programmes in 2020, related largely to the response to the Covid-19 pandemic. For example, UNICEF doubled the number of cash transfer programmes it funds that are delivered through existing national social protection systems between 2019 and 2020. To address pandemic-related needs, WFP, together with the UN Office for Project Services (UNOPS), supported the delivery of cash transfers to low-income households in World Bank-financed operations in the Central African Republic (CAR), Haiti, Niger and South Sudan, working on behalf and in support of the national authorities. ILO, working in collaboration with the World Bank, UNICEF, WFP, the UK and Sweden, provided technical support to the government of Mozambique to create a new cash transfer facility for nearly one million beneficiaries from vulnerable households affected by the pandemic – people who were not previously covered by the existing social protection system. WVI reported that it issued various institutional guidance notes; supported development of inter-agency guidance on social protection and emergency cash through its co-chairing of the CCD network; and used its existing capacities in various countries to extend the reach and quality of national systems to accommodate people particularly affected by the economic impact of the pandemic.

Most donors found it difficult to report against the indicator for this core commitment because they are not tracking or at least not systematically tracking the use of their funds for cash and vouchers. Some suggest that the data should be reported by operational actors who are actually delivering the assistance, rather than the donors that fund it. Switzerland and the UK have both reported an increase in the volume of funding programmed as cash and voucher assistance in 2020.

### **1.3.3 Cross-cutting issues**

#### **The humanitarian–development nexus**

Policy and operational discussion on cash assistance in relation to the humanitarian–development nexus has been on the workstream’s agenda for some years but came into its own in 2020 with the pandemic response. The sub-group on cash and social protection published two papers on social protection and cash and produced an advocacy note to leverage Covid-19 responses, and made consistent efforts to bring in external experts to provide advice. There is concern from some signatories that the momentum gained on linking humanitarian cash programming and social protection programmes could be lost in the absence of dedicated space for this debate in the new Grand Bargain.

#### **Gender equality and women’s empowerment**

Consideration of gender and women’s empowerment has been integrated in the activities and workplan of this workstream for a number of years, with strong collaboration with the FoGG. There is a dedicated sub-group, led by Care International and UN Women, to facilitate this work. The volume of outputs is indicative of that effort: since 2016, the workstream has engaged local women’s rights and women-led organisations through collaboration with the workstream sub-group on local partnerships; held multiple events, trainings and workshops, engaging approximately 1,000 practitioners in over 50 countries on learning, evidence and dialogue on gender and GBV and cash programming; and

produced various guidance and tools, including a UN Women guidance note on promoting gender equality in humanitarian cash and voucher assistance (UN Women, 2020b). In 2020, the sub-group issued recommendations, reiterating existing guidance (such as UNHCR's cash and assistance and gender guidance (UNHCR, 2019)) on how to ensure more gender-responsive cash programming in the pandemic response.

### 1.3.4 Workstream performance 2016–2020

#### Donor activity

Research for this and past AIRs indicates very clearly that over the five years there has been widespread donor support for ramping up the use of cash assistance, in a safe and effective manner. Donors large and small reported on the strategic investments that they have made in the growth of cash and voucher assistance since 2016. Norway and Germany, for example, facilitated the Donor Cash Forum dialogue on humanitarian cash transfers in the response to Covid-19, with a joint donor statement issued in May 2020 to help guide donor support for humanitarian cash programming in the pandemic. With only a few exceptions, donor concerns regarding the risks involved in cash and voucher assistance have been addressed, but some highlighted the contradiction between the call for more unearmarked funds and having the suggestion in the core commitment for a target for the volume increase in cash programming.

#### Aid organisation activity

There has been an impressive array of investments and activity from all aid organisation signatories over the five years. Those few that are less able to undertake cash assistance programmes by virtue of their mandates (such as WHO) have engaged strategically, supporting the development of standards and safeguards on the use of cash in different sectoral areas. Aid organisations worked together in the early years of the Grand Bargain to develop a strong evidence base for the use of cash assistance, including the risks for stakeholders and how these can be effectively managed. This work has been critical to increased donor support. But while there has been much effective collaboration between different groups of aid organisation signatories, there is frustration from many at the lack of agreement from the IASC on strategic coordination of multi-purpose cash – several aid organisations expressed concerns to the research team that this is impacting the full scale-up of cash programming across the system.

#### Collective activity

As noted above, the key characteristic of this workstream since its creation in 2016 has been effective collaboration across different constituent groups, with all actors working together to unpack and address complex technical issues. Recent outputs highlighted include the new standards and guidance on tracking of cash assistance programming and outcome indicators for multi-purpose cash – both major technical successes. But collaborative efforts to address the political obstacles relating to securing an agreement on the global coordination of cash assistance have been less effective.

## **Functional links with other workstreams**

There has been positive collaboration with workstream 5, with the two workstreams developing a joint paper for the Eminent Person outlining key political blockages around cash coordination and joint needs analysis and the actions required to address them. There has also been close collaboration with workstream 2 on engaging local actors in policy dialogue, strengthening local partnerships for cash assistance and raising awareness of the challenges local actors face in relation to their role in cash programming. Outputs in this regard included the participation of 20 local actors in the virtual annual meetings of the workstream, and the finalisation of a Cash and Voucher Assistance and Partnerships Toolkit.

## **Functional links with other processes**

The workstream is one of multiple fora where technical debate and operational coordination on cash programming takes place. Since 2016, the co-conveners have sought to distinguish the workstream from other forums, ensuring clarity of the workstream's added value, and this strategic approach has been effective in avoiding duplication of effort. With much cross-over in membership, CaLP has been a key partner to the workstream and there has been a continuous flow of dialogue and problem-solving between these two entities.

### **1.3.5 The future?**

This workstream has had significant, demonstrable success in relation to many of the commitments on this theme – from engaging local partners to securing agreements on better tracking and monitoring of cash programming. This success is in large part attributable to the concerted efforts of the co-conveners, and other signatories who have assumed leadership of specific tasks and sub-groups. But the success of the workstream in so many areas renders even starker the failure to reach an agreement on a global coordination mechanism for multi-purpose cash assistance. That this has still not been resolved is proving increasingly problematic, posing documented operational risks. Given the broad acknowledgement among key stakeholders that barriers to an agreement relate largely to agency self-interest, and less so to technical challenges, the failure to secure agreement is also posing reputational risks, particularly for the four main UN entities whose role in cash assistance is most prominent, and upon whom greater expectations in this regard have been placed. Taking the opportunity presented by the political focus of the new iteration of the Grand Bargain, resolving this issue will require the identification of champions within the UN and donor groups to lead a focused dialogue. Reaching an agreement will require significant risk-taking by the agencies involved, since it will have substantial financial and operational impact for each of them. It will also require a significant increase in political pressure to push these agencies beyond their own interests and mandates to focus on the bigger picture – how the system can better respond to the needs of affected populations in a way that is more efficient (cost, speed, flexibility) and more effective (impact, dignity).

## 1.4 Workstream 4: Reduce duplication and management costs with periodic functional review

### 1.4.1 Workstream summary

The co-conveners, Japan and UNHCR, have pursued a consistent strategy of focusing on the commitments under this workstream that they felt able to make most progress on. In this respect the co-conveners have sought to make progress through the UN group by linking their efforts to the UN reform process that began in 2017. This strategy has logic in that the commitments under this workstream covered a range of issues, each of which would require major investment of technical and political resources, and UN reform is a more formal process with more stringent accountability. The co-conveners have reported some important successes, with agreements reached on transparent cost structures forged as part of the development of the UN Data Cube standard (commitment 4.3 – provide transparency and comparable cost structures by the end of 2017), greater cost efficiencies secured through more joint procurement and logistics undertaken as part of the UN Business Innovations Group (BIG) (commitment 4.4 – reduce duplication of management and other costs through maximising efficiencies in procurement and logistics for commonly required goods and services), including increased joint procurement and logistics for the pandemic response through the work of the UN Covid-19 Supply Chain Task Force, and the creation and rolling out of the UN PP (UN Partner Portal) (commitment 4.2 and core commitment 4.5).

But reflecting back over the five-year period, there have also been disadvantages in this strategy. The exclusive focus on the UN group has overshadowed or neglected the positive action taken by some NGOs to create systems assessing cost structures and results (for example NRC's Money Where It Counts initiative – a protocol for harmonised cost classification and financial budgeting and reporting (NRC and Humentum, 2019); and IRC and partners' SCAN/Dioptra tool, which aims to estimate cost-efficiencies of programmes using existing accounting and monitoring data).<sup>15</sup> It also failed to capture lessons from efforts led by the ICRC to increase cost efficiencies through sharing of quality assurance processes and, until 2020, failed to galvanise any action from donors on reducing the number of donor assessments. In 2020, the co-conveners shifted approach, increasing their focus on the core commitment (core commitment 4.5 – make joint regular functional monitoring and performance reviews and reduce individual donor assessments evaluations, verifications, risk management and oversight processes), primarily through commissioning an independent review of individual donor assessments in humanitarian operations (GPPi, 2020). The co-conveners also articulated that the UN PP should be considered as contributing to the core commitment (as well as commitment 4.2 – harmonise partnership

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<sup>15</sup> For more information see [www.dioptratool.org](http://www.dioptratool.org).

agreements and share partner assessment information as well as data about affected people, after data protection safeguards have been met, by the end of 2017, in order to save time and avoid duplication in operations), and there has certainly been positive progress in this regard.

Overall, however, this workstream cannot be considered to have achieved its potential. This can be attributed to three key factors. First, the commitments under this workstream were so diverse that some focus was necessary in order to achieve some results. Second, the concentration of the co-conveners on the UN group has limited opportunities to support and enable expansion of initiatives led by non-UN aid organisations that fall under the themes of this workstream. This has caused some frustration, particularly among NGOs, who feel that their efforts have been marginalised. Furthermore, some signatories have questioned whether the work in the UN group would have been done anyway as part of the UN reform effort. Third, there has been a distinct lack of donor engagement. Much of the activity under this workstream could be legitimately perceived as being priorities for donors – i.e. to find ways to achieve greater (cost) efficiencies and savings across the humanitarian system. Over the years there has been individual donor investment in new technologies to support more efficient delivery (such as support for WFP and UNHCR's biometric registration system), but crucially there has been no coherent effort from donors to seize the opportunity of this workstream to initiate a collaborative dialogue on what they expect of aid organisations in relation to cost efficiencies and cost transparency, and what may be possible from the aid organisations' perspective. Substantive donor interest in or support for the initiatives developed by NGOs under this workstream has reportedly been very limited, despite much advocacy and outreach by the NGOs involved.

### 1.4.2 Progress against the core commitment

#### Core commitment 4.5

**Make joint regular functional monitoring and performance reviews and reduce individual donor assessments evaluations, verifications, risk management and oversight processes**

##### Donors – Joint action – no target or deadline

**Revised target 1:** By 2021, six UN agencies adopt the UN PP with consequent increase of CSO/ NGO partners of UN agencies adopting the common UN PP process.

**Target status:** As at March 2021, four UN agencies had adopted the UN PP. 16,000+ CSOs are registered in the portal.

**Revised target 2:** Actual reduction in the number of assessments by 2021.

**Target status:** There is insufficient data self-reported by donors to identify trends relating to the number of assessments. Data from the 2020 GPPI review (see Box 1) suggests that the number of donor assessments for four UN agencies and the ICRC doubled between 2016 and 2019.<sup>16</sup>

### UN Partner Portal

Launched in November 2018, the creation and roll-out of the UN PP has been impressive. Overcoming different legal and administrative systems within different UN agencies, the portal provides a platform for harmonising and simplifying due diligence requirements, submission of proposals and identification of partners. By March 2021, it was available in three languages (English, Spanish and French); it had a new subscription feature; and it had immediate email notifications to speed up access for NGOs to new opportunities for partnerships offered through the portal.

As at February 2021, four UN agencies had adopted the portal (UNHCR, UNICEF, WFP, UNFPA) – up from the original three in 2018, with IOM currently in the process of joining. The UN International Computing Centre (UNICC) has provided technical support including systems support and

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<sup>16</sup> For the purposes of its study, GPPI defined ‘assessments’ as including ‘1) audits and verifications assessing financial statements or spending on a particular program or from a particular funding contribution conducted or commissioned by donors; 2) assessments and reviews analysing the scope and quality of governance structures, systems and processes; and 3) evaluations and monitoring exercises conducted or commissioned by donors assessing specific programs, projects or policies’ (GPPI, 2020: 9).



maintenance. The target set in 2019 of six UN agencies using the portal by 2020 has not yet been reached, but this in part reflects the time required for different agencies to adjust their financial and administrative systems to enable adoption. Even without reaching this target the sheer volume of organisations registered – over 16,000 by March 2021 – is significant, and the portal is already having an impact: in a survey conducted by the UN agencies using the portal, 88% of NGO respondents ‘agreed’ or ‘strongly agreed’ with the statement ‘The UN Partner Portal helps us to understand what the UN is looking for in prospective partners’, and 83% of NGO respondents ‘agreed’ or ‘strongly’ agreed with the statement ‘Applying for partnership opportunities on UN Partner Portal is an improvement from previous processes’. The survey also confirmed the value of this tool for NNGOs and CSOs: 91% of respondents from NNGOs and CSOs ‘agreed’ or ‘strongly agreed’ with the statement ‘The UN Partner Portal helps us to understand what the UN is looking for in prospective partners’, and 83% ‘agreed’ or ‘strongly agreed’ with the statement ‘Applying for partnership opportunities on the UN Partner Portal is an improvement from previous processes’. Feedback sought (through signatory interviews) by the research team from INGO signatories that are registered in the portal was also generally positive.

### Reducing donor assessments

In 2020, the co-conveners commissioned an independent review of the number of donor assessments conducted for four UN agencies and the ICRC between 2016 and 2019. The explicit decision to focus on the UN and the ICRC was based on a recognition that this was the first phase in the discussion on donor assessments, and that it would be very complex to include the experience of the breadth of NGO signatories in this first effort as there are generally different legal frameworks governing the relationships between donors and the UN and donors and NGOs. A steering group was created involving donors and aid organisations, and the research was conducted by GPPI in 2020, with the report published, following consultations on a draft, in December 2020. The report reached a number of conclusions (see Box 1), namely that the number of assessments had doubled since 2016 and that the bulk of these assessments were requested by only two donors – the UK and DG ECHO. GPPI’s review and successive AIRs also evidenced good practice examples from donors in relation to reducing the burden of assessments on downstream partners – with clear opportunities to scale these up across a wider set of donors. Perhaps most obvious in this regard are the assessments of UN agencies conducted by the Multilateral Organisation Performance Assessment Network (MOPAN). Several donors, including Canada, Denmark, Ireland, Sweden and New Zealand, reported using or have committed to using these joint assessments, and Ireland reported on its investment in augmenting MOPAN’s own capacities to conduct assessments. Germany and Denmark have previously reported on their investments in quality assurance and certification initiatives, such as the CHS, and that this has reduced the need for individual capacity assessments and donor verification processes.

The GPPI review provides important evidence to inform – in part – the dialogue that is necessary between donors and aid organisations on donor assessments. It confirmed what many agencies suspected: that the volume of demand for information had increased rather than decreased in recent years and that this was having an impact on their operational efficiency. It also found that the agencies concerned recognise the pressures that donors are facing domestically and acknowledged that

assessments can provide opportunities for enhancing efficiencies at institutional and programmatic levels. But further research or at least further dialogue is required to explore these issues in more qualitative detail, including the differing nature of assessments and related impact and the trade-offs inherent in the different relationships that individual donors have with their downstream partners. There is also a need to explore what points of leverage or arguments donor representatives can use to influence decision-makers within their governments and parliamentary bodies on this issue. This would help facilitate a more nuanced understanding of how different donors can and should adjust their practices to reduce the information burden on their downstream partners.

### **Box 1**    GPPI's independent review of donor assessments – key conclusions

Commissioned by the co-conveners of workstream 4 and funded by Japan, GPPI undertook an independent review to collect evidence on and analyse the effects of donor assessments conducted between 2016 and 2019 for OCHA, UNHCR, UNICEF, WFP and ICRC. It considered the volume of formal assessments as well as practices around informal assessments, explored whether there were overlaps between assessments and asked why donors choose to conduct so many different assessments (GPPI, 2020). The review concluded that:

- The volume of donor assessments more than doubled between 2016 and 2019 (62 vs. 127).
- 93% of these assessments were the responsibility of two donors – UK and DG ECHO – though they provide only 19% of funding to the five organisations.
- There are only a limited number of joint donor assessments and this trend is not expected to change.
- The rationale for donor assessments is primarily domestic accountability and the need to reduce the risk exposure of donor governments. In essence, the volume of assessments is driven by pressure from taxpayers, parliaments or other bodies that require donor representatives to solicit reassurance from downstream partners on how money was spent and with what results.
- The research also found that different donors have different perceptions of aid organisations' performance in terms of oversight, and that these perceptions can be positively influenced through aid organisations' own efforts to be more transparent with donors and build trust.
- Donor assessments increase administrative costs for aid organisations, but there was also some recognition that these processes offer opportunities for change. Most organisations recognise the rationale behind assessments, but were concerned at the staff time required to support multiple donor demands.
- The downstream impact of donors' demands are not assessable: the 'review team could not determine a direct link between donor assessment and those of the agencies'.

Source: GPPI, 2020

### **1.4.3 Cross-cutting issues**

#### **The humanitarian–development nexus**

There have been no particular efforts to integrate humanitarian–development collaboration in this workstream. However, much of the work undertaken as part of the UN reform process did, by definition, cut across the humanitarian–development divide. There is also currently some consideration by UN agencies of the potential for the UN PP to be expanded to include partners for development as well as humanitarian programmes and projects – recognising both the interconnected nature of UN programming and the fact that many of the UN agencies’ local civil society partners already work across the humanitarian–development divide.

#### **Gender equality and women’s empowerment**

The co-conveners determined early in the period that there was no scope for inclusion of gender-related considerations in the activities of the workstream.

### **1.4.4 Workstream performance 2016–2020**

#### **Donor activity**

The commitments under this workstream cover many issues that donors had argued for in 2016 (and in earlier policy dialogues). But over the last five years, donor engagement in and activity under this workstream has been limited. The research team was not able to identify specific obstacles or reasons for this lack of engagement, but it has meant a significant missed opportunity for donors to clarify their expectations of aid organisations in relation to cost efficiencies and cost transparency, and to support or encourage the efforts that some aid organisations have been making in this respect. There are many examples of donors investing in innovation and new technology to enable aid organisations to institute more cost efficient and effective programmes, but the lack of a coordinated approach has meant missed opportunities to further scale up and expand successes.

#### **Aid organisation activity**

As part of the UN reform process, the UN signatory group has taken action, under UNHCR’s leadership, on several commitments, namely transparent cost structures and joint procurement/back office processes. Over the years, a number of aid organisations have reported on cost efficiencies and innovative approaches (including work undertaken by UN agencies under the United Nations Business Innovation Group (UN BIG)), but there was no cross-constituency strategy in this regard due to a lack of coordination on these issues under the workstream. It is important to note, however, that due to the different applicable legal frameworks, the UN and NGOs would be unable to procure items together or mix assets. Some agencies were able to provide quantitative data on cost savings, but reporting often highlighted opportunities for cost savings without data available to quantify results. There was little evidence of NGOs

engaging in joint procurement outside of institutional or confederated structures. Specific NGO and RCRCM initiatives reported over the years are very positive, but their impact has been limited in scale/scope in large part due to lack of support from donors and the workstream co-conveners.

### Collective activity

As outlined above, there have been some efforts to make progress within particular constituent groups, namely within the UN group and within small coalitions of NGOs, as well as in relation to quality assurance initiatives led by ICRC. But there has been little overarching collaborative effort – coordinated across constituency groups – under this workstream.

### Functional links with other workstreams

No functional links were established with other workstreams over the period – despite previous dialogue about the value of this. This relates to the wider problem inherent in the workstream structures, which has resulted in a siloed approach and a lack of strategic cross-workstream dialogue.

### Functional links with other processes

Throughout the period, the co-conveners have maintained strong links with the UN reform process – maximising opportunities to capitalise on what is a more formal and inclusive process.

#### 1.4.5 The future?

This is perhaps the most disappointing area of the Grand Bargain. This workstream had the potential to address issues that lay at the heart of the Grand Bargain – to institute a more efficient approach across the system, including by enhancing understanding between constituent groups of the potential for and the limits of cost efficiencies, by taking to scale innovations and new technologies and by reducing the impact of donors' multiple information requirements on aid organisations' operational efficiencies. It is true that the commitments under this workstream covered a diverse set of issues, but this alone cannot explain the lack of cross-constituency collaboration and progress.

After five years, this workstream has failed to deliver the original level of ambition. The fault for that lies in part with the co-convening institutions, in adopting such a narrow scope, but much more so with the wider group of signatories, particularly donors, who have had little engagement in this workstream from the outset. Donors' apparent lack of interest in this workstream is at odds with their original goal of using the Grand Bargain to realise substantial efficiency savings. A few donors and aid organisation signatories have, over the years, expressed concern to the research team about the need for a broader approach in this workstream. But there is no evidence that particular actions were taken in this regard and it is not clear why there hasn't been a concerted effort by concerned signatories to evolve and adapt this workstream in the way that others have been adapted (for example the merger of

workstreams 7 and 8 in late 2018). Absent such action, the workstream continued with its narrow focus which, while achieving some results, has not enabled a broader discourse among all constituent groups on how to reduce costs and secure greater efficiencies, while improving effectiveness.

Reducing the number of donor assessments remains a key concern for aid organisations and a key issue in terms of increasing operational efficiencies along the transaction chain. Donors are not a homogenous group, so there will be variation in the type or level of information they require. Taking the opportunities presented by the evolution of the Grand Bargain at this five-year mark, high-level political attention should be focused on clarifying what commonalities can be agreed upon across major donors, what type of data they require from aid organisations that is not currently being provided and the most efficient way of obtaining that information. Tying this discussion together with the previously separate efforts on harmonised narrative reporting and on transparency of financial data would help manage the financial and reputational risks faced by donors and the impact of multiple demands for information on aid organisations' operational efficiencies.

## 1.5 Workstream 5: Improve joint and impartial needs assessments

### 1.5.1 Workstream summary

This workstream has faced a number of challenges, particularly in the first few years of the Grand Bargain when the original language of the commitments was the subject of significant debate. However, under the leadership of the co-conveners, DG ECHO and OCHA, it has made significant progress since 2018 through clarifying concepts and generating increased political and technical momentum. Through a collaborative effort, the workstream has produced a number of important outputs including a theory of change; an ethos document (led by IOM, OCHA and UNHCR and endorsed in June 2019); the Data Entry and Exploration Platform (DEEP); quality criteria for coordinated needs assessments, including for Humanitarian Needs Overviews (HNOs) and Multi-sectoral Needs Assessments (MSNAs) (developed in 2018); and the first iteration of the Joint Intersectoral Analysis Framework (JIAF) (see Box 2) – all of which have been embedded in an enhanced Humanitarian Programme Cycle (HPC) process.

In recent years, the co-conveners have led a multi-stakeholder effort on the core commitment to develop a common framework for intersectoral analysis of needs – the JIAF, including establishing a Joint Intersectoral Analysis Group (JIAG), a multi-agency, donor and NGO team working together on the development of this tool, a JIAF Steering Committee to provide strategic guidance and direction and the establishment of a Project Management Unit (PMU) to support roll-out and further development of the JIAF in January 2021 (currently supported by Sweden). There were some delays in finalising the JIAF in 2020 due to the Covid-19 pandemic and a planned high-level meeting of stakeholders (donors, UN and NGOs) was also postponed. But the endorsement of the first iteration of the JIAF by the IASC in August 2020 and its subsequent roll-out as part of the global HPC process for 2021 was a significant achievement. Feedback at field and headquarters levels for both the process and the tool has been generally positive, with collective understanding that this tool should continue to be evolved, developed and improved over time. At the time of writing, an independent review of the JIAF was ongoing to obtain an impartial assessment of the methodology.

## Box 2 The Joint Intersectoral Analysis Framework

The JIAF was designed specifically to enable analysis of the various dimensions of a crisis (context, impact and humanitarian conditions) and its underlying factors, as well as the resulting effects on people's lives and livelihoods. It pulls together sectoral assessments and analysis to consider the full range of needs and how they relate to one another. This intersectoral approach makes use of different aid organisations' capacities across all relevant sectors, helps identify priorities and supports the sequencing and articulation of interventions to address the complex array of identified needs. The JIAF was developed by members of the JIAG – a group of experts from 25 UN, NGO, donor and specialist entities and coordinated by OCHA.

Where relevant and where capacity at country level exists, the JIAF process can benefit from DEEP, an innovative system for compiling the evidence base for intersectoral analysis. Now used in 35 countries and 25 crises, DEEP's primary function is to collate qualitative data for humanitarian analysis, but it has also been used for other purposes: the UN Office for the High Commissioner for Human Rights (OHCHR) is using it to monitor data on human rights violations; UNHCR is using it to inform the joint analysis of the Regional Refugee and Migrant Response Plan (RMRP) process in the Americas; and the Global Information Management and Analysis Cell (GIMAC) is using DEEP to collect and structure secondary data using an adapted version of the JIAF. The GIMAC is co-led by OCHA, UNHCR, IOM, WHO and the Global Health Cluster. Its members include UNICEF, donors and NGOs, most notably IMPACT and the Joint IDP Profiling Service (JIPS). It aims to coordinate, structure, collate, manage and analyse Covid-19-related information, and provide technical support and services to prioritised countries, and to global decision-making processes upon request.<sup>17</sup>

The general view from the signatories most involved is that the development, endorsement and roll-out of the first version of the JIAF is significant because it challenges entrenched sectoral approaches, requiring aid organisations to consider needs and vulnerabilities in a more integrated way that may be beyond the scope of their own institutional mandates, and helps identify priorities or sequencing of some sectoral responses before others, as well as how different sectoral responses should be layered or integrated. Perhaps unsurprisingly, there remain a number of challenges. The framework is trying to achieve something technically complex, and thus requires time to be tested, evolved and improved – as many signatories involved in this process recognise. Some signatories have highlighted the need to better capture qualitative data and analysis. More fundamentally, the hierarchy between pillars of well-being and the sequencing approach of sectoral responses is contested by some UN signatories, in part due to concerns that this could deprioritise individual sectors depending on the context of the crisis analysed. Some NGOs have shown little if any interest in the concept of joint (i.e. HCT-level) intersectoral analysis. However, the co-

<sup>17</sup> For more information see [www.gimac.info](http://www.gimac.info).

conveners, together with a core of active signatories, have worked hard to provide proof of the concept – that an intersectoral approach to analysing needs is technically possible and has value. Thus far, evidence from the quality scoring of the 2020 HNOs (which were developed using some elements of the JIAF) and the 2021 HNOs (which were informed by the use of the full first version of the JIAF) and from the 2020 multi-partner review (MPR) of HNOs, suggests that this approach has the potential to produce better-quality analysis of humanitarian needs, and thereby more informed and strategic response plans. These in turn should then enable more informed prioritisation of available resources. The findings of the forthcoming independent review of the JIAF will offer more information in this regard. A more accurate assessment of the value of the JIAF as a tool for inter-agency analysis is expected in a full evaluation in 2022–2023, once adequate time has been afforded to its application at field level.

### 1.5.2 Progress against the core commitment

#### **Core commitment 5.1**

**Provide a single, comprehensive, cross-sectoral, methodologically sound and impartial overall assessment of needs for each crisis to inform strategic decisions on how to respond and fund, thereby reducing the number of assessments and appeals produced by individual organisations**

**All signatories – Joint action – No target or deadline**

#### **Revised target(s):**

1. Agreement on quality criteria and methodology.
2. 80% of HNOs meet at least 75% of the quality criteria.
3. 80% of MSNAs meet at least 75% of the quality criteria.

#### **Target status:**

1. Quality scoring criteria were revised in late 2019/early 2020 and used for the 2020 and 2021 HPC processes.
2. 91% of HNOs for 2021 met at least 75% of the quality criteria.
3. Data not available at time of publication.

Since 2016, this workstream has worked in collaboration with relevant IASC bodies, such as the HPC Steering Group, to support an enhanced HPC process. Development of various tools and frameworks, including elements of the draft JIAF, were embedded in the enhanced HPC process for 2020. Based on the MPR of the 2020 HPC process, this package was further developed for the HPC 2021 process, with



additional focus placed on response analysis and prioritisation, strengthening integration of diversity (an ‘intersectionality’ approach), risk analysis and forecasting, and transparency of response costing (HPC Steering Committee, 2020).

The quality scoring for 2021 HNOs offers indicative evidence of a further improvement in the quality of these inter-agency intersectoral assessments. By end of May 2021, 24 HNOs had been published – all of which had been informed by use of the JIAF – and these were scored by teams consisting of representatives from ECHO, UK (FCDO), USAID/US Department of State, UNHCR, UNICEF, IOM, WHO and OCHA. The scoring results concluded that 22 of these HNOs (91%) scored 75% or higher, thereby exceeding the target set by the workstream. Nine countries scored above 90% and a further ten scored between 80% and 90%. This is also an increase in scores compared with the 2020 HNOs, 16 of which scored 75% or above, including six scoring between 80% and 89% and three scoring over 90%.

All of the 2021 HNOs assessed also incorporated explanation of the differential impact of the crises on different groups including relating to gender, age, disability status and other context-relevant vulnerability characteristics. In addition, 92% of the HNOs included description of underlying factors which affect vulnerability and risk; and 79% included analysis of existing capacities and coping mechanisms for different groups.

In 2020, 12 MSNAs were undertaken by REACH (a joint initiative of IMPACT, ACTED and UN Operational Satellite Applications Programme (UNOSAT)) and other partners in country under the mandate of/with endorsement from HCTs. A further MSNA for Lebanon was conducted jointly by OCHA, IFRC and other partners on the ground for the Beirut blast. The design and implementation of MSNAs was conducted through a joint, inter-agency process in coordination with Inter-Cluster Coordination Groups (ICCGs), Assessment and Analysis Working Groups (AAWGs) or equivalent bodies at country level. These MSNAs informed 2021 HNO/HRPs or equivalent processes in those countries. Data on the quality scoring of MSNAs undertaken in 2020 was not available at time of publication.

As per the last AIR process, self-reporting by individual signatories against this core commitment was not comprehensive. But the qualitative responses and interviews with UN, donors and NGOs do suggest growing interest and engagement in the JIAF as a tool, and in the wider concept of joint intersectoral analysis – something which was not a ‘given’ in 2016. For example, IOM’s Displacement Tracking Matrix (DTM) provided data on internal displacement to 20 HNOs/HRPs in 2020. WFP, together with the UN Food and Agriculture Organization (FAO) and other partners, provided joint analysis of food crises, including through the annual *Global report on food crises*, which is based on the multi-dimensional Integrated Food Security Phase Classification (IPC) and has expanded from just three partners in 2016 to 16 in 2020. UNHCR has produced two annual reports outlining its engagement in joint MSNAs, which had risen from 105 such processes in 2019 to 129 in 2020. Save the Children reported on its development and dissemination of guidance to country-level staff explaining how they can actively contribute to the JIAF in their contexts.

The self-reporting also reflected ongoing efforts by operational aid organisations to improve their institutional or cluster assessment and analytical methodologies and capacities. This should also be seen as a positive contribution to the core commitment, since joint intersectoral analysis relies on assessments and analysis undertaken at that more granular level.

The Covid-19 pandemic also provided opportunities to further the practice of joint analysis. The GIMAC demonstrated the value of a multi-stakeholder, intersectoral approach: it supported HCTs in Ethiopia and Iraq with secondary data analysis to inform their 2021 HPC processes. With financial support from the US, DEEP is being used by GIMAC to produce secondary data analysis reports for 10 countries, generating monthly key findings over a seven-month period (Workstream 5, 2020b).

A key challenge in respect of this core commitment relates to donors. A small group of donors, including EU/DG ECHO (as co-convenor), the UK and the US, are actively engaged in technical and policy discussions in this workstream, and in research interviews others have repeatedly expressed political support for the workstream even if they have limited capacity to engage. However, some donors also acknowledge that, by continuing to fund on the basis of thematic interests, agendas and/or through preferred domestic partners, they often undermine the effort to pursue joint intersectoral analyses at country level. Many also still rely on individual aid organisations' needs assessments to inform their funding decisions, rather than inter-agency, intersectoral analysis, including that available through the HNOs. In reality, *individual* needs assessments/analyses and *joint* analyses serve two different purposes – the former can be more granular and localised, while the latter provides a joint strategic understanding of the integrated nature of needs and vulnerabilities. But if a number of donors continue to refer primarily, or only, to the former in their decision-making, this undermines the value of the latter as a strategic tool for prioritising resources and acts as a disincentive for inter-agency collaboration.

### 1.5.3 Cross-cutting issues

#### The humanitarian–development nexus

Sharing needs analysis between humanitarian and development partners has been a key theme of the workstream over the five years. The 2021 HPC guidance emphasised the importance of joint needs analysis and planning with development partners – ensuring two-way communication between humanitarian and development processes. Dedicated support has been provided by OCHA, UNDP and other partners to HCTs for such coordination in Burkina Faso, Cameroon, Chad, Ethiopia, Niger, Nigeria, Somalia and Sudan, and via the UN Joint Steering Committee to Advance Humanitarian and Development Collaboration (UN JSC). However, progress has been more limited than anticipated (see Section 1.9 for more details).

#### Gender equality and women's empowerment

With support from partners, UNFPA in particular, as well as Care International and others, the workstream has mainstreamed gender in various activities, ensuring data disaggregation and that

appropriate gender analysis is considered in the tools and frameworks developed. In 2020 UN Women developed a guidance note on promoting gender equality through impartial and joint needs assessments (UN Women, 2020c).

Over the five-year period, there has also been increased focus on ‘intersectionality’, i.e. the interconnected nature of social categorisations such as race, class and gender to create overlapping and interdependent systems of discrimination or disadvantage. The rationale for this has been that viewing gender as binary and in isolation from these other identity characteristics is insufficient to allow effective targeting of disadvantaged/particular vulnerable groups.

### 1.5.4 Workstream performance 2016–2020

#### Donor activity

Since 2016, there has been consistent and active engagement from a core group of donors in this workstream, namely EU/DG ECHO, the UK and the US. Others have also shown support for the workstream, even if they had more limited capacity to engage directly. Ireland used its role as chair of the OCHA Donor Support Group and Sweden integrated improved needs assessment in its own corporate strategy – each in an effort to reinforce the concept of joint intersectoral needs analysis. Donors have also expressed appreciation for the role that OCHA is playing (alongside DG ECHO) in leading this process, recognising the political as much as the technical challenges involved. During the research for this AIR, a number of donors asserted that the JIAF is a strategic tool, signalling (hopefully) a change in how aid organisations work together to present a more comprehensive analysis of needs. Several articulated the value of this approach in addressing systemic issues, recognising that improved analysis informs improved prioritisation, articulation and sequencing of responses, and that this in turn should ensure that resources are allocated more effectively to support those most in need. But, as several donors and aid organisations acknowledged, the real test of donors’ commitment will be whether their funding allocations are more aligned with the improved analysis and prioritisation presented by aid organisations.

#### Aid organisation activity

A core group of aid organisation signatories has engaged in the workstream’s wider set of activities over the five years, particularly IOM, UNICEF, UNHCR, WHO, Care International, NRC (through the Assessment Capacities Project (ACAPS)), IMPACT and Save the Children, as well as OCHA as co-convenor. FAO and WFP have also engaged actively in the process to develop and roll out the first iteration of the JIAF, through participation in the JIAG. But there are still outliers within the UN group that are not yet convinced by this joint intersectoral approach, and too few NGOs are engaging in joint needs analysis processes at country level. Interviews for this AIR suggest that many NGOs consider that the wider HPC process has little added value for them since they primarily obtain funds bilaterally, without needing to engage in this process. Others find it difficult to engage due to limited technical capacity in their country offices.

### Collective activity

Having struggled in the first few years of the Grand Bargain to garner multi-stakeholder enthusiasm for this workstream, the co-conveners engaged the help of the Eminent Persons and other stakeholders to advocate for greater engagement from all constituent groups, and collective activity increased significantly as a result. The development and roll-out of the first iteration of the JIAF, and perhaps more importantly the JIAG as a collaborative inter-agency team, are important markers of this collective effort. But the main proof will be improvement in the quality of intersectoral analysis, the degree to which this informs a clearer set of priorities within the HRP and the degree to which funding is aligned with these priorities.

### Functional links with other workstreams

The co-conveners linked up with workstream 3 to solicit the current Eminent Person's specific support in unblocking political obstacles to progress on the workstreams' respective core commitments. There has also been positive engagement between the workstream and the FoGG. In 2020 and 2021, engagement with workstream 2 has become a particular focus as part of an effort to increase engagement of local actors in joint analytical processes.

### Functional links with other processes

Much of the technical work undertaken by this workstream has been explicitly linked to other external processes, particularly the HPC Steering Group, which sits under the IASC Results Group 1 on operational response. There has also been consistent engagement with the Global Cluster Coordination Group (GCCG), the IASC's Results Group 2 on accountability and inclusion, with NGO consortia, and with other thematic forums, including the donor-led Friends of Disability.

### 1.5.5 The future?

This workstream has achieved important successes. It has developed a range of technical tools and standards on which to build a joint intersectoral analytical approach and embedded these in the enhanced HPC process – with preliminary evidence of impact from the quality scoring results/MPR. But these successes were hard-won and may easily be lost given that there are still a number of aid organisations who have not fully bought into this new approach. At this juncture, it is clear that sustained, high-level political attention and pressure is required to consolidate these successes, to ensure that a joint intersectoral approach becomes the norm. A number of signatories, including OCHA and the EU/DG ECHO, have invested significant resources already, but more is required, including sustained funding/resourcing for the JIAF PMU set up in early 2021, and dedicated capacities in individual agencies to facilitate the full roll-out of this joint approach and the training of field experts involved in the HPC. There has been increasing political and financial investment from a number of donors for this workstream, but as a broader collective, donors need to provide a range of incentives to encourage all relevant aid organisations to 'stick with' the approach and work together as collaboratively as possible at political and technical levels to improve the methodology and tools that

have been developed thus far. Incentives include providing sustainable resources for the PMU, engaging in technical discussions where feasible and, most importantly, demonstrating their commitment by ensuring funding allocations more closely align with the priorities, response sequencing and articulation outlined in the improved HNOs and HRPs, rather than their own strategic interests.

## 1.6 Workstream 6: A participation revolution

### 1.6.1 Workstream summary

This workstream began well in 2016 and 2017, with strong investment from the co-conveners, SCHR and the US, and some important technical work conducted. Since then, however, the workstream has suffered from a lack of consistent political interest and ambition from the collective of signatories, with the result that, five years on, there is no evidence that – at system level – humanitarian response has become more demand-driven. The practical, economic and moral impetus for advancing this agenda is obvious, and the concept of allowing populations to influence decisions about the aid they receive is universally accepted, as indicated in past AIRs and other research (see for example Holloway et al., 2020). But even consistent application by signatories of their existing tools and policies on participation remains problematic. The stakeholder analysis conducted by the co-conveners in 2019 offers some indications of the wider challenges involved, including the practical difficulties of synthesising and utilising feedback in programme design and adaptation, pressures for ever-speedier delivery of aid, and a certain arrogance that aid actors know best. Overall, the main obstacle seems to be a lack of incentives to make operationalising ‘the participation revolution’ a collective political priority.

Over the five years, the co-conveners have continued to try to push forward progress, with some important outputs aimed at raising awareness and supporting implementation of participatory approaches. There is now an agreed working definition of participation; a collation of good practice examples; a set of success indicators that humanitarian actors can use at all stages of the project/programme cycle; more specific guidance included in the *Handbook for Humanitarian Coordinators*; and a stakeholder analysis identifying remaining obstacles to effective participation in practice and proposing ways to address them. At field level there has been some effort to establish common services on and coordination of collective approaches to engaging affected populations, including the UNICEF-led Common Services for Community Engagement (CSCE) and increased use of perception surveys (conducted by or based on the model used by GTS) to inform the development of HRPs (see Box 3). In 2018, the co-conveners felt that much of the technical work had been concluded, and decided to focus on using the workstream as an information-sharing forum. This changed again in 2019, when new leads from the co-convening institutions adopted a more strategic focus, working in closer collaboration with the IASC’s Results Group 2 on Accountability and Inclusion (led by UNHCR and UNICEF) to ensure appropriate division of labour and synergy of effort.

Self-reporting and interviews with signatories over the years demonstrate the significant investments individual signatories have made in designing, improving and rolling out institutional and cluster-level policies and practices to support engagement with and accountability to affected populations. IRC has developed a client responsiveness strategy, with guidance, dedicated technical support and standard operating procedures for field teams. It now routinely uses client feedback in its decision-making processes. Save the Children has adopted a similar corporate-wide approach, resulting in an observed improvement in the use of feedback to inform programme decision-making, including based on child

participation. UNHCR reported on its efforts to support enhanced participatory approaches across the humanitarian system through its leadership roles in the IASC Results Group 2 and the Global Protection Cluster, and on strengthening institutional practices throughout the operation management cycle, including issuing an institutional policy setting out minimum requirements on participation and a range of guidance and best practice.

Over the last few years many aid organisation signatories reported on activities pertinent to the prevention of and response to sexual exploitation and abuse, a prominence which was clearly in part related to the Oxfam Haiti case. A number of aid organisations also referenced the CHS in their reporting, indicating its importance as a framework for improving accountability and participation in their programmatic responses. The CHS offers a common standard on this (as well as other issues) and compliance by individual members is independently verified through a standardised audit process. There is no lack of tools and mechanisms designed by aid organisations to reach out to affected populations to share information and solicit their feedback. Christian Aid, CRS, ICRC, UNHCR and UNICEF have all reported on the use of social media and new technology, for example to increase channels for affected populations to submit complaints or feedback, and to help agencies track and respond (see Positive practice example 6). But, as many signatories highlighted during interviews, ensuring consistent application of these tools and policies across aid organisations' global operations continues to prove challenging. The same is true in relation to HCT-level processes, with evident discrepancies in emphasis and approach across different contexts and crises.

### **Positive practice example 6**      The International Committee of the Red Cross's institutional approach to accountability

Over the five years of the Grand Bargain, the ICRC has adopted a strategic approach to enhancing participation of affected populations in the design and delivery of its programmes. It began by assessing its own practice on accountability through an external evaluation in 2018. On the basis of the evaluation, it developed a new institutional framework in 2019, reflected as a strategic objective in its institutional strategy 2019–2022; all operational delegations are required to report against the framework. It also began scaling up and standardising use of its Community Contact Centres and other tools to engage populations, and worked with GTS to develop institutional capacities to assess communities' perceptions of its work. Working with the IFRC and the wider Movement, the ICRC also led development and began rolling out a set of Movement-wide 'Commitments for community engagement and accountability', adopted as a resolution at the 2019 Council of Delegates. Key examples of the impact of this approach include the adjustment of transfer values of cash assistance programmes, modifications to targeting criteria and the expansion of existing social safety net programmes in response to surveys of 34,000 recipients of ICRC services in 24 countries during the pandemic response. Following community meetings in Cox's Bazar, which highlighted greater religious diversity among communities than had originally been assumed, plans for the distribution of materials for safer management of the dead were adapted.



## Covid-19

The Covid-19 pandemic reinforced awareness across humanitarian actors that engagement with affected communities is critical to mobilise community action and push back against the denial, stigma, rumours and misinformation that can accelerate the spread of infection and limit access to treatment. Some interesting examples have emerged in this respect. Oxfam's Community Perception Tracker is a mobile tool enabling staff to capture, analyse and understand communities' perceptions during disease outbreaks, with data collated used to adapt responses. The Tracker, first used in the Ebola crisis, has been rolled out in 11 countries during the current pandemic. The FAO Dimitra clubs are self-help groups established originally to support rural women and men to identify how to trigger social and economic transformations in their respective communities and empower them to take action in this regard. During the pandemic these groups mobilised their communities to institute behavioural changes to help prevent virus transmission. They provided improved access to trusted information, networked with other club leaders and conducted door-to-door sensitisation and training of community members to ensure availability of masks and hand-washing facilities.

Despite some positive examples, there is limited evidence from the research for this AIR on the extent to which collective learning on community engagement approaches in previous public health emergencies has translated into a shift in system-wide operational practice to allow communities more influence over the design and implementation of humanitarian responses during the pandemic. In 2020, UNICEF, the IFRC and WHO established a Risk Communication and Community Engagement (RCCE) initiative, building on the CSCE, which sought to champion 'people-centred and community-led approaches'. They established a 'Collective Service' in June 2020 to support a coordinated approach to implementation of the RCCE strategy (GOARN et al., 2020: 4; WHO, 2020). The service focuses on supporting national-level coordination mechanisms on RCCE, generating real-time data on community perspectives to inform response policy and programming, improving the quality and consistency of community engagement, and strengthening the capacities of national governmental and non-governmental actors (WHO, 2020). Pilots were developed in Kenya, for East and Southern African (led by IFRC), and Senegal, for West and Central Africa (led by UNICEF). But stakeholders involved reported challenges getting traction both internally and from partners, and it was not clear at the time of writing what the outcomes of this effort were. In Latin America a similar approach was adopted with slightly more success: co-led by UNICEF and OCHA, the Collective Service was integrated within the regional, multi-partner Communication for Disaster Response (REDLAC) and Communication with Communities initiatives (CwC/R4V) as part of the response to refugees and migrants from Venezuela. One key positive trend in relation to the pandemic is the increase in the use of unrestricted cash, including through social safety nets. This approach, as outlined in Section 1.3, likely enabled affected populations to determine their own priorities and methods of addressing them.



### Box 3 Ground Truth Solutions perception surveys – key points of learning

Since 2017, GTS has conducted a series of perception surveys, in collaboration with the OECD, HCTs and other partners, aimed at understanding how people view the quality and effectiveness of aid provided to them, and to help them influence the efforts undertaken on their behalf. Data was collated by GTS through surveys in seven contexts, though only two – Somalia and Uganda – have been surveyed each year since 2017. Some focused only on recipients of cash assistance and slightly different methodologies were used in different contexts, including to account for restrictions relating to the Covid-19 pandemic. Analysis of the data suggests a number of conclusions. First, there has been no overall improvement across the indicators used in the surveys on accountability to affected populations. Second, the surveys consistently indicate that people do not think that aid meets their needs, or contributes to their self-reliance. Third, the surveys found that affected populations largely felt respected by aid providers, but generally felt that they were not able to influence decisions on aid, though results on this point fluctuated across contexts and timeframes. Finally, some of the data suggests that keeping people informed has a positive impact on the aid available/that they receive. The results on cash assistance specifically indicated that recipients felt that cash and vouchers were more timely than in-kind assistance, and in two out of the three countries surveyed on this point, recipients felt that cash assistance improved their standard of living and their self-reliance. The surveys also identified positive examples of participatory approaches supporting more efficient and effective programming. In Nigeria, for example, local government in Yobe State was very involved in cash assistance programmes, helping aid organisations to conduct sensitisation and information dissemination to aid recipients. This, together with a broader approach to participation, resulted in recipients of cash assistance feeling that their opinion was taken into account.<sup>i</sup>

i For more detailed information on the surveys conducted since 2017, see <https://groundtruthsolutions.org/our-work/all-projects>.

Source: Ground Truth Solutions

Since 2019 there has been increasing debate among signatories, including in dialogue with workstream 2, on the links between participation and localisation, with some signatories highlighting the role that local actors can play in communication and community engagement (see Positive practice example 7). As some signatories have indicated, messaging by local actors can usually be delivered in local languages and often via familiar or previously used platforms, in theory thereby enabling easier dissemination and greater impact in affected communities. The practice however is a little more complex since not all actors – local or international – have the trust of affected populations. It is clear that a more comprehensive complementary approach, based on the comparative advantages of international, national and local humanitarian actors, will be critical to enabling progress on participation.

### **Positive practice example 7** Christian Aid, DanChurchAid and other partners' survivor- and community-led response (sclr)

Christian Aid, DanChurchAid and other partners in the Local2Global Protection's sclr approach help crisis-affected communities lead and manage responses to emergencies in ways that improve their ability to meet immediate threats and challenges, strengthen longer-term resilience and accelerate social change. Support includes emergency group cash transfers (such as for livelihood recovery, access to key services, short-term relief and local peacebuilding activities), rapid provision of emergency response skills (such as conflict resolution, psychosocial support and technology management), enabling communities to connect and network with others, including the private sector, and supporting community-based information, mobilisation and learning. The emphasis is on low-cost, high-speed, targeted support to enable communities to respond to crises. Qualitative evaluations of the approach in the Philippines, Myanmar, Palestine and Kenya between 2018 and 2020 found that it was enabling communities to obtain what they needed more quickly and at lower cost than external actors could achieve. The programme continued to expand in 2020 in the Gaza Strip, Kenya, Haiti and in Myanmar, where UK funds have been secured for a human rights project in Shan State, and DG ECHO funds have been secured for a localisation preparedness project in Rakhine State. The team has worked with CaLP to add group cash transfers into the portfolio of guidelines on cash programming. As the INGOs involved assert, this approach integrates Grand Bargain commitments on cash assistance, localisation, the humanitarian–development nexus and participation (see also Corbett et al, 2021).

The principal challenge in relation to the participation revolution, including ensuring at least consistent application of existing policies and standards, has been the lack of incentives for change. Self-reports for 2020 indicate that a small but growing number of donors, including Australia, Norway, Sweden, the UK and the US, have or are integrating requirements on participatory approaches in their funding agreements with NGO partners. Canada has included a section on participatory approaches as part of the proposals NGOs submit. But such approaches will need to be expanded significantly across the donor group to support a more systemic shift by aid organisations. Monitoring progress, including as an incentive for change, has also been challenging. Although still important, the success indicators developed by the IASC and the workstream are for self-assessment; CHS audits, though independent, are limited in methodology and scope; and despite a positive start in terms of using perception surveys to solicit the views of affected populations on HCT-level responses, fewer such surveys have been conducted over time.

Perhaps more prominent in terms of disincentives for action is the increased risk intolerance among donors and aid organisations alike. Soliciting affected populations' opinions on the aid they receive can reveal some hard truths about how aid organisations are performing, and while these should be

considered opportunities to learn and improve performance, in reality many aid organisations fear (with good reason, given recent donor reactions to protection against sexual exploitation and abuse (PSEA) scandals) the impact of critical feedback on donor confidence and thus donor funding (see also CHS Alliance, 2020). Affording populations greater control over how aid money is spent clearly raises risks in terms of tracking how aid is spent, by whom and with what impact.

### 1.6.2 Progress against the core commitment

#### **Core commitment 6.1**

**Improve leadership and governance mechanisms at the level of the humanitarian country team and cluster/sector mechanisms to ensure engagement with and accountability to people and communities affected by crises**

**Aid organisations – Joint action – No target or deadline**

#### **Revised target:**

1. Introduce revised six-part indicator that reflects more detailed HRP content requirements.
2. Ensure 100% of HRPs score 4 or more out of 6 by 2022.

#### **Target status:**

1. Six-part indicator agreed in 2020.
2. Data not yet available.

During the five-year period, there has been a discernible increase in the integration of feedback from affected populations in needs analysis and prioritisation at HCT level. Between 2018 and 2019, there was a 50% increase in HRPs articulating a collective approach to accountability to affected people, as assessed by the MPR process. Data is pending on the MPR of 2021 HNOs/HRPs, with delays relating to the late finalisation of many HNOs and HRPs due to the Covid-19 pandemic.

There is an array of tools and guidance for HCTs (prepared by the IASC Results Group 2) to support leadership and governance mechanisms around engagement with affected populations at HCT, cluster and actor level. There is a collective accountability and inclusion framework for HCs and HCTs, an Accountability and Inclusion Portal and Service Directory and the Accountability and Inclusion Results Tracker. The forthcoming Handbook for Resident and Humanitarian Coordinators (RCs/HCs) integrates much of this guidance.

The Global Education Cluster, supported by Save the Children, has placed particular focus on participation, hiring a specialist on ‘accountability to children’ to initiate country-level engagement and lead development guidance and tools. It has also supported education clusters in Yemen, Burkina Faso and Ukraine to involve children in needs assessments and response monitoring.

Notwithstanding the importance of these efforts to integrate engagement of affected populations in the design, implementation and monitoring of HCT and cluster-level responses, it is unclear how impacts will be measured. In terms of HCT-level responses, perception surveys have been conducted since 2017 in a number of contexts (by and in coordination with GTS), but these have become less consistent over time due to limited funding – only two HCTs (Somalia and Uganda) having been consistently surveyed each year since 2017. As outlined above, with due regard for caveats relating to perception surveys in general, the data from these surveys does give some indication of the extent of progress, and the picture is not entirely positive (see Figure 5).

### 1.6.3 Cross-cutting issues

#### The humanitarian–development nexus

The self-reports and interviews suggest a gap in connecting the participation revolution to the nexus, with a lack of emphasis on the fact that affording affected people greater control over the aid they receive can enable more sustainable impact.

#### Gender equality and women’s empowerment

Gender equality and women’s empowerment has been a key theme for this workstream since 2016. Its agreed definition of participation prioritises inclusivity and the empowerment of women and girls. The indicators developed by the workstream and the IASC also recognise that humanitarian actors must ensure that those most at risk and marginalised have an opportunity to participate in accountability mechanisms, through channels that affected people prefer and with which they feel safe. UN Women has produced a guidance note on promoting gender-responsive participation in humanitarian settings (UN Women, 2020d).

### 1.6.4 Workstream performance 2016–2020

#### Donor activity

All donors are supportive of a participatory approach and some are trying to incentivise better practice by including requirements on participation in partnership agreements. There has also been some effort to coordinate approaches, with a dedicated donor dialogue on accountability to affected populations in 2020. But there has consistently been a lack of collective energy on this issue, with even some of those donors considered champions of participation acknowledging that they have not engaged in the workstream to any major extent.

### Aid organisation activity

Over the five-year period, all groups of aid organisation signatories have routinely reported ongoing investments in institutional policies, capacities and tools for participation, including engagement in related IASC processes. As noted above, several aid organisations indicated that they have, over the period, embedded participatory approaches in their global operations, and have recorded demonstrable improvements in terms of utilising feedback from beneficiaries to inform programmatic decision-making. The CHS, and its audit process, is proving a valuable tool to hold aid organisations to a common standard in this area.

### Collective activity

Collective activity was more evident in the early years of the Grand Bargain, with efforts invested in designing indicators of success and establishing common services for engaging populations at crisis level, including the UNICEF-led CSCE. More recently, reporting evidences a focus on institutional rather than collective activity, and there seems to be lack of ambition as a collective. It is not clear what overarching objective signatories are trying to achieve under this workstream, and whether it is still the 'revolution' that was originally envisaged.

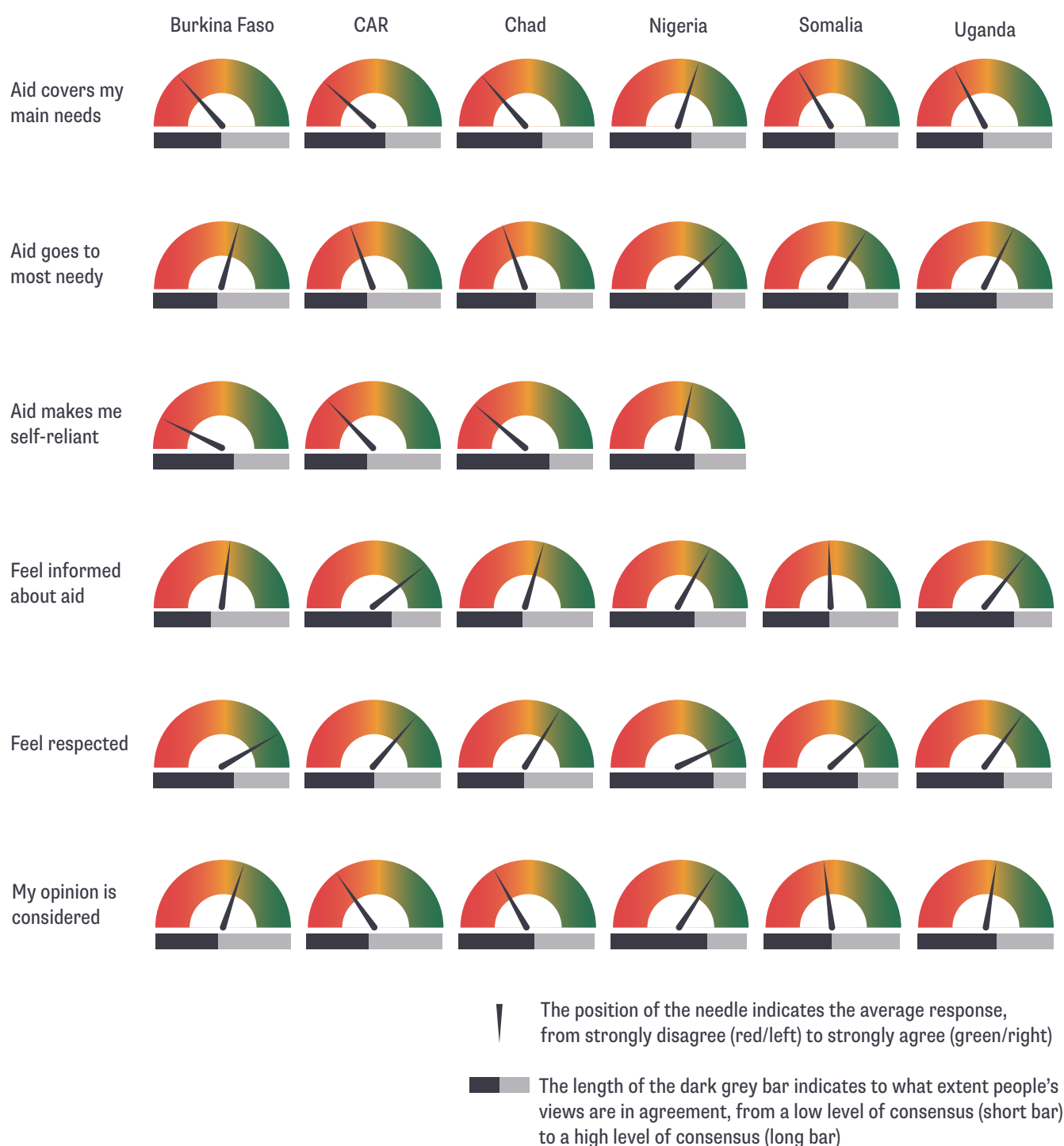
### Functional links with other workstreams

There have been discussions following the 2020 annual meeting of the Grand Bargain around commonalities and differences between participation and localisation. Some signatories seem to consider that these two themes are inherently linked, but in reality empowerment of local governmental and non-governmental actors does not necessarily translate into more effective participation of affected people in aid responses.

### Functional links with other processes

Since 2019, the co-conveners have prioritised close coordination with the IASC Results Group 2 in an effort to avoid duplication and minimise gaps between the two mechanisms. This collaboration has been effective, ensuring a common set of success indicators and coordinated guidance.

**Figure 5** Data from Ground Truth Solutions perception surveys since 2017



Note: No data available from Somalia and Uganda on the statement 'Aid makes me self-reliant'.

Source: Ground Truth Solutions (<https://groundtruthsolutions.org>)

### **1.6.5 The future?**

The title of this workstream showcases a level of ambition that has not been delivered by the end of the five-year period. There has evidently been a lot of activity at institutional and to some degree at collective level. But much of this seems to have focused on engaging with affected populations for information purposes (i.e. to inform them about the humanitarian response or communicate information on health or other concerns) and to solicit their feedback. Some aid organisations are making positive progress in more systematically using feedback collated from beneficiaries to inform their decision-making processes. These efforts are all important, but they fall far short of a system-wide shift to ensuring that humanitarian responses are more demand-driven. Instead, the data that is available, including from the GTS surveys, suggests that aid continues to be provided on the basis of what agencies and donors want to give, rather than what people say they want and need (see Figure 5).

The lack of a system-wide operational shift on participation may relate in part to persistent high levels of risk aversion among donors and aid organisations – there seems to be limited appetite to accept ‘failures’ or to lessen or transfer control to affected populations. There is an urgent need for a frank and informed dialogue between donors and aid organisations on the risks that can be posed by, and the rewards that can be gained through, shifting more power to affected populations – with an emphasis on minimising and mitigating the former and maximising the latter. There is ample evidence from the examples highlighted in this and past AIRs of how this can be achieved in practice.

In 2019, in his capacity as OCHA USG, the ERC proposed a system-wide evaluation or review of the implementation of the IASC policy on accountability to affected populations. Now is the moment to proceed with such a review – to collate evidence on the current status of efforts and impact, with a view to informing a more ambitious collective approach on this agenda. The integration of accountability to affected populations in the second enabling objective for the new iteration of the Grand Bargain does not yet seem to reflect the original ambition of a ‘revolution’, in which there is a transfer of power to the people whom humanitarian actors aim to serve. But as discussions on the future iteration of the Grand Bargain continue, there is still time to pause, evaluate and reset the course on this critical theme – to identify and better manage the risks inherent in this approach and deliver the kind of change that affected people deserve.

## 1.7 Workstream 7+8: Enhanced quality funding through reduced earmarking and multi-year planning and funding

### 1.7.1 Workstream summary

For the majority of signatories, the content of this workstream is central to the overall objectives of the Grand Bargain, and this is reflected in the interviews with signatories conducted by the research team each year. This workstream has, however, proven far more complex than originally envisaged in 2016. It started off as two separate workstreams (workstream 7 on multi-year planning and funding, and workstream 8 on flexible funding), became one workstream in 2018 but struggled in the following year to refocus efforts. However, by the end of 2019 strategic leadership was in place with six co-conveners (Canada, ICRC, NRC, OCHA, Sweden and UNICEF), and a consolidated workplan elaborated with clearly identified priorities. After five years, there is frustration among many signatories – donors and aid organisations alike – at the slow pace of progress in terms of increasing the provision of quality funding across the humanitarian system, with the percentage of quality funding seemingly static despite increasing needs. However, the data available for this AIR process suggests that there is perhaps more discernible progress than is reflected in current discourse.

By early 2021 the workstream had enabled a greater understanding of the nature of quality funding, articulating more clearly what kind of funding aid organisations need to enable greater efficiency and effectiveness; it had generated an array of evidence on the benefits of such funding; and it had led a more informed and open debate on the challenges faced by donors in increasing the provision of more predictable and flexible funding. Key outputs in 2020 include guidance on definitions (produced by Canada and Sweden); a ‘Catalogue of quality funding’ (produced by FAO, DI and NRC), which collates examples of funding mechanisms and arrangements that were considered to be ‘quality funding’, due to characteristics such as funding duration, earmarking, flexibility to adapt, reporting requirements, manner and timeliness of disbursement and accessibility; reports and papers outlining the evidence on the added value of quality funding (produced by the ICRC and IRC); and a UNICEF assessment of how it cascades quality funds down to partners.

Many institutional donors have continued to report on their efforts to increase the volume and percentage of quality funding they provide – with Denmark, Ireland, the Netherlands, Slovenia and the UK being stand-out performers in terms of the proportion of multi-year and flexible funding they provided in 2020. Ireland has increased its flexible funding from 63% of overall humanitarian funds in 2016 to 91% in 2020, and its multi-year funding increased from 9% in 2016 to 53% in 2020; and Belgium reported that it has substantially increased both the volume and the percentage of quality funding it provides, with flexible funding accounting for 60% of its overall funding, progress which it attributes in large part to the momentum that the Grand Bargain has generated. Canada reported major increases in



multi-year and flexible funding over the last five years (increases of 30% and 16% respectively). Sweden, Norway and Ireland have also been singled out repeatedly aid organisations for their positive quality funding practices, including programme partnerships with NGOs (see Positive practice example 8).

Many signatories expressed frustration that there has not been a step change in the availability of quality funding. It is certainly true that there has not yet been a transformation in the funding landscape, but there is also a lack of appreciation of the nature of the task – bringing about a systemic shift in the quality of funding (in percentage and volume terms) for humanitarian action was always likely to be a highly complex process of dialogue and negotiation that would take time to bear fruit. This is because the obstacles to change on this issue are largely political. However, this workstream, and indeed the Grand Bargain as a whole, has adopted a largely technical perspective, and while there have been some important achievements, such an approach will always struggle to address the two key interconnected factors that influence the nature of humanitarian funding, namely risk and politics. Essentially, donors need to provide reassurance to parliaments and taxpayers that their funding is not being used ineffectively or inappropriately, and they need to clearly outline what impact it has had, and demonstrate that their country's contribution is appreciated at the global level. Achieving progress is also complicated by the heterogenous nature of donors – while risk and domestic politics are common obstacles, how and to what extent they can navigate these factors is different for each donor institution, and may change over time with changes in government. There is thus no single solution or good practice that can be adopted to enable better-quality funding across the system. Frustrations also relate to differing expectations of what the Grand Bargain was supposed to achieve in terms of provision of funding. Many aid organisations believed that the overall 'bargain' in the Grand Bargain involved donors providing, not just better-quality funding but *more* funding in response to their efforts to improve transparency, reporting and increase visibility of donor contributions. This is not, however, reflected in the original text of the framework, with the emphasis rather on increasing efficiencies and effectiveness through better-quality funding and other actions (Grand Bargain, 2016).

Two key issues have dominated the discourse in this workstream over the last two years: increasing the availability of quality funding (as a percentage of overall humanitarian funds) and the 'cascading' of quality funds down to frontline partners, including INGOs and local partners. In terms of availability, statistics from self-reporting suggest that there was an increase in 2020 in quality funding in volume and in some cases in percentage terms, both bilateral funding and that provided via the CERF and pooled funds, mainly related to the Covid-19 response. The reporting also indicates that there has been important progress over the five-year period in terms of the multi-year, unearmarked and strategic programmatic funding made available by the same core of like-minded 'quality funding' donors. This has not, however, necessarily resulted in an overall increase in the percentage of funds available that are predictable and flexible: some UN agencies reported that the volume of quality funds they receive has increased, but that quality funding as a percentage of their overall funding was stagnant (e.g. WFP) or in some cases had reduced over the five years (e.g. UNHCR).

**Positive practice example 8****Programme-based approaches**

A programme-based approach (PBA) is characterised by funding earmarked only to country programme level; the intention is to support the delivery of a PBA to humanitarian response that may include an integrated package of activities across a variety of sectors and themes on the basis that flexibility enables more accountable and needs-based response (NRC, 2020). Sweden's Programme Based Approach is applied to three INGO strategic partners, affording them the flexibility and capacity to quickly adapt to new or escalating humanitarian needs. This funding is labelled as earmarked, but offers a large degree of freedom for SIDA's partners who have reported that the PBA has enabled them to respond flexibly to new or changing needs. Norway issued framework agreements to six NGO partners in 2020, which they can use as programme-based assistance. Ireland has adopted a similar approach for all of its INGO partners, with four-year humanitarian funding that supports medium-term planning, but also allows flexibility to respond to evolving needs on the ground. DG ECHO is piloting strategic programme-based approaches.

Past AIRs have indicated that there had been no shift from the two largest donors – DG ECHO and the US – and that, absent a change in that regard, there would be little prospect of system-wide progress on increasing the volume of quality funding. However, in 2020 DG ECHO made some important policy moves, concluding four programmatic partnerships with NGOs and deciding to expand this pilot to include multilateral organisations. It also contributed to two CBPFs – South Sudan and Ukraine. These steps may seem small at this stage, but given the complexity of DG ECHO they are significant and could prove transformational if scaled up and expanded. The US too has made progress, particularly in increasing the proportion of flexible funds that it provides and piloting approaches that enable provision of greater flexibility to partners to redirect assistance to emergency needs.

Work led by the co-conveners, particularly UNICEF, on how funds are cascaded down the transaction chain has been informative, with a clearer understanding by early 2021 of the limits and challenges to the flow of funds from UN agencies to INGO and local partners. UNICEF's internal scoping study on this issue highlighted that barriers to cascading quality funds received from institutional donors related both to donor behaviour and organisations' own internal processes (see Box 4).

#### Box 4 UNICEF's internal scoping study on cascading of quality funding

From January to April 2020, UNICEF conducted an internal assessment on cascading of quality funding to implementing partners. The assessment identified a series of barriers to cascading, including:

- The small proportion of such funds UNICEF received (1.5% of humanitarian funding in 2019).
- Donor conditions (detailed logical frameworks, high requirements for risk management and due diligence) in some agreements were highly restrictive and funding was earmarked.
- Not all Country Offices were aware of what multi-year funding was available and therefore did not factor that into their partner agreements.
- Internal procedures requiring activity-level workplans and budgets to focus financial resources on specific results.
- A high administrative burden to make budgetary adjustments at activity level.
- A corporate practice of managing relationships with downstream partners through annual negotiations on programmes and budgets to enable cost-efficiencies and effectiveness gains over time.

Source: UNICEF, 2020

Many aid organisations have made progress in enabling quality funding. Some reported their efforts to increase the quality of their reporting to donors, to make quality funding contributions and the impact they can achieve more visible (such as UNICEF's special report on the use of flexible funding for the Covid-19 response, WFP's Annual Flexible Funding report, UNHCR's report on use of flexible funding in 2019, and the ICRC's enhanced annual reporting on the flexible funds it has received). Many have also reported more systematically and in greater granularity to the IATI standard (including UNDP, Oxfam, Care International and Save the Children), as well as adopting wider measures to increase the transparency of their expenditures and impact (see Section 1.1). Many are increasingly engaged in multi-year planning, such as UNICEF, IRC, Christian Aid, UNHCR, and there have been quantifiable improvements in the quality of joint intersectoral needs assessments and analysis (see Section 1.5). However, research for successive AIRs and other research conducted over the period (including at the request of the co-conveners – see for example Poole, 2020a) indicates that there is still no clarity or common understanding among donors on what specific actions they want aid organisations to take, or what standards they must adhere to in order to enable provision of better-quality funding. Aid organisations feel frustrated as a result, arguing that they have made good efforts to enable quality funding but that this has not, in most cases, resulted in a proportional increase in such funding, and several are concerned that the proportion appears to have actually decreased since the beginning of the Grand Bargain.

### Covid-19

As with many areas of the Grand Bargain, signatories considered that the Covid-19 pandemic response was an opportunity to both accelerate progress on quality funding and to put into practice the work that had already been done. Research for this AIR suggests that the pandemic showcased both the positive and negative aspects of the current system of funding for humanitarian action.

Data available from the GHRP progress reports indicates that a large proportion of the Covid-19 specific funding from institutional donors to seven UN agencies in the first three months of the pandemic response was unearmarked or softly earmarked – on average 42% of all funding these agencies received as a group. But this decreased in percentage terms over the remainder of the year, reaching 29% by November 2020, partly related to large-scale flexible allocations made early on in the crisis and the increasing earmarking of funds once the impact of the crisis became clearer. This percentage also fluctuated considerably from one agency to another – with flexible funding accounting for anything from 12% to 65% of the funding each received in the period 1 March–31 July 2020. Information available suggests that OCHA-managed CBPFs allocated more funds to non-UN than UN partners from August 2020 onwards (the earliest date that such information is available). The CERF of course allocated to the UN in the first instance, but it also initiated a pilot to enable quicker flow-through of funds to NGOs. The pilot involved a \$25 million grant, with IOM selected as the intermediary grant manager channelling the allocation to frontline NGOs – national and international – selected at country level by HCs and HCTs in Bangladesh, the CAR, Haiti, Libya, South Sudan and Sudan. The pilot was still in process at the time of writing, and a review was under way.

In terms of cascading of funds during the pandemic, data available does not give a clear picture of the extent to which UN entities passed on funding they received for the response. That said, how much funding was cascaded down the chain is likely to have varied depending on the different roles and mandates of the agencies concerned in this particular crisis, noting the large-scale procurement and logistics required and the provision of support to state health systems, particularly in the early phase of the crisis. UNICEF reports that, of the funding received against its global Covid-19 appeal that it transferred to partners, 64% was transferred to national governments, 22% to NNGOs and National Societies of the RCRCM and 14% to INGOs. There were also important steps taken by a number of UN agencies – as part of IASC guidance on proposed harmonised approaches – to reduce the administrative burden on their downstream partners and increase flexibility in terms of budget, reporting and other administrative arrangements.

Overall, from the data available it is not yet possible to obtain a detailed picture of overarching trends for Covid-related funding largely because of the perennial problems of tracking funding and funding flows across the system, as well as different interpretations of what constitutes quality funding. However, the evidence currently available does not indicate a major step back in terms of donors' provision of quality funding – contrary to the perceptions of some NGOs. As the workstream itself articulated, 'what constitutes quality funding differs for a rapid onset crisis, a protracted crisis, or to maintain the standing responsive capacity of the humanitarian system' (Workstream 7+8, 2020).

However, more detailed research is needed to understand why and how flexible funding for UN agencies tailed off later in 2020, how the quality funding that was available was distributed across the whole system – to UN, RCRCM, INGOs and local responders – and how swiftly funds were able to flow to the frontline.

What the Covid-19 pandemic did do was highlight the value of ‘core’ or unearmarked, predictable funds. UN agencies and the ICRC (who as multilateral partners are main beneficiaries of ‘core’ funds) were able to demonstrate the long-term investments they had made – using these core funds – in the institutional capacities and systems required to respond to emergencies of unusual scale and scope. These funds also enabled pre-financing of new programmes and pre-positioning of stocks and assets (e.g. logistics). Australia reported that the flexible multi-year funding that it provided to partners in Myanmar prior to the pandemic allowed them to pivot some of their activities to support health and hygiene promotion, preparedness and response efforts. In this sense, the Covid-19 response offers evidence of the importance of core institutional funding, funding that is unearmarked and multi-year, not just for multilateral agencies but for all operational actors.

The Covid-19 response also demonstrated once again persistent structural issues in the humanitarian system affecting the availability, distribution and flow or cascading of quality funding. It highlighted the ongoing cycle of aid organisations asking for targeted funding through country-focused appeals because they do not have sufficient flexible funds at global or regional level to deploy where they see most needs; and donors providing funding earmarked for specific contexts and crises in part because that is what they are asked for. It also highlighted the legitimate practical and political challenge of balancing long-term predictable funds with availability of short-term, or ‘top up’, funds for sudden-onset emergencies – and the difficulty in maintaining an appropriate balance given the prevailing negative discourse in Western donor countries on aid spending (see also Tuchel, 2020). The response also highlighted the complexity of funding flows. It is not always a simple question of funds ‘cascading’ from UN, to INGOs, to local NGOs. Rather, there are broader questions to be explored about the *distribution* of funding to different actors according to their role and comparative advantage.

## 1.7.2 Progress against the core commitments

### Core commitment 7.1a

**Signatories increase multi-year collaborative and flexible planning and multi-year funding. Aid organisations ensure that the same terms of multi-year funding agreements are applied with their implementing partners**

**All signatories – individual action – no target or deadline**

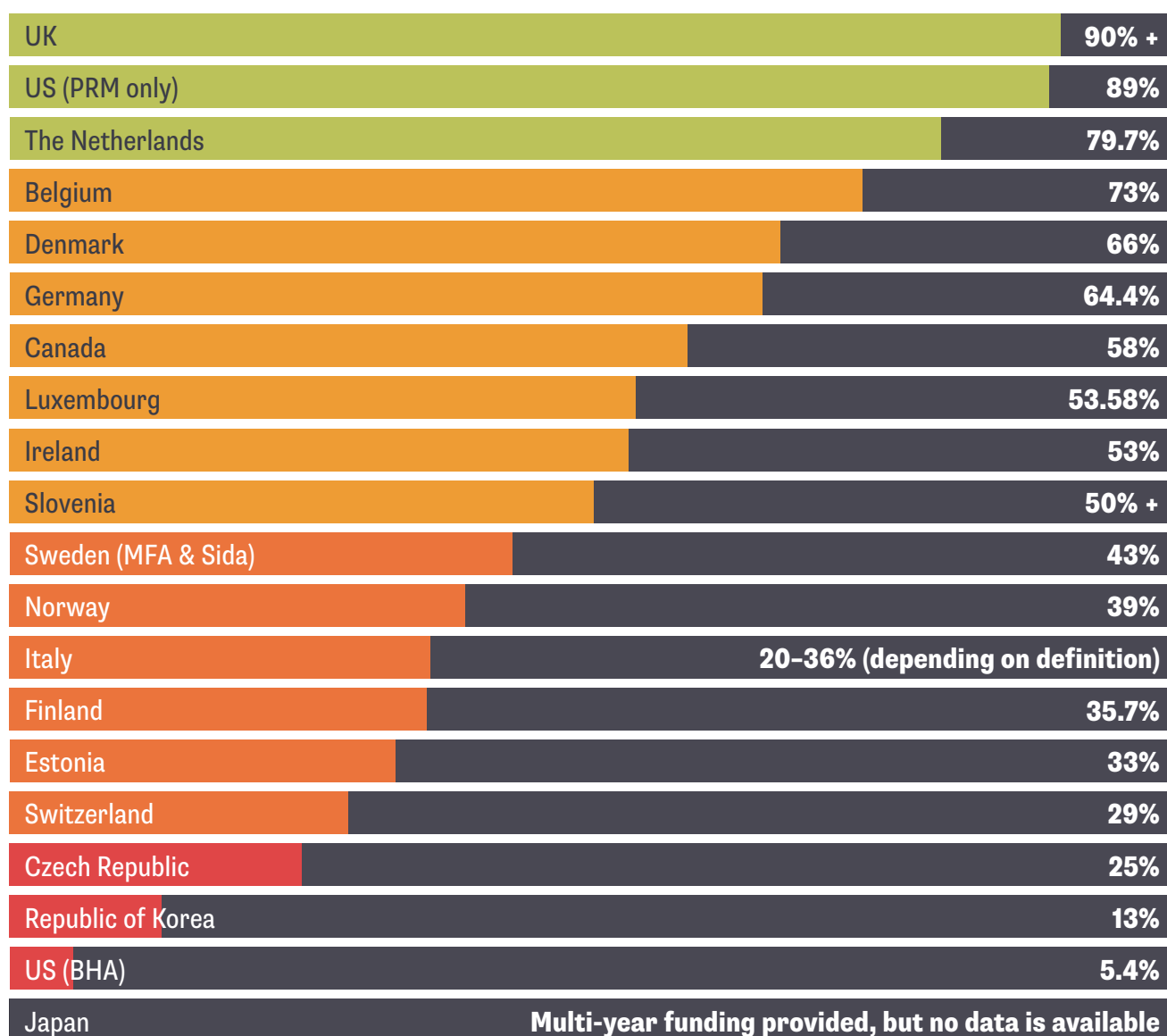
**Revised target: N/A**

**Target status:** 19 out of 25 institutional donors reported that they provided ‘multi-year’ funding in 2020, based on the definition provided by the workstream in 2020,<sup>18</sup> with 10 reporting that this accounts for more than 50% of their annual funding.

Over the five-year period, discussions on this core commitment have focused on increasing the provision of multi-year funding and, more recently, on cascading this down the chain to frontline responders. The commitment also refers to the need to increase multi-year planning, and to link multi-year planning with multi-year funding, but this appears to have received little attention in debates within the workstream, or the Grand Bargain at large, since 2016.

On provision of multi-year funding, 19 out of 25 institutional donors reported that they provided multi-year funding in 2020, with 10 reporting that multi-year funding now accounted for more than 50% of their overall humanitarian funding (see Figure 6). These donors continued to increase the volume of funds they allocate as multi-year in absolute terms, but increased budgets for aid organisations, including in relation to the Covid-19 pandemic, meant that the percentage of funds that donors disburse as multi-year has decreased in some cases. Germany, for example, reported that it had increased the volume of its multi-year funds from €1.19 billion in 2019 to €1.34 billion in 2020 (to 64.4% of its humanitarian funds), but that due to the requirement for large-scale short-term emergency funding for the pandemic response, this actually represented a 10.8% drop in the proportion of overall humanitarian funding that was multi-year.

<sup>18</sup> The workstream has defined multi-year funding as ‘funding with a duration of 24 months or more based on the start and end dates of the original formal funding agreement. The time frame begins when the original formal funding agreement is signed between the donor and recipient, no matter where the funding sits on the transaction chain’ (WS 7+8, 2020: 1).

**Figure 6** Donors providing multi-year funding

Note: The table summarises data provided in self-reports. However, this data is generated based on different interpretations of the guidance from the workstream and different timeframes. Data reported is therefore not entirely comparable and cannot be consolidated. PRM, US Bureau of Population, Refugees, and Migration; MFA, Swedish Ministry for Foreign Affairs; Sida, Swedish International Development Cooperation Agency; BHA, US Bureau for Humanitarian Assistance.

Self-reporting over the five years suggests that those donors that provide multi-year funds allocate them mainly to multilateral partners, rather than NGOs, and this largely concurs with other available research: in 2018, UN agencies received 45% of the multi-year funding reported through FTS, with INGOs receiving 19% (see Tichel, 2020). Most UN agencies assert that multi-year funding accounts for a small percentage of their overall funds, even if it has increased in volume and in some cases in percentage terms, and is not sufficient to initiate sustainable changes in their financial systems and longer-term partnership practices.



They also assert that donors provide multi-year funds in different ways and on different timeframes or sequences, making it very complex to pass down the same level of predictability of funds to their own partners. Data from the three largest UN humanitarian agencies suggests a slight upward trend in provision of multi-year funds in both volume and percentage terms, but for all of these three it remained relatively low. WFP, for example, reported an increase in multi-year funds by 2020 – totalling \$1.4 billion or 17% of overall funds, compared with 9% in 2016. UNICEF reports that its multi-year funding increased between 2016–2017 and 2018–2019 in volume and percentage terms, but dropped 28% in 2020. UNHCR reported a moderate increase from 11% of funds in 2019 to 13% in 2020.

The picture for NGOs is more complex with some, such as DanChurchAid, Care International and Mercy Corps, reporting increases in multi-year funding (Mercy Corps reported a 7% increase and Care International's multi-year funding increased from 7% in 2019 to 11% in 2020) and others, such as Christian Aid and CAFOD, reporting a significant decrease between 2019 and 2020 (13% and 59% respectively).

Despite the relatively small percentage of multi-year funds, UNHCR initiated a new policy in 2019 to issue multi-year partnership agreements irrespective of availability of multi-year funds: in 2019 the agency had 17 such agreements in place, rising to 37 by end-2020 (14 INGOs and 23 local NGOs). UNICEF reported that 36% of its multi-year humanitarian funding was passed down to its partners, whether for multi-year or shorter agreements – an increase from 30% in 2019. WFP did not have data to report on passing down its multi-year funding to partners. As in previous years, very few NGOs reported data on funding they had passed to their downstream partners, with the exceptions of Care International, which reported that 13% of its multi-year funding was allocated onwards to downstream partners, and Christian Aid, which reported that it aims to transfer 100% of multi-year funds to its downstream partners, but does not yet have the tracking system in place to monitor this goal. The extent to which funding received by first line recipient aid organisations as multi-year is passed down as multi-year is not clear from the data available from self-reports. The data suggests that those NGOs that have substantial public funds can pass down more predictable funding and undertake more multi-year planning. For the majority, the argument remains that they simply do not have enough multi-year funds to pass down or support more strategic planning processes.

### Multi-year planning

Data from OCHA indicates that there has been a decrease in the number of multi-year HCT response plans – whether HRP or other – with a notable shift among those HCTs that had previously developed multi-year response plans returning to an annual process. There were four multi-year HRPs in place by March 2021, compared to six in 2020 and 11 in 2019. No analysis is available to explain this trend, but anecdotal information (from research interviews) suggests that the limited provision by donors of multi-year funding for these multi-year plans may be one factor acting as a disincentive, that developing multi-year HRPs is a complex process, and that the dynamic nature of risk in some contexts presents challenges to adopting a multi-year planning horizon. However, over the same period there has been some increase in engagement between humanitarian and development actors on response planning (see Section 1.9 for more details). From the donor perspective, there is some dissatisfaction with multi-



year planning at HCT and UN Country Team (UNCT) level (HRPs and UNCTs Collective Outcomes). Specifically, there is concern that these are still a shopping list of programmes and related costs developed in line with agency mandates, rather than a strategic response to intersectoral analysis of needs over the longer term.

At institutional level, self-reporting suggests an increase over the five-year period in multi-year planning by some aid organisations. By 2020, 32 UNICEF Country Offices had some form of multi-year plan in place, compared to 18 in 2019 and 11 in 2018. IRC has regularly reported on the roll-out of its Outcomes and Evidence Framework, which is used to build programme strategies across sectors and multi-year timeframes.

### **Core commitment 8.2+8.5**

**Donors progressively reduce earmarking, aiming to achieve a global target of 30% of humanitarian contributions that is unearmarked or softly earmarked by 2020. Aid organisations reduce earmarking when channelling donor funds with reduced earmarking to their partners**

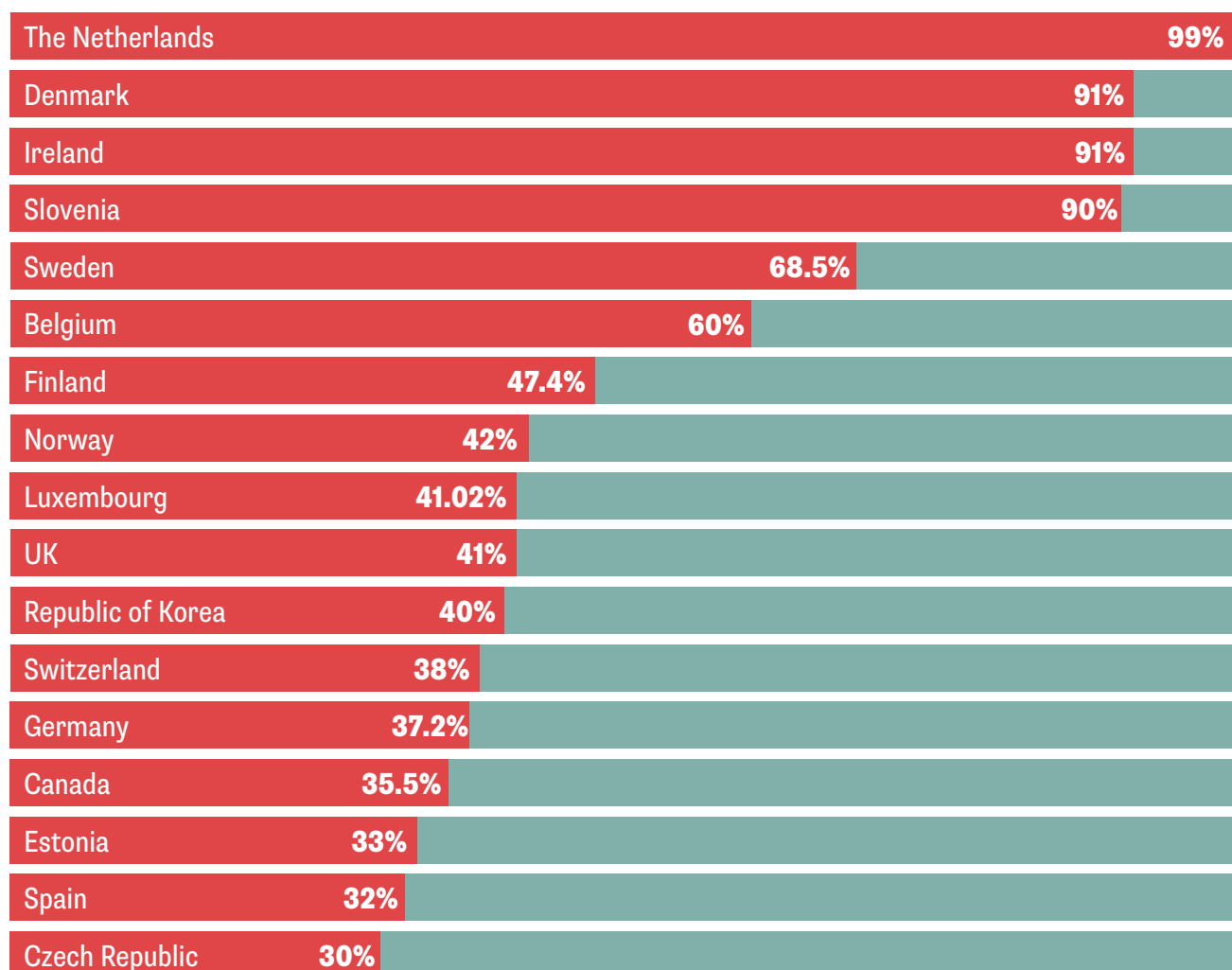
**Revised target:** N/A

**Target status:** 17 institutional donors reported meeting or exceeding the 30% target for unearmarked and softly earmarked funding by 2021.<sup>19</sup>

For 2020, 17 donors reported having met or exceeded the 30% target, an increase from 2019 when 11 reported having met or exceeded this target (see Figure 7). As stated in previous AIRs, this data cannot be aggregated to calculate it as a percentage of overall humanitarian funds, largely because definitions provided by the workstream have been interpreted differently by different donors.

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19 The workstream has defined three categories of ‘unearmarked funding’: ‘Core or regular resources’, defined as ‘unearmarked funding contributed by donors without any restrictions on its use ... unearmarked funding may be contributed directly to aid organisations as core contributions/regular resources’; ‘humanitarian-restricted resources’, defined as ‘funding contributed by donors but lightly restricted to a significant part of an organisation’s mandate, such as the humanitarian operations of a dual-mandated agency with operations in both the development and humanitarian spheres’; and ‘contributions to the Central Emergency Response Fund (CERF)’. ‘Softly earmarked funding’ is defined as ‘contributions that are lightly earmarked for 1). Specific themes or strategic objectives or programmes; 2). To a geographic region; or 3). Contributions to Country-based Pooled Funds; or 4). Restricted resources’ (WS 7+8, 2020: 3–4).

**Figure 7** Donors providing 30% or more of their humanitarian funding as 'flexible'

Note: Some of these figures were still provisional at the time of writing.

These 17 donors account for 36% of overall humanitarian funds in 2020, according to data from FTS. Past AIRs have indicated that further movement from two of the largest donors – US and DG ECHO – is necessary to see a wider impact on humanitarian funds available across the system. In this respect, there is important progress to report, with both having increased their provision of flexible funding over the five-year period: current FTS data suggests that the US has increased its proportion of unearmarked and softly earmarked funding from 4% in 2019 to 10% in 2020, amounting to \$943 million. Even if they do not meet the 30% target, further progress from both donors would have a major system-wide impact due to the disproportionately large share of global funding they provide – approximately 43% (\$11.7 billion) in 2020.

This is positive progress but there is an important caveat, namely that the data reported by UN agencies and some NGOs demonstrates that, while the volume of flexible funding may have increased in a number of cases, it has not generally increased as a proportion of funding received – rather, in percentage terms flexible funding has mostly remained stagnant or declined in recent years. UNHCR

reported a year-on-year decrease in the proportion of both unearmarked and softly earmarked funding: unearmarked funding has fallen from 20% of overall funding in 2012 to 14% in 2020, and softly earmarked funds have dropped from 52% in 2012 to 28% in 2020. Further analysis indicates that the volume of the agency's flexible funding increased by on average 2% each year between 2012 and 2020, but that its total humanitarian budget increased by on average 10% each year, demonstrating that in part the percentage decreases in flexible funding relate to the continued increase in the overall humanitarian budget received. The picture is similar for WFP, which reported that the percentage of flexible funds remained static at 5.8% of overall funds received on average over the five-year period, but the overall budget increased by 43.1%, with flexible funds therefore showing a volume increase of \$120 million over the period. For UNICEF, flexible funding accounted for around 8% of its budget received every year between 2016 and 2020 (representing between \$145 million and \$202 million), while the total humanitarian budget increased by 13%. That said, year-on-year change for UNICEF shows a more mixed picture, with declining volumes of flexible funding in 2018 and 2019 before a significant (39%) increase in the volume of flexible funding received in 2020 (\$145 million in 2019 and \$202 million in 2020), though this did not represent a real increase in overall percentage terms because of the large increase in its humanitarian budget for 2020. IOM and UNDP both reported that the vast majority of funding they each receive is still tightly earmarked and short-term – essentially project funding. This pattern is largely consistent with other research, including from DI, which found a percentage decrease in unearmarked funding from 20% in 2016 to 14% in 2019, based on data from nine UN agencies (DI, 2020: 11). The disparity between what donors report providing and what aid organisations receive can be explained in part by the increasing volume of aid budgets – from \$22.5 billion in 2016 to \$27.4 billion allocated in 2020.

Data suggests that, over the period, different models of pooled funds have provided added value in terms of bridging the gap between aid organisations' expectations of and donors' limitations on flexible funding. There has also been a substantial increase over the period in both the volume of funds made available by donors through the CERF and OCHA-managed CBPFs and, to a lesser degree, the percentage of the global humanitarian funding pot these funds represented. Combined CERF and CBPF funding grew year-on-year between 2016 and 2019, from \$1.1 billion in 2016 to \$1.8 billion in 2019 (representing a 12–19% increase each year). This funding represented between 5% and 7.2% of total humanitarian funding in 2016 and 2019 respectively. In 2020, funding to these mechanisms fell for the first time to pre-2018 levels, to \$1.5 billion. Additionally, some agencies have established internal thematic 'pooled' funds to attract funds which are earmarked to a particular theme, but over which they have far greater discretion than project funding. This tactic appears to have been fairly successful: UNFPA's Humanitarian Thematic Fund, for example, has increased substantially from \$5.8 million in 2019 to \$30.4 million in 2020, and the IFRC's Disaster Relief Emergency Fund (DREF) has doubled its allocations to National Societies, from CHF 16 million in 2016 to CHF 32 million in 2019 – exceeding its own target of CHF 30 million by 2020. However, not all types of pooled funds were so well supported over the period: the RCRCM's NSIA fund has as yet not gained major traction among donors (see Section 1.2).

In terms of cascading of flexible funding down to partners, limited data is available from the self-reports. CAFOD reported that it passed on 87% of the flexible funding it receives from institutional

donors and private donations, with flexibility, to its partners. UNICEF reported that it permits 20% budget flexibility for its partners as a standard in its Programme Documents with partners. UNHCR reported that it provides as a standard indirect support costs to both INGO and NNGO partners at 7% and 4% respectively. Several donors have also sought to incentivise greater pass-through of the flexibility they have afforded partners during the pandemic response. The UK's RRF allocation included specific commitments for its partners to pass down a proportion of overhead costs. Learning is being distilled from this new approach.

The Covid-19 pandemic appears to have spurred provision of more flexible funding in some cases, as well as increased flexibility within existing funds and also in administrative and reporting processes. Germany reports that, of €450 million in additional humanitarian funding it provided for the pandemic response in 2020, more than 80% was flexible. The IFRC reported that its Covid-19 appeal received a positive response with markedly less thematic and geographic earmarking by donors. Some donors, such as Norway and Ireland, also reported extending budgetary flexibility to their partners during the response, allowing them more scope to reprogramme resources according to circumstances on the ground. This approach was also adopted by several UN agencies as part of the IASC's 'proposal for a harmonised approach to funding flexibility in the context of Covid-19'. First issued in June 2020 by the IASC Results Group 5 on humanitarian financing, the guidance (development led by International Council of Voluntary Agencies (ICVA) and OCHA) included a range of proposals aimed at lightening administrative processes for downstream partners, with the emphasis on adopting a joint approach by IASC member organisations at country level to maximise the impact of this flexibility (see Box 5). There was positive feedback from NGO partners interviewed as part of this AIR process on implementation of some of the key elements of this guidance by OCHA (in relation to CERF and CBPFs), UNHCR and UNICEF in particular.

However, there were also doubts among aid organisations as to whether the practices adopted by donors and UN agencies during the pandemic will be taken up by others as the pandemic continues, and whether the gains made will be sustained in the 'post-Covid' period. On the latter point, the IASC guidance has since been extended to the end of June 2021, including to afford IASC members time to consider what measures introduced under this package should be integrated into standard practice (IASC Results Group 5, 2021).

### **Box 5** The Inter-Agency Standing Committee proposal on a harmonised approach to flexible funding in the context of Covid-19

The IASC proposal covered nine key areas where IASC members were encouraged to extend existing flexibility to downstream partners to speed up funding and administrative processes. The nine areas were: no-cost extensions; linking GHRP funding to existing programming; providing more budget flexibility – ideally 20% – between budget categories; allowing direct costs linked to necessary reprogramming; review existing direct programme and support costs to enable appropriate cost recovery; allowing due diligence and risk assessments to proceed as desk reviews or remote approaches as long as movement restrictions continue; allowing use of electronic signatures for approval processes; minimising narrative reporting requirements and ad hoc information requests; and increasing pre-financing or simplified release of funds to speed up resource allocations.

## **1.7.3 Cross-cutting issues**

### **The humanitarian-development nexus**

The co-conveners have sought to raise awareness of quality funding as an enabler of the humanitarian-development-peace nexus, providing relevant research and highlighting that such funding can help build more resilient communities, strengthen the capacities of local actors and preserve development gains in protracted crises. New research is also under way in collaboration with the IASC Results Group 5 on the role of development actors in humanitarian financing. Several signatories also reported on this link between quality funding and the nexus: Australia reported that its multi-year packages in Iraq were specifically designed within a nexus framework, combining humanitarian, stabilisation and social cohesion activities to support durable solutions for displacement-affected communities – an approach that was commended in an independent review (Rankin and Lee, 2020).

### **Gender equality and women's empowerment**

As part of a wider workstream effort, research and advocacy have been undertaken on the importance of a gender-responsive approach to funding by the FoGG and individual signatories, including IRC, which in June 2020 issued its report *A win-win: multi-year flexible funding is better for people and better value for donors*, which outlines how quality funding is conducive to improved outcomes for women and girls.

## 1.7.4 Workstream performance 2016–2020

### Donor activity

Reflecting back over the five-year period, the picture in terms of donor trends is perhaps slightly more positive than first appears. It is true that there has not been a step change and that the heavy lifting continues to be done by a core group of like-minded donors that were already demonstrating good practice in terms of providing quality funding. But it is also true that this core group is expanding in number, and that there has been some small but important movement from two of the largest donors – the US and DG ECHO. However, there remains little clarification or coherence from donors on what they require (in terms of visibility and transparency in particular) from aid organisations to enable stronger arguments to counter the domestic political constraints they face in going further.

### Aid organisation activity

Initially, there was a tendency for many aid organisations to consider this workstream as focused on action by donors. More recently this has changed, with greater dialogue and understanding of the importance of cascading funds and affording flexibility to downstream partners. Progress has been made on the latter in 2020 in particular, spurred in large part by the Covid-19 pandemic. But progress on the former is harder to discern given the lack of data from aid organisations on how much of their funding they pass to downstream partners, and with what terms. Aid organisations have also worked to build the evidence base for quality funding, with an array of research published, and have stepped up their efforts to be more transparent, to increase the visibility of quality funding received and to improve the quality of their reporting. But there has been only limited dialogue on how aid organisations can use existing types of funding in a more strategic way to maximise the flexibility available in current financing models.

### Collective activity

Despite frustrations on all sides at the slow progress on quality funding – from donors and aid organisations – this workstream has stood out for the high levels of collaboration between different constituent groups, led by the co-conveners. This is reflected in the progress that has been made in increasing understanding of the challenges involved in expanding quality funding, articulating common definitions, sharing internal assessments on cascading challenges and developing common advocacy/messaging for change.

### Functional links with other workstreams

The workstream did not make meaningful functional links with other workstreams despite clear areas of relevance and connection, such as on transparency (workstream 1) and management costs (workstream 4). The co-conveners attributed this to the overarching structure of the Grand Bargain, which has inadvertently created thematic silos which are difficult to break down.

## **Functional links with other processes**

Strong links were established over the period with the IASC Results Group 5 on humanitarian financing, with a clear division of labour, with the workstream focusing on more politically sensitive issues and the Results Group acting as a technical forum, as well as collaboration on key themes and outputs including the IASC proposal on flexibility during the Covid-19 response. Links with the GHD have varied over time, but the reinvigoration of the initiative by the current co-chairs, DG ECHO and Switzerland, may help improve sharing of good practice among donors.

### **1.7.5 The future?**

Progress in terms of increased provision of quality funding has been slow, but a number of factors need to be taken into account. First, the current domestic and geopolitical context is quite different from five years ago – with much greater risk aversion and greater scrutiny of aid budgets at global and national levels. Many donor representatives are struggling to retain the levels and scope of funding that they currently have, and this seems set to continue due to the global economic fall-out from the pandemic. Second, the objectives set in the Grand Bargain in 2016 were hugely ambitious, and some expectations were simply unrealistic or inaccurate. Third, systemic change to such fundamental, entrenched components of the humanitarian system will take much more time to achieve. That said, there has been some important progress by donors and aid organisations – this needs to be recognised and built upon, encouraging each constituency group to do more.

While the dialogue on quality funding is far more informed than in 2016, a number of key questions remain. On flexibility, there is a general recognition of the need for different types and levels of flexibility for different contexts, emergencies and thematic areas of intervention. Practical guidance is needed to outline how this should work in practice. This includes explaining the merits of different types of flexibility – such as the appropriate balance of core, unrestricted funds versus programme or project funds; the appropriate balance of global and country-based pooled funds versus bilateral flexible funding; and the optimal percentage of budget flexibility.

In terms of predictability, further discussion is required to explore what is optimal/desirable in terms of multi-year funding, including the length of the commitment, the level of guarantee of funds in advance, and the conditions for the release of agreed funds. There is also a need to explore what constitutes an appropriate balance between demand for more predictable funds, including to enable nexus approaches, localisation and anticipatory action, and donors' ability to provide additional/top-up short-term funds in sudden-onset emergencies.

On cascading of funds to the frontline, the issue could perhaps be better framed as a wider question around the appropriate distribution of quality funding to each actor in accordance with their comparative advantage in a given context, at a given moment in time. How can quality funds be more evenly distributed between the various actors in the humanitarian system? Could this be achieved through increased provision of core funds to INGOs and NNGOs? What role can pooled funds play,

including in making appropriate funds available for strengthening institutional capacities and systems to respond in new emergencies? Finally, what is it that donors require, at least as a common baseline, in terms of ‘transparency’ and ‘visibility’?

With the future iteration of the Grand Bargain focused on this issue, now is the moment to forge a workable, pragmatic approach that combines different financing models (including different types of global, regional, national and institutional pooled funds) currently available to enable maximum predictability and flexibility in the short term, with increased political pressure to encourage more fundamental changes in the largest donors in the long term.

The Covid-19 response does appear to have, to some extent, acted as an accelerator for quality funding – with increased speed of flow and flexibility even from those donors that are often more restricted in this respect. It will be critical to build on these ‘anomalies’ to ensure they become the new norm for the UK, Germany, the CERF and others. The pandemic response also provides an opportunity to showcase what can be done with quality funding, particularly core funds. Signatories need to use this example to communicate more effectively why quality funding makes sense politically (i.e. political arguments to persuade ministers/parliaments/taxpayers) as well as economically (i.e. tie arguments more explicitly to policy statements from governments that ‘no one is safe until we are all safe’). Extending provision of core funds or overhead costs to downstream partners, including local responders, could be transformational and should be considered among the priorities for the future iteration of the Grand Bargain.



## 1.8 Workstream 9: Harmonise and simplify reporting requirements

### 1.8.1 Workstream summary

The co-conveners of this workstream, Germany and ICVA, have consistently pursued a clear and focused strategy to develop, test and roll out a harmonised and simplified template for narrative reporting for use by all downstream partners. Through significant substantive, political and financial investments from the co-conveners and a core group of signatories, together with technical assistance from GPPi, this workstream has achieved significant progress. But this success is not unequivocal. The creation and pilot testing of the 8+3 template proved the concept of harmonised reporting, but full-scale roll-out of the template has been slow.

In 2020, the co-conveners sought to emphasise the benefits of using the 8+3 template as part of the Covid-19 pandemic response to accelerate roll-out of the template more widely across the system. Self-reports for 2020 indicate greater use of the template, but it is not yet a default or standard narrative reporting format for a majority of signatories. When questioned by the research team, some signatories explained that they had adapted the tool and integrated it into their existing guidance, rather than using it as a standalone template for all humanitarian partners; others explained that they allowed downstream partners to use it if they wished to, but did not want to prescribe the format partners use; and some signatories explained that they still did not consider it sufficiently flexible. Over the last two years, the co-conveners have dealt with technical issues identified and have sought to clarify misunderstandings on the use of the template through concerted advocacy. Germany, for example, has used the template for a wide range of projects and programmes, including policy and research programmes, evidencing the flexibility that the template affords users. The internal changes required to shift to use of this template as the standard for civil society partners are not insignificant, but five years into the Grand Bargain process, the still-limited roll-out appears related more to a lack of prioritisation by many signatories. It is unclear why this is the case, and why signatories have failed as a group to grasp one of the ‘lowest hanging fruit’ of the Grand Bargain framework. Whatever the reason, the result – as highlighted in the 2020 AIR – is that the efficiency gains that the widespread use of the template is expected to bring for all actors, from donors to frontline responders, are not yet being realised.

## 1.8.2 Progress against the core commitment

### Core commitment 9.1

**Simplify and harmonise reporting requirements by the end of 2018 by reducing the volume of reporting, jointly deciding on common terminology, identifying core requirements and developing a common report structure**

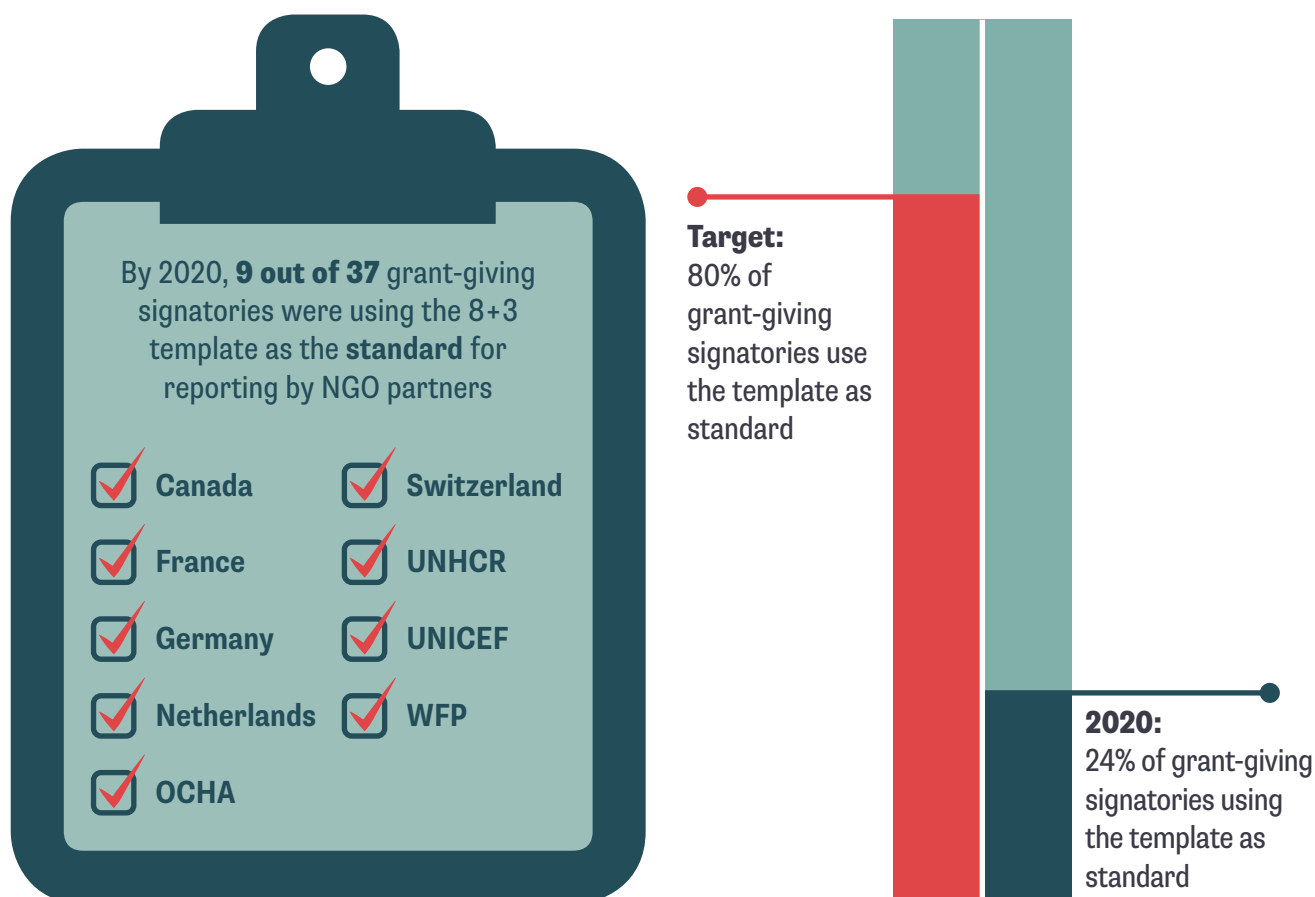
**All signatories – individual action – original deadline end 2018**

**Revised target:** By 2021 80% of signatories (including 50% of NGOs) that have a grant-giving role use the common reporting template as the reporting standard for agreements with partners.

**Target status:** As at March 2021, 9/37 donor and UN signatories<sup>20</sup> that have a grant-giving role are using the template as the reporting standard for agreements with all civil society partners – an increase from six in 2019. Nineteen other signatories that have a grant-giving role (including donors, UN, INGOs and the IFRC) are using the template partially – either in certain countries, in relation to certain funding models, or offer it as an optional template for partners to use.

The ‘8+3 template’ was designed in 2017 by GPPi on behalf of the co-conveners in a collaborative process. It was subsequently pilot tested in three field contexts, Iraq, Myanmar and Somalia, in 2017–2019 by a group of signatories (23 aid organisations and 12 donors). GPPi conducted a mid-term review in 2018. The feedback from users was generally positive, but highlighted a number of technical issues as well as the need for clarification on the level of flexibility the template affords users – both donors and downstream partners. Following further consultations, the template was adapted in 2018 and then finalised by the co-conveners for system-wide roll-out following the final review in 2019. The focus of the initial phase of the roll-out has been on institutional donors and UN agencies using the template for their INGO and NNGO partners.

<sup>20</sup> The co-conveners have focused on roll-out by institutional donors and UN agencies in the first instance, though use of the template by INGOs and the IFRC is welcome.

**Figure 8** Signatories using the 8+3 reporting template as the standard for reporting by their civil society partners

The development of the template was a major achievement in its own right, but the real challenge has been in rolling it out for widespread use across the system. The co-conveners have acknowledged that the template may not be the most appropriate tool for consolidated programme or country reporting by multilateral organisations to their donors – by nature of the legal, administrative and financial relationships involved. But even setting this group aside, by March 2021 there was still not a majority of the target signatories using the template as a reporting standard for their downstream civil society partners. The self-reports from signatories indicate that 17 out of 25 institutional donors use the template, with five (Canada, France, Germany, the Netherlands and Switzerland) having rolled it out to all their NGO partners. Six out of 12 UN agencies were using the template, including four (OCHA, UNHCR, UNICEF, WFP) that use it as the standard reporting template for NGO partners. Though they were not the original targets for roll-out, four out of 15 operational NGOs are using it partially for their downstream partners, and the IFRC reported that it has aligned its own reporting template for National Societies with the 8+3. There has therefore been an increase in terms of the number of signatories using the template in some form – from 14 in 2019 to 28 in 2020. But only nine signatories (out of 37 donor and UN signatories that have a grant-giving role) are using it as their standard reporting template for civil society partners (as per the criteria set by the co-conveners for the revised target), compared to six in 2019 (see Figure 8). Those that reported using it to an extent were giving partners the option

to use the template or aligning their existing templates with the 8+3 (e.g. Sweden and IOM), or requiring its use for certain funding models (the UK, for example, has used the template for its RRF and Covid-19 humanitarian funding; and Ireland is using the template for partners in its Emergency Response Fund Scheme (ERFS)). Luxembourg reported that it is considering use of the template in some form, and Italy is planning to roll it out to partners.

The target for this core commitment is a useful measure of progress, but there are also varying levels of impact of the template. The combined number of civil society partners to OCHA's CERF and CBPFs, WFP, UNICEF and UNHCR means these agencies' adoption of the template has a very substantial reach. The same is true of the US and UK's partial adoption of the template. But the whole premise of a harmonised template is that efficiencies (in terms of reduced staff time spent on narrative reporting) are expected to be gained through a substantial majority of donor and UN signatories using the same simplified template for narrative reporting for all their downstream civil society partners. In this respect, the workstream has not yet achieved its ambition.

### **1.8.3 Cross-cutting issues**

#### **The humanitarian-development nexus**

The template includes questions on exit strategies, and some signatories suggested that it may potentially have wider application to development as well as humanitarian partners. The potential for this exists, but there has been limited discussion on this to date, given the focus on ensuring signatories use it systematically for their humanitarian partners.

#### **Gender equality and women's empowerment**

The template includes questions on project considerations of gender equality – it was specifically designed to encourage reporting on cross-cutting themes in project design and implementation.

### **1.8.4 Workstream performance 2016–2020**

#### **Donor activity**

Despite the best efforts of the co-conveners, it has been a huge challenge to get a critical mass of institutional donors to use the template for their civil society partners. From the research conducted for the AIRs, it seems that, in a majority of cases, the obstacle is not technical but rather a lack of political interest and prioritisation. Recent efforts of the US and DG ECHO to begin using the template for some partners are encouraging, given the complexity of the internal reporting systems and obligations that these large donors have to navigate. Donors set the tone on this core commitment – if more of them begin using the template, more UN agencies and INGOs would be able or encouraged to use it for their own partners.

## **Aid organisation activity**

The limited use of the template by international aid organisation signatories for their downstream partners is disappointing. The burden of reporting has been a key issue of concern for this signatory group, but they have not as a body seized the opportunity presented by the creation of the 8+3 template to alleviate this burden on their downstream partners. Some have argued that the reporting requirements of their donors meant that use of the template was not feasible, but this argument seems rather weak given the example set by UNHCR and OCHA (for CBPF and CERF recipients), who quickly rolled out the template as the standard reporting format for all their downstream partners once it was finalised in early 2019.

## **Collective activity**

There was a significant collective and collaborative effort by a large group of signatories to help design and field test the draft template in 2017–2018. However, since that time, there has been less collective effort to roll out the finalised template.

## **Functional links with other workstreams**

The substantive links between the focus of this workstream and that of workstreams 1 (greater transparency) and 4 (reduced management costs) were identified in various co-convenor-level meetings in 2017, 2018 and 2019. But, as highlighted in the analysis on workstreams 1 and 4, there has been no real strategic effort by the Facilitation Group or respective co-convenors to connect the development and roll-out of this template, the commitments on reducing donor assessments and the commitment to greater transparency.

## **Functional links with other processes**

N/A.

### **1.8.5 The future?**

As per the conclusions set out in the 2020 AIR, this workstream began well, with a high degree of collaboration and investment from signatories across constituency groups. But since the finalisation of the template in 2019, interest in the template and its potential appears to have waned. At the annual meeting in 2020, signatories restated their commitment to the global roll-out of the template, and the pandemic response created even greater impetus for a harmonised approach to narrative reporting. By March 2021, there had been an incremental increase in the number of signatories using the template as the standard for their downstream civil society partners, with others still in the process of considering or expanding their use of the template.

The recommendation of the research team is thus the same as that set out in the 2020 AIR. Further lobbying at the working or Sherpa level seems unlikely to bring much change. Rather, there is an urgent need for more consistent and concerted advocacy at the highest political level. The current and next Eminent Person, in coordination with the principals of the Facilitation Group and of the co-convening institutions, need to work in a coordinated way to influence the principals of those signatories that have not yet done so, to begin rolling the template out to all their civil society partners. This more strategic advocacy should include communicating the cost-efficiencies to be gained and the wider impact that uptake of this template can have in terms of enabling greater transparency and accountability to upstream partners, which are also prerequisites for the provision of quality funding. More updated data on impact may be required to support such advocacy.

## 1.9 Workstream 10: Enhance engagement between humanitarian and development actors

### 1.9.1 Workstream summary

This workstream began with some momentum, under the leadership of the co-conveners, Denmark and UNDP. However, concerns were already being expressed in the first AIR process that the Grand Bargain brought limited added value to the nexus agenda given other policy processes under way by that time, including within the OECD-DAC group and in relation to the UN Reform Process and the New Way of Working. By early 2018, the co-conveners had taken a decision to close the workstream as a coordination body, recommending instead that signatories focus on integrating the nexus into the substance of other workstreams, and offering support in this respect (UNDP and Denmark, 2018). This decision proved controversial, with some signatories asserting that this was a correct approach, aimed at avoiding duplication with other existing processes on this theme, and others – particularly non-UN aid organisations – critical that the lack of a coordination mechanism would mean no real impetus for implementing the commitments set out in the Grand Bargain. Certainly, the closure of the workstream meant the loss of some momentum, with few workstreams making a concerted effort to integrate nexus concepts and language in their own workplans. This has improved in recent years, with workstreams 2 (localisation), 3 (cash assistance) and 5 (joint needs assessment/analysis), for example, engaging in nexus-specific activities. But overall, there has been a gap in strategic leadership on this important theme across the Grand Bargain and it has consequently not, as a multi-stakeholder mechanism, played a particular role in helping drive progress on this agenda across the wider aid system. Opinions remain divided on whether this has been a missed opportunity.

Throughout the period, an impressive array of activities has been reported by signatories from all constituent groups in the key thematic areas covered by the commitments under this workstream – in securing durable solutions for displaced populations, in undertaking anticipatory action to prepare for and reduce the impact of new and recurrent crises, in new partnerships or engagement with development actors and in supporting national systems and leadership. In past AIR processes, it has been difficult to determine what all of this activity amounted to – whether in the absence of an overarching strategy it reflected a system-wide shift in policy and, more importantly, in practice. Reflecting back over the five-year period, the picture is a little clearer as more evidence has become available over time. The Grand Bargain self-reporting is not capturing the full breadth and scope of activity over the five-year period on the humanitarian–development (or humanitarian–development–peace) nexus, but it does give an indication of the acceptance of nexus approaches as a norm of humanitarian action and incremental progress towards an operational shift, with more institutional and collaborative planning and programming taking place across the long-standing divide between ‘humanitarian’ and ‘development’ action.

The concept of enhanced engagement, collaboration and coordination between humanitarian and development actors is no longer in question. There are clear policy commitments from a large number of individual signatories and from the two main constituency groups to evidence this. For donors, the key policy development was the adoption in 2018 by the OECD-DAC of a formal ‘recommendation’ – a reference guide for nexus-related issues which, though modest in its ambition, signals a step forward in terms of a coherent approach among donors. This was accompanied by revisions to the peer review framework to situate humanitarian aid within the broader framework of response to fragility and crises, and should enable more accurate assessment of the coherence between humanitarian and development (and other) funding. DAC members have continued to increase their net country-allocable Official Development Assistance (ODA) on fragile contexts, which totalled \$60.3 billion in 2018 (OECD, 2020).

The IASC adopted humanitarian–development collaboration as a Strategic Priority for 2018–2020 and created a Results Group to take this work forward, chaired by UNDP and Oxfam with membership from beyond the IASC, including the OECD, the UN Department for Peace Operations, the UN Development Coordination Office, the UN SG’s Office and the Peace Building Support Office. The Results Group has prepared a series of policy statements and guidance relating to the nexus over the period, including agreed definitions of the humanitarian–development nexus, ‘Light guidance on collective outcomes’, and an Issue Paper on ‘Exploring peace within the humanitarian-development-peace nexus’; is currently mapping good practice on nexus approaches; is conducting research on the different risks inherent in the humanitarian–development–peace nexus approach (the ‘triple nexus’); supports sharing of data and analysis on the nexus; and facilitates adaptation of planning tools to support better alignment between country-based humanitarian and development plans.

Five UN agency signatories to the Grand Bargain (IOM, UNDP, UNFPA, UNICEF and WFP) have also adopted the OECD-DAC recommendation and are thus committed to working together to ensure ‘that states, societies and communities at risk are no longer in need of humanitarian aid, and instead are set on a path out of fragility, towards dignified self-reliance as embodied by Agenda 2030’ (UNDP et al., 2020:1). This approach is being trialled in Haiti and is set to continue throughout 2021. The UN Joint Steering Committee – co-chaired by UNDP and OCHA – to advance humanitarian and development collaboration (UN JSC), established by the UN SG in 2017,<sup>21</sup> focuses on guiding policy and fostering collaboration between humanitarian and development actors within and outside of the UN, including through support to UN Resident Coordinators and UNCTs at field level. The New Way of Working, outlined in the UNSG’s report on the WHS in 2016, sets out an approach to enable collaborative working between humanitarian and development actors, including through development of Collective Outcomes. Several signatories also referenced the UNSG’s Global Compact on Refugees agreed in 2016 as an important framework and forum for collaboration among donors, host states and aid organisations.

These normative developments are impressive, particularly given the complexity of this issue and the long-standing concerns among many humanitarian actors around the risks that greater

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21 The UN JSC is chaired by the Deputy SG, with the ERC and Administrator of UNDP as vice-chairs.



collaboration with development actors may pose to principled humanitarian action. However, putting these norms into practice is lagging behind. Criticisms have been expressed by signatories from different constituent groups throughout the research for this and previous AIRs that the main policy forums on humanitarian–development collaboration have been too heavily focused on the UN and government institutions, with some NGOs also arguing that the discussion has failed to incorporate the contributions of local civil society or pay sufficient attention to local community engagement and accountability (Charter for Change, 2020). Consistent with concerns identified in other research, some signatories are also concerned that the plethora of coordination forums on the nexus are disconnected and initiatives fragmented (Willitts-King and Spencer, 2021).

In terms of collaboration between humanitarian and development actors, there has seemingly been some increase in sharing of analysis and collaborative planning at country or crisis level, but there was little evidence of this feeding into more strategic programming across the humanitarian–development nexus, or of the outcomes to be achieved when effective collaboration does happen.

At signatory level, there are many examples in the self-reporting of efforts to clarify what the nexus means institutionally, and integrating humanitarian and development capacities and resources accordingly, to institute more joined-up programming at country levels (commitment 10.1), and to engage more widely with humanitarian and development partners (commitment 10.5). WVI, Care International and Mercy Corps have all reported efforts to harmonise, merge or integrate institutional resources, including merging management roles at headquarters and/or in the field. The EU’s DG ECHO and RC/HC (DG DEVCO) (now DG International Partnerships – DG INTPA) have made a political commitment to greater collaboration, and Canada has elaborated a three-year workplan across humanitarian, development and peacebuilding spheres, to improve the coherence, flexibility and responsiveness of programming in support of the implementation of nexus approaches.

From the UN, there has been a great deal of activity reported over the period, both in relation to and beyond the UN JSC. UNDP has provided strategic leadership on policy and operational discourse on the nexus through its multiple co-chairing roles (of the UN JSC, of the IASC Results Group 4, of the UN Sustainable Development Goal’s (UN SDG) Task team 4 on Transitions and Recovery, co-chair of the OECD International Network on Conflict and Fragility (INCAF) and other forums), has supported foundational research and the development and roll-out of various methodologies for post-crisis needs and vulnerability analyses, including the Covid-19 Recovery and Needs Analyses, that encourage cross humanitarian–development working. Both UNHCR and the World Bank have also reported over the period on their evolving cooperation on forced displacement situations, which focuses on five key areas: cooperation around policy and programming aspects of the World Bank’s dedicated financing instruments for refugee-hosting countries (e.g. the International Development Association – IDA 18 Refugee Sub-Window, the IDA19 Window for Host Communities and Refugees and the Global Concessional Financing Facility); data collection and analysis, including the launch of the Joint Data Centre on Forced Displacement in 2019; joint learning and capacity-building initiatives; and increasing technical collaboration in key sectors including social protection and education. For ILO the Grand Bargain has been an opportunity to push for internal adjustments to enable greater cross-working

with humanitarian actors. Building on its Recommendation no. 205 on Employment and Decent Work for Peace and Resilience, adopted in 2017, the agency has considerably expanded its partnerships and relations with UNHCR, UNDP and others, and developed Standard Operating Procedures and joint analysis to clarify and direct its role in crisis response (including Cyclone Idai in 2019 and the 2020 Beirut blast).

The ICRC too reports having made progress over the five years in generating more sustainable humanitarian outcomes throughout its operations, better engaging development actors and furthering efforts on innovative financing, including with private investors. Key outputs have included contributions to GHD's 'Good practices playbook on organisational readiness and enabling private capital for innovative financing in humanitarian contexts' (2020); a joint handbook produced with the World Bank and UNICEF, 'Joining forces to combat protracted crises: humanitarian and development support for water and sanitation providers in the Middle East and North Africa' (2020); multi-year health and sanitation projects with the World Bank and Agence Française de Développement; and helping to mobilise large-scale investment from the Asian Development Bank in water and sanitation services in Marawi in the Philippines.

One particular area of progress under this workstream in recent years has been on anticipatory action (commitment 10.1). This is a long-standing issue on which progress had been hard to achieve. But in recent years, including in relation to leadership on this theme from the ERC, there appears to have been greater traction, with aid organisations getting some cut-through by building a solid evidence base to encourage donors to invest in such action – from an efficiency as well as an effectiveness perspective. The IFRC has continued to expand its DREF, almost doubling allocations over the period (from CHF16 million in 2016 to CHF32 million in 2019), including allocations for anticipatory action and response to imminent crises. In 2020, National Societies in 29 countries implemented the forecast-based financing (FbF) approach (part of the DREF) to enable anticipatory action, providing unconditional cash transfers, livestock protection and shelter strengthening ahead of hazards in Bangladesh, Mongolia, Ecuador and Mozambique. For FAO too, anticipatory action has been a strategic priority. Since 2015, the agency has been actively engaged in mainstreaming an anticipatory approach to food crises, in close coordination with governments and development and humanitarian partners. Between 2016 and 2020, anticipatory action systems were set up in more than 40 countries where weather extremes and human-induced hazards pose a threat to lives, livelihoods and food security. Collaborative advocacy between FAO and OCHA and other partners on using the CERF for anticipatory action relating to disasters/hazards has begun to show results with the launch of a two-year pilot in 2020: Anticipatory Action frameworks were developed in Somalia, Bangladesh and Ethiopia, with CERF funds allocated for anticipatory action in each of these contexts when agreed thresholds were reached – \$15 million in Somalia and \$13.2 million for Ethiopia relating to drought and expected increases in food insecurity, and \$5.2 million for Bangladesh, relating to anticipated impacts of severe flooding. Donor reactions to this use of CERF have been positive, with several providing additional funds as a result.

## Covid-19

The Covid-19 pandemic showcased the importance of nexus approaches, and several signatories reported how this has accelerated institutional action. Save the Children reported how Covid-19 initiated a rapid activation of a nexus approach across the confederation, including in preparedness, changing funding models and adapting traditional humanitarian response modalities to address the needs created by this crisis. The organisation established a centrally managed internal pooled fund across all members, with an initial target of \$40 million (\$20 million already available), made up of contributions from Save the Children members (from their own unrestricted funding). The fund is being used for preparedness and early action; to provide rapid funding to responses before institutional funding kicks in or is leveraged; and to fund innovation in country. As part of a broader corporate-wide strategy on the nexus, WVI committed to allocate up to \$100 million of its private development funding as a crisis modifier to protect development gains, meet immediate needs, bridge the humanitarian–development nexus, support localisation efforts and help communities quickly prepare for, respond to and recover from Covid-19. There was, however, less evidence for this AIR process of how the pandemic has accelerated collective approaches at field level – in terms of more sharing of analysis between humanitarian and development actors, more joint strategising or more joined-up funding arrangements.

### 1.9.2 Progress against the core commitment

#### **Core commitment 10.4**

**Perform joint multi-hazard risk and vulnerability analysis, and multi-year planning, where feasible and relevant, with national, regional and local actors in order to achieve a shared vision for outcomes. Such a shared vision for outcomes will be developed on the basis of a shared risk analysis between humanitarian, development, stabilisation and peacebuilding communities**

**Aid organisations – Joint Action – No target or deadline**

**Revised Target:** N/A

**Status of Target:** UN signatories have been sharing analysis, and enabling complementarity of HNOs and Common Country Analyses in eight priority countries.

Data on efforts to share or jointly conduct analysis between humanitarian and development partners is incomplete, but the evidence suggests there has been some increase in such activities. Initiatives include the UN, EU and World Bank Recovery and Peacebuilding Assessments (RPBAs) and Risk and Resilience Assessments (RRAs – which are conducted with other partners), as well as Covid-19

Recovery Needs Assessments (CRNAs) adapted from the RBPA methodology; the UN's Common Country Analyses (CCAs), which support UN Sustainable Development Cooperation Frameworks (UNSDCF) (the new UN Development Assistance Frameworks (UNDAFs)); joint global-, regional- and country-level analysis of food insecurity and resilience produced by the Global Network Against Food Crises (led by WFP, FAO and EU); and enhancements to the HNO process, including to support improved analysis of risks and vulnerabilities. The Netherlands' PROSPECTS programme supports joint analysis and joint multi-year planning between partners – International Finance Corporation (IFC), WB, UNICEF, UNHCR and ILO in the Horn of Africa and the Middle East. The UNHCR-WFP Joint Programme Excellence and Targeting Hub supports joint assessment and vulnerability analysis to inform joint programming. These initiatives all emphasise the importance of collaboration between humanitarian and development partners and processes, though it is not entirely clear how these multiple initiatives link together in practice.

The UN and IASC approach has evolved since 2016 to focus on ensuring that the exact nature of collaboration between humanitarian and development actors is determined by context, but at a minimum includes sharing of analysis to inform prioritisation. This is less than the language of the core commitment suggests, but is perhaps a more realistic approach given the complexities of joint analysis, planning and programming in what are generally protracted but highly dynamic crises.

To support development of common priorities, based on shared or joint analyses, the IASC Results Group 4 developed in 2020 'light guidance on collective outcomes' through a collaborative process, drawing on experience from UN JSC countries, UNCT/HCTs and the OECD-DAC recommendation. As several signatories indicated, this guidance is particularly significant in that it is an IASC rather than a UN product, and as such may help to address some concerns at the dominance of a UN narrative on the nexus. The guidance builds on research undertaken by the IASC in 2018 to establish a shared definition of collective outcomes, and is consistent with the UNSDCF guidance on the nexus. It sets out an eight-step framework to develop and operationalise collective outcomes – 'a set of concrete and measurable results that humanitarian, development and peace actors want to achieve jointly in a country to reduce people's needs, risks and vulnerabilities' (IASC, 2020: 3).

Under the UN JSC and the roll-out of the New Way of Working, UN signatories have been working together in eight priority countries (Burkina Faso, Cameroon, CAR, Chad, Niger, Nigeria, Somalia and Sudan) to support sharing of analysis, with efforts to ensure complementarity of HNOs and Common Country Analyses and, to some degree, of the related planning processes (UNSDCF and HRP). Somalia and Ethiopia, as well as the Prevention and Peacebuilding Assessment (PBPA) in Burkina Faso, have been suggested by UNDP and OCHA as positive examples in this respect. In Somalia, the nexus has been a priority for aid actors for several years; key activities in 2020–2021 included greater coordination and alignment of the new UNSDCF and HRP, including shifting resilience-building activities to the UNSDCF and focusing the HRP on live-saving activities in light of increasing humanitarian needs; and the creation of a Triple Nexus Steering Committee to engage Somali and international decision-makers to facilitate higher-level political support for existing technical work on nexus issues, including water and floods, durable solutions and anti-fraud/anti-corruption. The PPBA in Burkina Faso was complemented in

2019 by a joint cross-border humanitarian, development and peacebuilding analysis in Mali, Niger and Burkina Faso, led by the UN and OECD and involving a range of stakeholders including RCRCM, NGOs and humanitarian and development donors and UN agencies. The analysis covered a range of issues and sectors, including humanitarian access, health and epidemic risks, displacement, community conflict, violent extremism and criminality. It was intended to encourage joint planning in cross-border areas by presenting a common analysis of risks and vulnerabilities as well as capacities and assets to build resilience, but progress in 2020 stalled due to the pandemic and staff turnover. A similar methodology was piloted in CAR.

There is concern among donors that shared or joint analysis is not always followed by more collaborative planning and prioritisation of resources across the two sets of actors. Several consider that far more work is required, by the UN in particular, to produce strategic plans showing how each set of actors will use their comparative advantages to address commonly identified risks and vulnerabilities. Some UN agencies acknowledge this, but also expressed concern that, where shared or joint analysis has led to informed planning and prioritisation, this has not resulted in increased provision of quality funding from donors – i.e. funding was not aligned with these plans and priorities. In Chad, for example, the process to develop collective outcomes conducted in 2016 fed into the development of a multi-year HRP (2017–2019) as part of a strategic framework aligned with the then UNDAF – and both international plans were aligned with the national planning framework led by the government. However, multi-year funding for humanitarian activities included in the HRP and its subsequent extension for 2020 and into 2021 was very limited, and the HRP has been consistently underfunded since that time, including at a disproportionately lower percentage than the global funding gap. Some signatories assert that there is a lack of incentives to push for greater collaboration between humanitarian and development actors on planning and programming, with no particular donor funding available and entrenched practices and inter-agency competition that are difficult to set aside.

In relation to Covid-19, the IASC issued a Commitments to Action paper collating the commitments on nexus approaches made by governments and other aid actors in relation to the pandemic response in countries that were already fragile or conflict-affected, and outlining practical measures to ‘action’ these commitments, including ensuring appropriate financing is available, that partnerships are inclusive, that knowledge and information is appropriately shared and that responses are conflict-sensitive, drawing on political, economic and social analysis. Together with the EU and the World Bank, UNDP designed the CRNA methodology with a specific focus on the right assessment tool for fragile contexts. Nine CRNA exercises were under way or completed by February 2021, with more planned for the next round of CCAs and UNSDCFs. However, some signatories asserted during interviews that opportunities to showcase how collaboration between humanitarian and development actors could be optimised were missed, with few non-UN humanitarian actors engaged in the CRNAs – a similar picture to the RPBA and Post-Disaster Needs Assessments (PDNAs) on which the CRNA methodology is based.

### 1.9.3 Cross-cutting issues

#### The humanitarian-development nexus

N/A.

#### Gender equality and women's empowerment

Self-reporting suggests that signatories recognise the importance of a gender lens, with a range of efforts by signatories to integrate gender in their policy and practice on the nexus. The World Bank has focused on integrating gender in its social protection programmes, including in the Sahel, through undertaking gender-sensitivity analyses and developing tools to minimise risks of GBV and maximise the potential for women's empowerment through these programmes. UNDP is building internal capacity, in response to an internal evaluation, to move beyond simple gender targeting to address systemic drivers of inequalities in its programmes, and has provided analysis and recommendations for policy-makers on the economic impacts of the pandemic and gender equality.

### 1.9.4 Workstream performance 2016–2020

N/A – the workstream was closed in March 2018.

### 1.9.5 The future?

When the co-conveners decided to close the workstream in early 2018, there was concern among some signatories that this would mean no strategic approach to the nexus in the Grand Bargain. Such fears were largely borne out – without champions, there was no effective collective effort to mainstream the nexus in remaining workstreams or across the Grand Bargain framework as a whole. There were, however, parallel processes under way throughout the period where significant normative and some operational progress was achieved, including through the OECD-DAC, the IASC Results Group 4 and the UN JSC, though some signatories question how much strategic collaboration there has been between these various forums and mechanisms. Some signatories also feel the loss of a clear champion on this theme within the Grand Bargain, and argue that an opportunity was missed to use the Grand Bargain to informally link the various policy and operational spheres, and to provide a forum where one narrative is not dominant.

Looking ahead, there are opportunities in the future iteration of the Grand Bargain to encourage greater synergies between humanitarian and development actors. Efforts should focus on specific issues where the Grand Bargain has clear added value. In this regard, the two newly agreed enabling priorities on localisation and quality funding offer an obvious starting point. Ongoing work on localisation within the Grand Bargain is an opportunity to promote the long-term financial and other investments required to augment the institutional capacities of local responders, including advocating for provision of core funding for these actors. The focus on quality funding also provides ample

opportunity to discuss, not just how more flexible and predictable funding can support improved humanitarian outcomes in the short term, but how it can ensure these outcomes are sustained over the long term. At the macro level, signatories could use the analysis and good practices collated through the Grand Bargain to articulate some very specific ‘asks’ of development actors on these two themes, setting out for example what humanitarian actors can do to support local humanitarian action, and what complementary role they expect development actors to play in building local response capacities.

## Section 2 The Grand Bargain five years on – successes, challenges and opportunities

The Grand Bargain was originally established as one of three separate but interconnected recommendations of the UN SG's High Level Panel on Humanitarian Financing, published in 2016 (HLP, 2016). In its report, *Too important to fail – addressing the humanitarian financing gap*, the Panel made three recommendations: reduce needs, expand the resource base and establish a Grand Bargain on efficiency between donors and aid organisations – a bargain in which the former would give better-quality funds, and the latter would be more transparent and more cost-conscious in how it spent those funds. Established initially by a small group of donors and aid organisations, the Grand Bargain membership quickly expanded in size and scope, with ten thematic workstreams that, to some extent, cross over to the other two pillars of the Panel's recommendations.

Recent research indicates that progress has been made in relation to pillar 1 (reducing needs), particularly in relation to normative developments on the humanitarian–development (and peace) nexus and anticipatory action, but that multiple initiatives and good practices are not yet being taken to scale and are somewhat fragmented – findings which concur with the research for this AIR (Willitts-King and Spencer, 2021). Less progress appears to have been made on the second pillar (expanding the resource base) (ibid.). So what of the Grand Bargain – the Panel's third pillar? The analysis below offers some insights into the strategic-level successes and key achievements that have been made through the Grand Bargain in the five years since its creation – based on a review of data obtained during this year's AIR process. It also sets out some of the persistent challenges and weaknesses that have stymied further progress against the original goals of greater efficiency and effectiveness in humanitarian aid.



## 2.1 Key achievements and key challenges

### 2.1.1 The Grand Bargain as a vehicle for change

Successive AIRs have highlighted that the vast majority of signatories consider the Grand Bargain an important vehicle for change at institutional, constituency and system levels. Self-reporting and interviews conducted by the research team with each of the signatories over the years highlight the added value of the Grand Bargain in this respect, with many signatories specifying how the Grand Bargain – through its specific commitments and as a forum for collaboration – has been critical to pressuring institutional decision-makers to change policy and to allocate the necessary resources to translate this policy into practice on cash assistance, on localisation, on joint needs assessment/analysis, on harmonised reporting and even on quality funding.

Over the years, signatories have been held accountable for implementing the commitments made, particularly through the self-reporting mechanism and annual independent reviews. Each year an increasing number of signatories have submitted themselves to this peer and public scrutiny: 78% of signatories submitted self-reports by the deadline in 2018, rising to 97% of signatories reporting by the deadline for 2020. Signatories' continued engagement in what is a relatively complex and burdensome accountability process is frankly remarkable – even more so given that it is entirely voluntary – and thus demonstrates the value that signatories attribute to the forum and its substantive framework.

Continued high-level engagement by the signatories can be attributed to a number of factors. First, **the original goals and content of the Grand Bargain remain highly relevant.** Despite, or perhaps because of, the major changes to the wider geopolitical environment since 2016, the primary goals of increasing efficiencies and effectiveness of humanitarian aid are as relevant in 2021 as they were five years ago. Crises that have continued, expanded or started anew in the intervening years – particularly the Covid-19 pandemic – have also shown that the architects of the Grand Bargain were 'spot-on' in terms of the priorities they set out. Cash assistance, the nexus, localisation and participation are all areas that have been highlighted as critical to enable effective responses to the major crises of the last five years and where much greater efforts are required. Second, **there remains a strong appetite for reform of the humanitarian aid system.** There is a continued collective desire for, or at least recognition of, the need for the humanitarian system to evolve, that all actors can and should improve, that they can and they must do better to serve the needs of people affected by conflict and crisis, and that they should be held accountable for doing so. This desire is particularly evident in the personal commitments and risk-taking approach of the many individual staff and representatives at working and senior management levels in signatory institutions. Third (as discussed in more detail below), **the strategic leadership** provided by the Eminent Person, Facilitation Group, co-conveners and the support of the Secretariat has proven crucial to supporting and steering signatories towards the overarching goals of the Grand Bargain. Finally, **the Grand Bargain has provided a unique platform for collaboration.** Over the years, signatories, large and small, have repeatedly articulated that the main comparative advantage of the Grand Bargain is that it brings different actors from different constituent

groups together on a relatively level playing field to work on key technical and, to some extent, political challenges, and to develop relevant solutions. Several signatories have gone on to explain that what sets the Grand Bargain apart is that each actor is able to participate in debate and decision-making, to have their voices heard in a way that does not happen elsewhere, and that, though it involves all the major players, the Grand Bargain discussions do not tend to be as dominated by the larger actors. Certainly, the spirit of collaboration is clear in workstreams and at the strategic level, with signatories voluntarily taking on leadership roles, contributing expertise and resources and engaging in the various dialogues and activities that make up this complex, multi-stakeholder forum. There is obviously still frustration and disagreement on many issues, but the collaboration that has characterised the Grand Bargain is recognised by signatories as a key factor in the progress that they have made to date.

### **2.1.2 Governance and leadership**

Throughout the course of the last five years, the different levels of leadership – particularly the Eminent Person and the Facilitation Group – have been crucial to advancing the overarching agenda of the Grand Bargain. These roles have evolved over time as signatories recognised the enormity of the task they had taken on, and the need for greater strategic leadership and stronger governance to help them achieve it.

The 2018 and 2019 AIRs both concluded that there was a need for more visible political and strategic leadership from the Eminent Person, the Facilitation Group, Sherpas and at co-convenor level, and called on signatories to delegate the necessary authority and resources to these roles: ‘the governance arrangements of the Grand Bargain should reflect the fact that the signatories are voluntarily committing themselves to a set of actions, but should also be robust enough to hold them to account for these commitments and to take the decisions necessary to resolve differences and clarify what should be achieved and by when’ (Metcalf-Hough et al., 2018: 3). In 2019 and 2020, these roles were further empowered, with greater authority afforded the Facilitation Group to evolve the accountability process, namely reformulating the annual reporting process, and to lead the group of signatories in determining cross-workstream strategies, such as on risk management and, in 2020 and into 2021, on the future of the Grand Bargain.

The current Eminent Person, with support from her team, has continued her predecessor’s political engagement with signatories and stakeholders on key priorities. She has engaged in high-level discussions with Sherpas and Principals bilaterally and more formally, including formal communications in 2020 to all Sherpas and to the IASC Principals to highlight the need for continued focus on key priorities agreed under the Grand Bargain in relation to the Covid-19 pandemic response; her team have engaged with specific workstreams (such as workstream 4 – reducing management costs) to provide political support to overcome particular obstacles; her team have also reached out to local actors, through a meeting in late 2020, to solicit their views on how to augment the impact of the Grand Bargain; and the Eminent Person has used her personal leverage to forge links with other forums on risk management, notably the World Economic Forum Global Future Council on the New Agenda for Fragility and Resilience.

The annual meeting is a key event and tool for further progress among signatories. The Eminent Person and Facilitation Group worked together to develop a more strategic format for the annual meetings from 2019 onwards, seeking to use the meetings to hold signatories to greater account and to garner their political commitment to take action on agreed priorities, including committing in public to institutional action. This has involved preparatory meetings with Sherpas of the Facilitation Group and co-convening institutions to seek pre-agreement on key focus and outcomes, as well as reformatting to enable a more action-oriented, free-flow discussion among signatories.

Both the Eminent Person and the Facilitation Group have focused particular attention and effort in late 2020 and early 2021 on steering the signatories towards an agreement on the future of the Grand Bargain. In addition to a broader set of informal consultations, this has involved a survey to solicit signatories' views (September–October 2020), as well as a Sherpa meeting in December 2020 and a meeting of Principals in February 2021, where the signatories agreed to continue their commitment to the Grand Bargain. To assist in this discussion the Eminent Person also commissioned research on the extent to which progress has been made on the other two pillars of the report of the UN SG's High Level Panel on Humanitarian Financing – in an effort to understand where the Grand Bargain sits in relation to the broader humanitarian financing gap (Willitts-King and Spencer, 2021). Related to this, the Facilitation Group commissioned the present AIR to include analysis of progress made in 2020 but also, as a light touch review, over the full five-year period.

The role of co-conveners has – though to a lesser extent – also evolved over the five years. From convenors of discussions among signatories, many quickly adopted more of a coordination function, helping the collective of signatories to identify priorities, developing and leading implementation of concrete action plans to address them, expending substantial financial and human resources from their own institutions in doing so. This role has also expanded in terms of identifying strategic links with external forums and processes, particularly the IASC and its respective Results Groups, and working with these other forums to avoid duplication and exploit synergies. The leadership provided by co-conveners has been very consistent: with the exception of workstream 10, which was closed in March 2018, none of the original co-convening institutions has stepped down from their roles, and OCHA and NRC have become additional co-conveners for workstream 7+8. This consistency has, in the majority of cases, been critical to supporting the ongoing push for progress.

The gradual expansion of the role of the Secretariat has also been key to maintaining momentum and effective communication across the Grand Bargain membership. This two-person team, supported by NRC/NORCAP, the US, Sweden, the World Bank and DG ECHO over the last few years, has focused on increased communication between signatories, between workstreams, the Eminent Person and the Facilitation Group, as well as with external stakeholders; developed a website and regular newsletter and other communication tools; and has provided policy support and advice. There is universal appreciation from signatories for the role this team has played and its evolution from a purely administrative function in 2016–2017 to a capacity that provides substantive support to all levels of the Grand Bargain framework.

The two Eminent Persons, the individuals and institutions on the Facilitation Group, and the individuals and institutions that took on co-convenor roles have, with support from the Secretariat, provided the strategic leadership necessary to gather this broad group of signatories around key priorities, to sustain pressure for change and to generally help signatories stay the course towards overarching goals. While there is still work to be done in terms of facilitating this kind of leadership role – including dedicating necessary staff resources to these functions – the progress that has been achieved to date can be attributed in large part to the investments made by these individuals and institutions.

### **2.1.3 Workstreams: high and low performers**

Over the years, there has been some progress in all thematic areas and workstreams of the Grand Bargain, but the level and scope of that progress has varied significantly from one theme to another and from one commitment to another. However, over the five years there have been a number of consistent stand-out performers, workstreams where progress has been particularly significant and where the Grand Bargain can be seen to have driven, or at least significantly contributed to, a system-wide shift in policy and – to a lesser though still important extent – in practice. These are cash assistance, localisation, harmonised reporting and joint needs assessment/analysis.

Success achieved in these four areas can be attributed to a combination of common factors including strong and consistent leadership from co-conveners, a critical mass of signatories who converged around a shared interest for change, clear articulation of the benefits that different constituent groups would gain from such change, technical support from independent experts, support from the Eminent Person when required and a collaborative spirit among constituent groups committed to exploring the main obstacles to further progress in a frank and constructive way. But these are also all areas that have reached a critical juncture – a further injection of political investment, of institutional and collective risk-taking, is required to sustain and build on the success to date, and to institute the kind of shift in operational practice that could transform the humanitarian aid system in the way the creators of the Grand Bargain envisaged.

### **Cash assistance**

The huge expansion in the monetary volume, the number of beneficiaries, the breadth of objectives and the geographic coverage of cash assistance has been extraordinary. Working together, donors, UN entities, INGOs, NNGOs and the RCRCM have made significant investments at institutional and inter-agency level to enable this rapid scale-up in a safe and effective way, identifying and managing risks at all points from donors to beneficiaries. The Grand Bargain may not be considered the principal driver – momentum for expanding use of cash assistance predates this mechanism – but increasingly signatories have articulated that the opportunities for multilateral cooperation on cash assistance that the Grand Bargain created, and the high-level visibility it afforded this modality, have been catalytic. The numbers are impressive, but behind them is something more important, namely that, when unrestricted, cash assistance can provide greater dignity and autonomy to people affected by conflict and crisis, enabling them to meet the priorities they decide, in the way they see fit.

### Localisation

Signatories assert that the Grand Bargain has been the principal driver of change on localisation, forging the collaboration between all constituent groups needed to clarify and embed the concept as a norm of humanitarian action. Though slower to achieve, there has also been important progress on translating this norm into practice. Collaboration between all constituent groups has been essential in further defining the concept, identifying the main obstacles and finding ways to navigate or overcome them. As a result, there have been increases in access to international funding for local and national responders bilaterally and through pooled funds, and increased long-term investments in quality partnerships that support their institutional growth and development. There is a long way to go to scale up and roll out good practice and to further define the complementary roles of international and local responders in different contexts. But the concept of a response that is as international as necessary and as local as possible is now fully accepted, with significant resources directed towards achieving this in practice.

### Harmonised narrative reporting

The creation, pilot testing, finalisation and subsequent partial roll-out of the so-called ‘8+3’ harmonised template for narrative reporting is a major technical achievement. It provided proof of a concept that many did not consider possible in 2016. That the target for rolling this tool out has not yet been reached is disappointing, but is a signal of how hard change is within complex institutions, and how gaining and sustaining momentum for that change is critical but challenging. That said, momentum is gathering pace and the number of signatories adopting the template continues to increase year on year.

### Joint needs assessment/analysis

The development and preliminary inter-agency endorsement of the first iteration of the JIAF is a breakthrough – one that was hard won and not necessarily guaranteed despite the commitment to such a joint approach agreed in 2016. The challenge has been both *technical* – finding ways to consolidate analysis of needs that are measured and presented in very different ways – and *political* – challenging long-standing cultures, ways of working and agency agendas. The impact of this framework and related tools is evidenced in the quantitative improvements in inter-agency needs analysis reported through the quality scoring of HNOs for 2020 and 2021. There is recognition that this is an ongoing process: continuous investments are required to improve and evolve the JIAF as a technical product, and political pressure must be sustained to ensure all relevant aid organisations remain engaged in efforts to improve this tool and elaborate the concept and practice of joint intersectoral analysis, including leading to more joint programming. Crucial in this respect will be seeing the impact of these efforts in terms of donors aligning their funding allocations with the priorities outlined in improved inter-agency response plans.

While these four workstreams have achieved substantial success, even if they have not in some cases reached their specific targets, other workstreams have struggled to move as far forward. The reasons for this vary but it is evident, reflecting back, that the logic underpinning some workstreams was not

clear or in fact faulty; that the added value of the Grand Bargain was not well-articulated; and that political commitment was not sufficiently strong to overcome these issues. For example, workstream 1 on greater transparency focused on a narrow technical solution to a much wider issue of how to ensure more transparency in how money is spent and with what impact. The technical solution proposed in the commitments, the IATI standard, was not well-understood by many signatories at the time and, as has become clear, requires technical capacities or investments that are simply beyond some signatories. Workstream 10 on increased collaboration between humanitarian and development actors struggled to get traction in large part because it was not clarified what added value the Grand Bargain offered on this complex agenda versus multiple other policy fora and processes (e.g. the UN SG's reform of the development system and the OECD-DAC INCAF). Workstream 4 on reduced management costs was disadvantaged from the outset by the inclusion of a shopping list of commitments, each of which required major political and technical investments, and was further hampered by a lack of clarity on what kind of cost efficiencies were expected versus what were actually possible. Workstream 6 on the participation revolution has suffered from the huge gap between expectations and what was likely to be possible from a political perspective given the lack of incentives for real change. To varying degrees, these workstreams in particular were set up to achieve something that was technically difficult, but even more challenging politically. In the absence of the political engagement necessary to clarify difficult concepts, adjust priorities and correct course where it became necessary, they have generally failed to meet the expectations set in 2016.

Workstream 7+8 presents a slightly different picture. The workstream has struggled at times to garner momentum, and it is certainly true that there has been no substantive system-wide shift in terms of increased provision and/or distribution of better-quality funding. It has however made good progress in areas that could be considered building-blocks for the transformation originally envisaged: the workstream has collated a strong body of evidence on the impact more predictable and flexible funding can have on operations and programming outcomes, identified key principles underpinning quality funding and gathered good practice examples. There is a growing body of donors providing more flexible and/or predictable funding – it is no longer just the usual 'good performers'. But there has been little progress on other enabling factors, such as clarity on what donors expect in terms of visibility. The objectives and ambitions on quality funding set in 2016 were high, and a five-year timeline to address such fundamental elements of the humanitarian system was unrealistic. There has also been a misunderstanding among many aid organisations that the 'Bargain' agreed in 2016 was to increase the volume of funding, to address the financing gap, when in fact it focused – or was intended to focus – more narrowly on increasing efficiencies and effectiveness (Grand Bargain, 2016). But it is important to recognise and build on the progress that has been made – since this is not insignificant given the complexities involved in driving system-wide change on this issue.

The ongoing consultations on the next iteration of the Grand Bargain have provided an opportunity for co-conveners and signatories to reflect on the obstacles to greater progress, to clarify the challenges and to reset the course, particularly on quality funding, which has been identified as one of the two new enabling priorities. As this process unfolds in the coming weeks, the extent to which signatories can or are willing rethink their strategies in these areas will become clearer.



## 2.1.4 Country-level relevance

Since the first AIR, there has been an ongoing debate on the relevance of the Grand Bargain to field-level operations, on whether it was originally intended as a headquarters-focused mechanism that had trickle-down impact at country level, or whether there should be an explicit strategy to ‘bring the Grand Bargain to the field’. At the 2016 Bonn meeting of signatories to formalise arrangements for the Grand Bargain, reference was made only to the possibility of field testing certain of the commitments, and using interested RC/HCs as entry points in this respect (ICVA and Germany, 2016). The first AIR, conducted by GPPi, recommended applying the Grand Bargain ‘in its entirety’ in country-specific situations, calling for signatories to shift their attention to implementing the framework at field level (Derzsi-Horvath et al., 2017). But this issue has remained unresolved – with different understandings among different sets of actors that, in the first few years in particular, caused significant tensions between constituency groups (Metcalf-Hough et al., 2018).

In fact, the relevance and impact of the Grand Bargain at country level have developed organically over the last five years, with ample evidence of how the framework is being used to improve humanitarian responses. In 2018–2019, for example, the NGO network VOICE (whose membership includes 11 Grand Bargain signatories) organised a series of country consultations with support from Belgium. The consultations, which focused on Lebanon and the Democratic Republic of Congo (DRC), aimed to explore whether and how frontline responders were having a say in or benefiting from the Grand Bargain. Workshops in both countries resulted in the development of recommendations from country-based actors on how and in what areas the Grand Bargain commitments could be used to effect change in their respective contexts. In DRC, INGOs and national NGOs agreed to use the Grand Bargain to mobilise more predictable funding to accompany the new three-year HRP, and to advocate for more funding to local and national actors and simplified reporting requirements from donors and upstream partners.

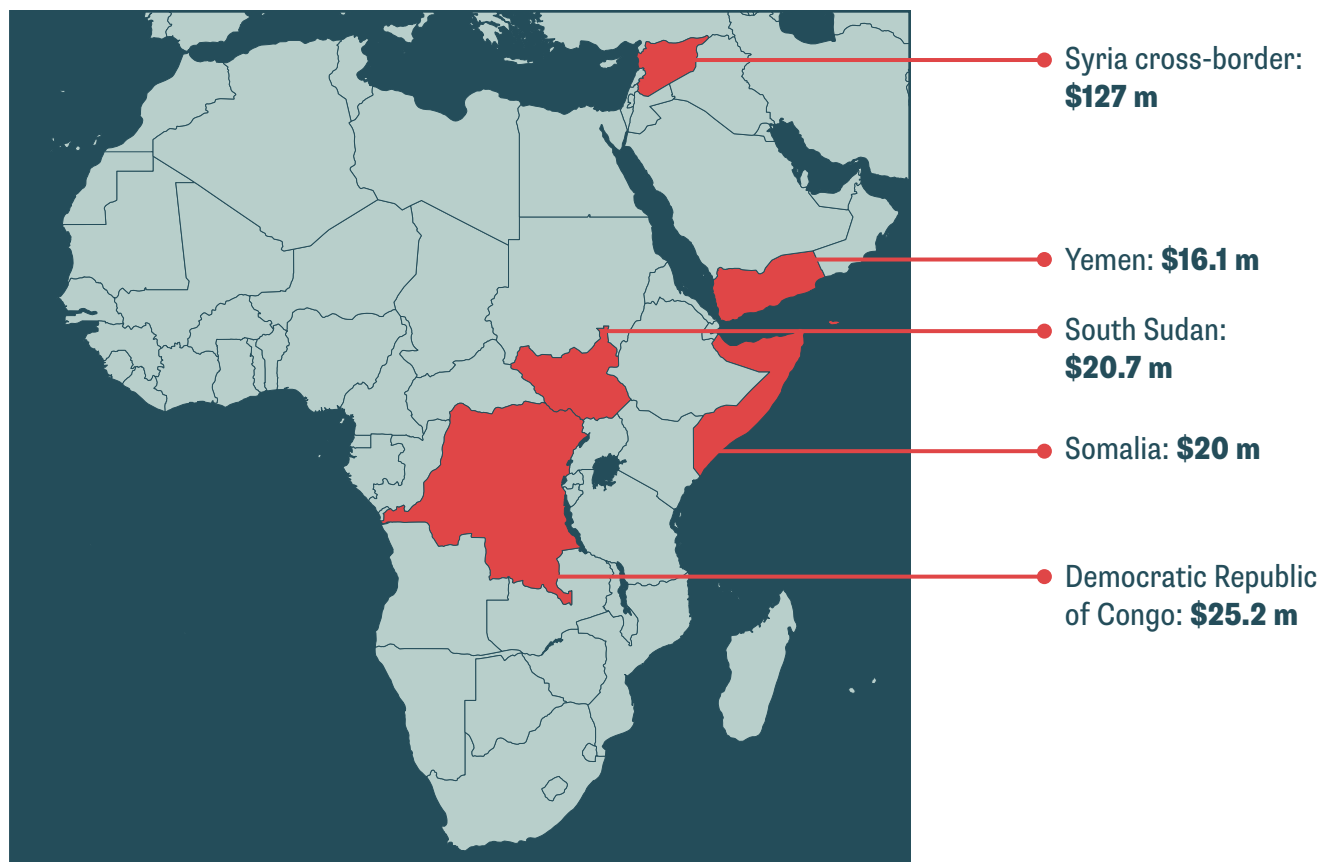
Many of the workstreams have engaged with field colleagues, undertaken field missions and sought to pilot test initiatives and tools at field level. Workstream 2 (localisation) has been particularly active in this respect. Since 2018 it has focused on connecting the policy dialogue at headquarters with operational practice at field level, conducting ‘demonstrator’ missions to Iraq, Bangladesh and Nigeria in 2018 and 2019 and undertaking a series of regional workshops to gather more information and understanding of what localisation means in practice for different stakeholders, to identify good practices and barriers and to develop actionable recommendations on localisation for signatories. In 2018, the workstream invited participation of local actors in the workstream discussions – 18 local organisations are participating regularly in the workstream’s activities. In 2020–2021, the workstream launched a more comprehensive set of country-level dialogues, to be led by signatories and other actors, and aimed at catalysing their collaboration on implementation of the localisation commitments, including through existing humanitarian coordination mechanisms (HCTs, national and international NGO platforms, government-led coordination forums, etc.), and supporting these actors to identify context-specific opportunities and challenges to localisation and develop their own plans and solutions. A resource kit has been developed to support signatories at headquarters and field level to roll out these dialogues (Grand Bargain Localisation Workstream, 2021).

Workstream 5 (joint needs assessments/analysis) has sought to focus efforts on rolling out the concept, guidance and tools for intersectoral assessments and analyses at field level, embedding a suite of new tools and guidance in the enhanced HPC for 2020 and 2021, with a review under way to identify how the first iteration of the JIAF and related tools can be further strengthened for field use. Workstream 9 (harmonised reporting) similarly field-tested its headquarters-developed 8+3 template to ground-truth both the concept of and tool for harmonised narrative reporting. There are also examples of country-based actors, particularly local NGOs, utilising the Grand Bargain framework as an advocacy tool: in Somalia the NGO Forum and other local actor forums have sought to use the framework to hold locally based signatory representatives to account for commitments their institutions have made on localisation, and quality funding in particular.

Additionally, there are clear links between policy-setting by Grand Bargain signatories and actions taken, and even positive impact felt, at field level. The collaboration between workstreams 2 and 7+8 (quality funding) and the IASC Results Group 5 on humanitarian financing resulted in the development of the IASC's proposal of flexibility for the Covid-19 response which has, as noted earlier, had a real impact on INGO and NNGO operations at field level. The push for greater access for local actors to CBPFs has resulted in a substantial increase in the proportion of these funds allocated to local actors at field level (see Figure 9). The JIAF and other tools developed by Workstream 5 (joint needs assessment/analysis) have been utilised by HCTs to help improve the quality of their analysis and response planning.

But the absence of a clear decision or strategy on how to ensure the impact of action under the Grand Bargain reaches field level – where it is most important – has limited progress, caused frustration and damaged the reputation of the Grand Bargain among INGOs and local partners. It is not accurate to say that there is a disconnect between the Grand Bargain and country-level operations (given the wealth of activity and field-level results reporting available), but there has been a general failure to strategise on how to ensure these headquarter-level policy commitments translate into better operations at country level, how to measure or assess this (at least in broad terms) and, crucially, how to engage country-based actors (particularly local actors) in an assessment of whether the concepts conceived, decisions made and tools developed at headquarters were in fact correct, and how greater progress can be achieved.



**Figure 9** Top five Country-based Pooled Funds in terms of allocations to local and national responders in 2020

Source: OCHA Pooled Funds Data Hub

### 2.1.5 The quid pro quo

The quid pro quo was envisaged as a tool to encourage and incentivise action and results – it was intended to illustrate that all the signatories have something to gain from the Grand Bargain. But, as identified in the 2018 and 2019 AIRs, the quid pro quo soon became an unhelpful framing. This relates in part to the rapid expansion of membership: the original idea of a small group of the largest donors and aid organisations coming together to negotiate and trade concessions was logical, but as the signatory group expanded the idea of doing this among so many signatories made less sense. Related to the ever-increasing number of signatories, there were and remain different understandings of what the quid pro quo means, and it has been used as an excuse – legitimate or otherwise – by constituency groups for their own lack of action on key priorities – whether on publication to IATI, instituting more flexible funding arrangements or providing more funding to local actors.

The Grand Bargain is essentially a political mechanism, and as such some trade-offs, some compromises, are necessary to recognise the different challenges facing different constituent groups, and to push forward the collective agenda. It is also true that, given the complex, interconnected nature of the current humanitarian system, there is a need to sequence certain actions by certain actors.

Without being overly simplistic, aid organisations, for example, need to provide greater visibility on the impact of the quality funding they have already received before donor representatives can secure agreement from their domestic decision-makers to provide more of such funding; and funding can only be passed more quickly and efficiently down to local actors by international aid organisations if donors reduce certain compliance requirements. To a degree it is unsurprising that, with such a large body of signatories, many lacked confidence to take significant steps forward, concerned that if they ‘moved first’ there would not be reciprocal or supportive action. That aside, there is something uncomfortable in the ‘you-first’ approach that some signatories adopted in the early years of the Grand Bargain under the quid pro quo framing – such attitudes do not sit well with the principle of humanity, with a desire to help people in need, which is the bedrock of humanitarian action.

The quid pro quo has – unintentionally – enabled further entrenchment of positions adopted by constituent groups (particularly over quality funding and its ‘enablers’) that have been hard to break through. Five years on, signatories still need to understand what the Grand Bargain offers or can bring to them individually, as much as what the Grand Bargain offers in terms of improvements to the whole humanitarian system. Pushing the concept of ‘mutual gains’, rather than the language of ‘quid pro quo’, may be helpful to reset this conversation and ensure a better balance between the political realities of a negotiated bargain and the humanitarian principles that (should) guide all the signatories’ actions.

## 2.2 Gender equality and women's empowerment

### 2.2.1 The Friends of Gender Group

For many signatories, the work on gender equality and women's empowerment has been one of the key achievements of the Grand Bargain over the five-year period. Gender was not integrated in the original discussions on, or in the language of, the Grand Bargain in 2016. A small group of signatories, brought together by UN Women, quickly sought to address this glaring gap by creating the FoGG as a mechanism to try to mainstream gender equality and women's empowerment (GEWE) in individual and collective efforts to implement the commitments. The strategy adopted by the FoGG has essentially been to use the Grand Bargain as a vehicle to drive forward progress on commitments that had been made by signatories via their membership of other/pre-existing forums on gender equality and women's empowerment, including the IASC, the UN system, the OECD-DAC and the GHD. The FoGG membership has continued to grow, from a handful of signatories in September 2016 to 14 by March 2021 – constituting 22% of signatories from all constituency groups. The membership have come together each year in an annual meeting to discuss progress, identify priorities and agree on actions to be taken, including to prepare submissions in advance of the Grand Bargain annual meetings.

Its strategic approach has continued to evolve. Since 2019, the FoGG has prioritised engagement with five workstreams: 2 (localisation), 3 (cash assistance), 5 (joint needs assessment/analysis), 6 (participation revolution) and 7+8 (quality funding), working with the respective co-conveners, providing guidance and advice on how to integrate considerations on gender in workstream activities and outputs. In collaboration with the co-convenors of workstream 2, the FoGG has raised the profile of gender equality as a prerequisite for effective localisation (including highlighting the synergies with development approaches), provided practical guidance on how to integrate gender considerations in localisation efforts and sought to better track practice through development of gender-specific indicators. Collaboration with workstream 3 has similarly been effective: the workstream adopted a strategic approach to integrating gender, including creating a sub-group on the issue, and the results are evident in the increasing use of cash and voucher assistance by aid organisations to support gender-related programmes and integration of gender in standards and guidance packages.

The strategy has not been limited to integrating GEWE in the Grand Bargain framework and related actions. In collaboration with workstream 2, the FoGG has sought engagement with local actors engaged on GEWE, providing them with capacity support and enabling their access to international platforms, including inviting their participation in the workstream 2 regional meetings in 2019 and to the annual meetings of the FoGG. Local organisations interviewed by the research team expressed sincere appreciation for these efforts, articulating how such engagements were helping them push for change locally in terms of more gender-responsive humanitarian action, and enabling them to add their voices to global-level policy dialogues and increase the visibility of their work vis-à-vis donors and other international actors. The FoGG has expanded

from a relatively narrow focus on gender and women's rights to reinforcing the concept of 'intersectionality', recognising overlapping forms of marginalisation and exclusion, related not just to gender but to multiple factors including sexual orientation, age, disability, race and ethnicity.

### **2.2.2 Signatories and gender-responsive humanitarian action**

When the Grand Bargain self-reporting process was adapted in 2018, the FoGG took the opportunity to request inclusion of GEWE, with reporting required on this theme from 2019. This has encouraged signatories to showcase the work they are doing and increased peer-level accountability for the commitments they have made elsewhere. In the self-reports for 2017, only 67% (31 out of 46) signatories provided any information on their work on gender equality. In the 2020 self-reporting process 100% of signatories provided information on their efforts in this regard. This adjustment to the self-reporting process has resulted in a wealth of examples of how different signatories have sought to implement their various commitments on GEWE in their corporate strategies, policies and operations. CRS, for example, issued a 10-year corporate strategy on gender equality in 2020, providing guidance and training to staff, including in relation to integrating gender considerations in the organisation's Covid-19 response. In 2019, the IRC launched an organisation-wide, three-year Gender Action Plan that outlines actions to attract and promote female staff, ensure all staff have consistent attitudes that uphold gender equality and establish an organisational culture where women feel safe and respected, with public reports issued on the organisation's performance. UN agencies, including UNRWA and WFP, have regularly reported on their performance against the UN System-wide Action Plan on Gender Equality and Women's Empowerment (UN SWAP) indicators, outlining action they have taken to improve assessments of their performance under this framework.

There are specific efforts by signatories to integrate GEWE in their thematic areas of operation and programming: ActionAid, Australia and Oxfam, for example, have continued their efforts to strengthen the institutional capacities and development of local women's rights and women-led organisations; WFP, the World Bank, UNFPA and IRC have sought to utilise cash assistance to support gender equality; and ILO and UNDP have continued to focus on addressing inequalities in women's access to decent work and livelihood opportunities.

There are also efforts from some signatories to support a more gender-responsive approach across the humanitarian system. Care International has conducted inter-agency rapid gender analyses (RGAs), with over 40 carried out between March and June 2020 to gather evidence on the gendered impact of the Covid-19 pandemic, and its continued advocacy as part of the Global Protection Cluster's Area of Responsibility on Gender-Based Violence resulted in the ERC instructing HCTs to ensure that GBV was integrated in the 2021 HNOs and HRP. In its global lead role (2019–2020) in the Call to Action on Protection from Gender-based Violence in Emergencies, Canada launched a new Roadmap for 2021–2025 to galvanise collective action, including through increased focus on local organisations, particularly women-led organisations.

Despite these positive examples, there have also been challenges. In recent years the FoGG has focused particular efforts on increasing funds for GEWE-related activity in humanitarian response. This has

proven difficult, not least due to the lack of comprehensive and accurate data on such funding flows. Research on this theme jointly commissioned by UN Women and UNFPA, conducted in Bangladesh, Nigeria and Somalia in 2020, concluded that there has been ‘no attempt to determine the global funding required for GEWE in humanitarian action’ (UNFPA and UN Women, 2020: 6), and that ‘evidence of funding for gender transformative programming ... is lacking’ (ibid.: 11). It also highlighted the gap in funding for local women-led and women’s rights organisations, and that the amount of funding received for the three countries considered in the research was ‘disproportionately lower for programming for women and girls as compared with the overall response’ (ibid.). The FoGG is also concerned at weaknesses in accountability for gender-related action in the Grand Bargain framework, calling for more specific indicators to address this, and has highlighted the gaps between the predominantly global-level Grand Bargain discussions and operational realities at field level.

More detailed analysis is necessary to understand the extent to which the humanitarian system has become more gender-responsive in the five years since the Grand Bargain was created, and to establish what role the Grand Bargain may have played in that respect. However, the evidence available from successive AIRs clearly indicates that the majority of signatories to the Grand Bargain consider it an important vehicle for pushing forward this agenda. This concurs with the results of a 2020 survey on the future of the Grand Bargain, where gender was identified as a priority cross-cutting issue (Grand Bargain Secretariat, 2020). However, available evidence also suggests that the international humanitarian system is still far from being gender-responsive: recent research by ActionAid concluded that ‘humanitarian agencies and donors need to understand the gendered norms and unequal power relations which shape women’s lives prior, during and after a humanitarian crisis’ (ActionAid, 2019: 6). Reports suggest gaps and challenges in relation to adequate funding for gender-related activities and programmes, a lack of support for local organisations engaged in gender-related activities, and a lack of inclusion of women and girls in decision-making fora. These ongoing challenges appear to have been highlighted in the Covid-19 pandemic response. As most signatories recognised early on in the crisis, the pandemic has heightened the risks to and vulnerabilities of women and girls and other marginalised groups. Such concerns were well articulated in the GHRP and global advocacy throughout 2020. But analysis conducted by Care International found that local women’s organisations are still not systematically included in decision-making in humanitarian response, and have not been allocated a fair share of the funding available for the pandemic (Care International, 2020).

### **2.2.3 Ways forward?**

The future iteration of the Grand Bargain is an opportunity to correct the omission made in 2016: to integrate objectives on more gender-responsive humanitarian action in the framework through provision of specific actions and outputs, and ambitious but pragmatic targets and indicators – all drawn from existing policy commitments. Referencing the two new enabling priorities agreed by signatories in February 2021, key actions should include ensuring better tracking of funding that supports GEWE, identifying shortfalls and finding ways to address them through bilateral and pooled funding; and targeting institutional capacity support on gender and intersectionality for local actors, not just those labelled as women-led or women’s rights organisations, empowering them to progress this agenda at country level.

## 2.3 Better management of financial, reputational and operational risks

Humanitarian action is an inherently risky endeavour – providing aid to some of the most vulnerable people in the most dangerous and insecure areas of the world presents huge financial, reputational, operational and security risks to everyone involved, from donors to frontline responders and, crucially, to affected populations themselves. Previous AIRs have highlighted the importance of understanding the financial, reputational and operational risks inherent in humanitarian action and how some may be mitigated by the commitments made under the Grand Bargain, as well as how progress towards the Grand Bargain’s own goals is impacted by differing levels of tolerance of these risks among signatories. For this AIR, the ICRC and Netherlands, as leads of an ongoing dialogue on risk, requested inclusion of two questions on risk in the narrative self-report template, with the responses from signatories expected to be analysed and used by the leadership of the Grand Bargain to inform future work on this topic. In support of this analysis, the below offers some preliminary reflections on how the issue of risk has evolved in debates within the Grand Bargain since 2016.

### 2.3.1 The Grand Bargain as a multi-stakeholder mechanism for identifying and addressing some of the risks inherent in humanitarian action

Although not explicitly referenced in the original language of the Grand Bargain commitments, the framework provides an opportunity to better understand and, potentially, to manage some of the financial, reputational and operational risks inherent in international humanitarian action. Risk is a multi-faceted concept and several past initiatives, including the 2010 conference on risk in humanitarian action convened by Denmark and the OECD with ODI support, have outlined how complex it is to clarify and respond to the myriad risks inherent in humanitarian action (see for example Metcalfe et al., 2011). The establishment of a high-level dialogue by the ICRC and the Netherlands in 2018 was therefore hugely important. This initiative has generated momentum, but there has as yet been no step change in approach from signatories wherein the specific financial, reputational and operational risks to different signatories are clearly identified and prioritised, and concrete actions agreed and taken – with an emphasis on more appropriate and fairer distribution of those risks, understanding that some signatories, by nature of their roles, will bear the greater (though not exclusive) burden of some of them.

Over the last five years, signatories have taken a range of actions to identify risks and how they can be more effectively managed. This has included research and dialogue by InterAction, ICVA and VOICE on the nature of risk and how mitigation measures taken by one set of actors impact others (see for example Stoddard et al., 2019; VOICE and BOND, 2019). The issue of risk management has also featured at the annual meetings in 2019 and 2020. At the 2019 meeting, the incoming Eminent Person called for greater efforts to manage risks relating to localisation in particular, and in follow-up the Facilitation Group initiated a dialogue across the Grand Bargain on risk, tasking the Secretariat to consult co-conveners on the risks prevalent under their respective workstreams, and what actions, if any, had

been taken in response (Grand Bargain Secretariat, 2019). The annual meeting in 2020 had a dedicated session on risk management, informed by a discussion paper prepared by HERE-Geneva (2020), the issues highlighted in previous AIRs and consultations with co-conveners. A series of specific actions was proposed at the meeting, including follow-up dialogue between the ICRC and the Netherlands and the co-conveners of workstream 2 to discuss collaboration on embedding a risk-sharing approach in localisation efforts, including using country-level dialogues to discuss certification and risk management and to better define the role of ‘intermediaries’ (to support better cascading of funds and better support for institutional capacity strengthening of local actors). The two leads also engaged the chairs of the IASC Results Group 5 on humanitarian financing to leverage synergies between the risk-sharing initiative and the group’s workplan, including on simplified due diligence and risk management processes for downstream partners in the Covid-19 response. With support from Clingendael, the two leads undertook a series of country-level conversations in five contexts about risk-sharing, and convened a meeting in February 2021 (delayed from late 2020 due to the Covid-19 pandemic) which brought together key risk management experts and focal points within signatory institutions to focus on practical issues and explore potential ways forward. The country-level conversations and the expert meeting highlighted the lack of an appropriate focus on sharing of risks and the disparities between different humanitarian actors in terms of risk tolerance, including what kinds and levels of residual risk may be acceptable, and to whom.

The questions posed in the 2020 self-reports elicited information that confirms much of the current discourse. Aid organisations emphasised in particular increasing efforts by donors to reduce their exposure to financial and reputational risks, and how that is cascading down through UN agencies and INGOs, with the result that local responders are often facing the greatest burden. Reports also indicate some efforts to address this. UNHCR has refined its risk-based approach to categorise NGO partners into three risk categories. This is intended to help determine the number of financial instalments, the size of these payments and the volume and frequency of reporting. This will come into practice in 2021. CRS has instituted a range of measures to facilitate better risk management, including establishing an Ethics Unit focusing on fraud and PSEA prevention, capacity strengthening and case management; sharing capacity on risk management with local partners through staff secondments, and sharing systems and joint decision-making around who leads on certain programme activities based on the outcomes of capacity assessments; launching a pilot process to support country programmes to carry out regular risk assessments; and developing a ‘live’ risk register that identifies risk, level of likelihood/impact, mitigation measures and focal points. CAFOD has focused on supporting national and local NGOs to engage with discussions on risk in the Grand Bargain process, including supporting research on partnership in security risk management through the Global INGO Forum on Security and policy dialogue on risk sharing in the Charter4Change, and has identified recommendations on a partnership approach to risk management (Charter4Change, 2020).

In their reporting, many donors acknowledged their institutions’ low tolerance of financial and reputational risks, explaining that high levels of compliance and controls relate to rules set out by their governments and the increasing need to defend aid expenditures to domestic audiences. Several articulated that they are trying to maintain a balance between the need to be accountable to



taxpayers and enabling their partners to be as efficient and effective as possible. Some explained how they are trying to navigate this and reduce the risk burden on their partners. DG ECHO, for example, has advocated with member states for humanitarian exceptions to counter-terrorism measures and sanctions, as well as providing support to partners through guidance and information sharing and facilitating dialogue between partners and banking experts. The US explained how (among various activities) it has increased coordination with the Office of the Inspector General to explain risk management practices for cash assistance and requirements and internal control measures to mitigate risks relating to this modality. Several donors, including New Zealand and Canada, are using CBPFs and other pooled funds to channel more quality funding to local and national actors, recognising the capacity of these mechanisms to provide direct funding to frontline responders, while minimising both their and their partners' financial, reputational and (some) operational risks.

### **2.3.2 Obstacles to progress on risk-sharing**

Research through the country consultations, the expert meeting and for this report suggests that there is still some way to go before there is a full understanding among signatories of the most prevalent financial, reputational and operational risks, and of the knock-on impact of measures aimed at mitigating these; that there are differences in terminology/understandings of these risks; that there are limited resources for risk management; and that too often there is a lack of transparency between partners on the financial, reputational and operational risks they face, and how they are seeking to manage them.

To date, risk mitigation efforts have been largely undertaken by individual signatories with a focus on their own risk exposure. This has involved a combination of tactics, including transfer (e.g. pushing frontline responders to absorb the greatest share of these risks), limiting risk exposure (e.g. working with 'preferred' providers who can 'firewall' their upstream partners from most risk), and tighter control of risk (e.g. through heavy compliance requirements passed down the chain from donors onwards). Appetite for a shift in approach, to focus on how to manage and ensure fairer distribution of these risks across the network of actors from donors through to frontline responders, seems relatively low. Interviews with donor signatories suggest that domestic politics and internal processes are not conducive to dialogue on shifting approaches to risk management, and that there is limited political space in some donor countries to discuss the concept of 'residual' risk and what level or type of such risks could be tolerated. Aid organisations are – naturally – heavily influenced by their donors' approach, but they are also not necessarily finding ways to challenge or navigate this. Rather, they are struggling to change their own institutional attitudes on this theme.

As indicated in the expert meeting, some of the financial, reputational and operational risks necessitate a highly technical dialogue, both on unpacking the risk itself, and designing measures to mitigate it. This has likely impacted the ability of higher-level policy-makers to understand and support a more effective approach. There are also not yet sufficient links to, or lesson-learning from, other dialogues on risk management that have been able to make some progress (e.g. bank de-risking/counter-terrorism). Two key lessons that can be drawn from other initiatives are the importance of identifying the specific risks that need to be more effectively managed and/or which are highest on donors' risk registers; and to



engage directly with the policy-makers and legislators that impact a government-wide approach to that particular risk (treasury departments, parliamentary bodies, etc.). Thus far, discussions on risk within the Grand Bargain have been nebulous, and the discourse has been with and among the humanitarian donor representatives of signatory states. The expert meeting in early 2021 was an important first step forward on both these points.

Finally, and perhaps surprisingly, there has been no discussion on the extent to which some of the original Grand Bargain commitments could – if implemented systematically – mitigate some of the reputational, financial and operational risks for donors and aid organisations. For example, a combination of more joint donor assessments or increased sharing of MOPAN assessments, expanded roll-out of the UN partner portal and of the 8+3 narrative reporting template, increased transparency of financial and results data, and strengthened investments in the institutional capacities of local partners could in theory go some way to ameliorate the financial and reputational risks that donors face, while also alleviating the heavy burden of compliance that undermines aid organisations' operational efficiencies/effectiveness. But there is not yet sufficient data to confirm that this is the case, or whether the risk experts in donor governments agree.

### **2.3.3 Ways forward?**

At the 2020 annual meeting and in the recent survey on the future of the Grand Bargain, signatories asserted their opinion that the Grand Bargain is an appropriate forum for dialogue on risk and risk management (Grand Bargain, 2020; Grand Bargain Secretariat, 2020). However, further work is required to identify exactly what the Grand Bargain's added value is in this respect. Certainly, the levels of trust and collaboration developed over the first five years of the Grand Bargain offer an important starting point in tackling this complex and sensitive issue. The framework already includes a number of commitments that could be seen as measures to mitigate certain types of financial, reputational and operational risks inherent in humanitarian action. But in the first instance, signatories should identify the specific areas of risk where this forum may have particular added value compared with others, then focus on collating and synthesising the available evidence on the impact of current measures to manage those specific risks and move towards developing practical proposals for specific concessions and actions by relevant actors that could enable a more effective approach – one that focuses on more appropriate distribution of the risks. To support this, signatories should also consider reviewing the measures already outlined in various commitments, engaging in a frank dialogue with the relevant experts in government treasury departments and aid organisations' compliance units to understand whether these actions do, or can be expected to, mitigate the most prominent risks.

## 2.4 The Grand Bargain and the Covid-19 response

In a think-piece commissioned by the Facilitation Group in June 2020, the lead author of the present report asserted that ‘the Grand Bargain – both the content of its commitments and the multilateral nature of its membership – provides both means and opportunity to help ensure that the global humanitarian response [to this pandemic] meets the demands placed upon it’ (Metcalf-Hough, 2020: 4). This view reflected that of a wide spectrum of signatories in the early months of the pandemic. One year on, how has the Grand Bargain fared in this regard? An in-depth evaluation is required to properly assess any added value that the Grand Bargain may have brought to the pandemic response. But preliminary data collated for this AIR process suggests that there have been positive developments as well as missed opportunities, at strategic level and in relation to four themes most relevant in the pandemic – cash assistance, localisation, quality funding and participation.

### 2.4.1 Strategic-level response

From the early phase of the pandemic, there was a recognition from signatories at working and leadership levels that this emerging crisis would be a test of whether the Grand Bargain has achieved at least some of what it set out to do. Signatories were also quick to try to unblock obstacles to progress in key areas. As a result, the Grand Bargain, in name and/or in substance, was emphasised repeatedly in various IASC and individual aid organisation policy statements, advocacy messaging, operational guidance and, importantly, in the GHRP – the principal global humanitarian appeal for the Covid-19 response, a collaboration between members of the IASC. The Eminent Person sought through high-level advocacy to encourage donor and aid organisation signatories to advance the commitments in their respective Covid-19 responses, highlighting in a formal communication with the ERC in December 2020 the importance of more flexible funding, including cascading of this funding to frontline responders, leveraging better-quality partnerships with local actors and enabling better decision-making at local level through greater participation of affected populations (Eminent Person, 2020b; see also Eminent Person, 2020a). There is certainly evidence of action in key areas, as outlined below. But the Grand Bargain has still struggled to cut through at strategic level, with, for example, no reference to its commitments in the April 2021 background briefing note on the forthcoming Inter-Agency Humanitarian Evaluation of the Covid-19 response.

### 2.4.2 Cash assistance

As outlined in Section 1.3, the provision of cash assistance has been a key element of the pandemic response, with significant increases reported in the use of emergency cash to get assistance to affected populations at speed and scale. The nature of the pandemic and its socio-economic impact has meant a rapid acceleration of the integration of emergency cash assistance into existing social safety nets. More

detailed evaluation is required to make a full assessment, but the available data indicates that the work undertaken by workstream 3 on social protection and cash assistance in recent years has provided an important foundation for the rapid, collaborative scale-up of this approach by signatories.

### **2.4.3 Localisation**

As predicted by many signatories in the first months, the nature of the pandemic and its impact on countries already in crisis has shown more starkly than ever the critical role that local actors – governmental and non-governmental – play in crisis response. The key principles of and commitments on localisation were integrated in the GHRP, for example, including a restatement of the commitment to allocate 25% of international funding to local and national responders as directly as possible, and global and national clusters integrated localisation as a strategic objective, with reporting on localisation indicators in cluster coordination performance monitoring (see Barbelet et al., forthcoming). The IASC’s ‘Interim guidance on localisation and the Covid-19 response’, issued in May 2020, expressly built on the work of the Grand Bargain, setting out in detail guidance for instituting responsible partnership practices, including supporting the safety and well-being of staff of local partners, two-way sharing of capacities and information, respect for humanitarian principles, supporting local leadership and enabling local partners’ meaningful participation in coordination mechanisms, flexible and simplified funding for local partners, increasing the visibility of the work of local actors and implementing the humanitarian–development–peace nexus through meaningful partnerships (IASC, 2020).

These intentions were admirable, but actual implementation remains in question, with much criticism from local partners, external observers and signatories themselves, including in the final progress report on the GHRP (OCHA, 2021). The NEAR Network stated that new funding for the crisis had been received by their members in only two of 28 countries where members operate. All other members of this network had to repurpose existing funds, negatively impacting their ability to respond to the evolving crisis and existing humanitarian needs (Konyndyk et al., 2020). Research led by a group of five INGO signatories and their local partners in nine countries indicated similar findings in relation to local women’s rights and women-led organisations (ActionAid et al., 2020). Analysis presented in July 2020 indicated that, by that time, only 0.1% of GHRP funds were going to national and local actors (Street Child and Child Protection AOR, 2020). There were some exceptions: IFRC, for example, reported that 60% of the funds it received at global level through the common RCRCM appeal were transferred directly to 160 National Societies. Greater budgetary and administrative flexibility was afforded by some UN agencies to local partners in line with the IASC proposal for a harmonised approach to funding flexibility in the context of Covid-19, including through the UN PP. This seems to have been well-received. But data suggests that, in the early days of the crisis, international actors tended to default to their UN and preferred INGO partners (Poole and Gressman, 2020; see also Barbelet et al., forthcoming).

### **2.4.4 Quality funding**

There were hopes that the pandemic would accelerate progress on both availability and cascading of quality funding down the transaction chain from donors to frontline responders. If Covid-19 was a test

in this regard, then some aid organisations feel the Grand Bargain has failed. More funding was made available by institutional donors in 2020 to support the response to increased humanitarian needs – humanitarian funding from OECD-DAC countries rose by 6%, with all ODA rising by 4.4% in real terms in 2020 (OECD, 2021). But recent analysis by the IRC and DI suggests that, by end-2020, just 39% of GHRP funding requirements had been met, a lower proportion than other global humanitarian appeals for the year (IRC and DI, 2021: 3). The distribution of funding – both in relation to geographic coverage and different aid actors – has also raised some concerns. Funding was not equitably distributed across contexts: five of the 52 countries included in the GHRP received more than 75% of the funding requested, with 12 of the 52 receiving less than 25% of the funding they requested (ibid.). NGOs concerned that the bulk of the funding was being allocated to multilateral organisations were correct: IRC and DI concluded that 25% of GHRP funding was allocated to WHO and 42% to other UN agencies, with NGOs receiving only 16.5% directly. IRC and DI’s analysis suggests (with caveats due to probable inaccuracies in available data) that disbursements to first-level recipients were slow: data extracted from FTS showed that 40% of funds reported committed had not been disbursed by the time IRC and DI conducted their analysis in 2021.

The picture may not be quite as bleak as it seems, however. The earliest responses appear to have been funded using flexible funds that were already committed and reprogramming of existing earmarked funds. Established funding mechanisms were effective and responsive, including the CERF and CBPFs. The latter was used as an important complement to the large-scale funding provided bilaterally and through the CERF to UN agencies by providing funds to international and national NGOs, and some donors made particular efforts to provide funds to NGO partners bilaterally – 29% of Covid-related funds from DG ECHO were allocated directly to their NGO partners. There were also, as outlined in Section 1.7, significant efforts to build much greater flexibility in existing earmarked funding, including allowing higher levels of budgetary adjustments, harmonisation and simplification of reporting – measures taken by both donors and UN agencies to support their downstream partners. Delays to the disbursement of funds were not universal – the US took on average nine days to disburse payments of Covid-19-dedicated funding it reported to FTS (ibid.). Although there was disappointment among some NGOs that the bulk of funds were allocated to UN agencies in the first phase of the crisis, this may in large part relate to the mandated role and global reach of certain specialised UN agencies, which meant that they had a particular comparative advantage in a global public health crisis that necessitated immediate large-scale procurements, logistics and support to national and local healthcare systems.

Clearly, more in-depth analysis of Covid-19 funding flows is required to reach more informed conclusions on these issues. But it does seem that there was a gap in communication between institutional donors, UN agencies and NGO partners (international and local) on the type of funding that could be expected in a crisis of this nature.

### **2.4.5 Participation revolution**

As indicated earlier in this report, progress on instituting a participation revolution has been slow over the five-year period. As the impact of the pandemic on the movement of aid workers became

clear individual and groups of signatories made important investments in finding ways to better reach affected populations with accurate, timely and reliable information on the pandemic, and to communicate what help was available. There are some examples of aid organisations integrating learning from the Ebola and other disease outbreaks to more effectively engage affected communities, as outlined in Section 1.6.

Information reported by signatories suggests that there has not been a parallel focus on giving affected populations greater power to identify and address their priority needs, determining for themselves how international humanitarian action can best help. The large-scale provision of emergency cash, including through existing social protection programmes, will likely have given some affected populations increased control, particularly where this cash was unrestricted. More generally, however, there does not appear to have been an increase in the availability of funds for targeted programmes, such as the sclr approach highlighted in past AIRs, that hand control to affected communities to identify and respond to their own needs. Moreover, signatories do not appear to have refocused the discourse on participation to something more akin to the original ambition of a ‘revolution’.

In May 2020, the Facilitation Group and co-conveners agreed on the need to ‘consolidate[e] the gains made in the Covid-19 response, which are accelerating the Grand Bargain commitments’ (Grand Bargain Facilitation Group, 2020b: 1). In this they appear to have been partly successful. The policy and operational discourse on the Covid-19 response has echoed many of the substantive areas of the Grand Bargain, with emphasis placed in multiple policies and guidance on strategic partnerships with and greater funding for local partners, more flexibility in funding and administrative arrangements, and stepping up mechanisms and tools to engage with affected communities. There are certainly positive examples of how these policies have been implemented in the Covid-19 response, with incremental advances in these areas. But available information at this point in the pandemic suggests that these have been too few and too fragmented, and that the initial political momentum to roll these out at scale across the pandemic response has not delivered.

## Section 3 Conclusions and recommendations

As the Grand Bargain reaches its five-year mark, the key question from many signatories and external stakeholders is whether it has been worth it: have the significant political, financial and human resource investments brought sufficient returns? The answer from the majority of those consulted in this process is yes – but with caveats. Key among these are that it has not yet achieved the goals it set out, that expectations that it would transform policy and practice in quality funding, in localisation, in reducing the reporting burden and in other areas have not been met, and that the level of resources necessary to engage across the breadth of its framework have been far greater than anticipated.

As outlined in this report, signatories have achieved a lot together, and despite a significant degree of scepticism among many stakeholders in the early years, the Grand Bargain has evolved into a key multilateral policy forum with demonstrable results. But signatories should not shy away from the assessment presented in this report that, alongside its successes, the Grand Bargain has also failed to meet some of its self-set targets, that opportunities have been missed and mistakes made and that its goals still seem far away. Rather, signatories should acknowledge these failings and integrate learning from them into the next iteration of the Grand Bargain and other future reform processes. The authors present below a summary of some of the key lessons identified from the first five years of the Grand Bargain – drawn from both its achievements and its failings.

## 3.1 Lessons from the last five years

### 3.1.1 Maximising the positives

#### Multilateral format

Often said but still worth repeating: the Grand Bargain is a *unique* forum for collaboration and problem-solving among the main international humanitarian aid actors, namely institutional donors, UN agencies, NGOs and the RCRCM. There is no comparable place where these constituent groups come together, in relative equality despite their different sizes, budgets and levels of power, to identify and resolve tensions and challenges in the humanitarian aid system. That there remain a number of outstanding issues to be resolved is more reflective of the complexity of these issues than any lack of resolution on the part of the majority of signatories to find solutions and improve institutional and system-wide policy and practice.

#### Informality of the structure

One of the seeming contradictions of the Grand Bargain is that, although it is over-structured, it has also been quite organic. The fact that this is not a formal body, that it is a voluntary process, has enabled signatories to adapt the framework to the evolving geopolitical context, to grow the membership and to expand into thematic areas beyond the original remit. This ability to adapt, to be (relatively) nimble, has been critical in enabling signatories to overcome or work around long-term obstacles to change, and to exploit the mechanism's added value in relation to emerging challenges and work to address them.

#### In-built mechanism for accountability

The value of any multilateral mechanism lies in its ability to demonstrate and communicate results to its members and stakeholders. The self-reporting process and the AIR approach adopted at the outset are by no means perfect – though they have undergone various iterations and adaptations over time. But the combination of a self-assessment and an external public review of that self-assessment has proven effective in holding signatories to account for their commitments, requiring them to demonstrate the results they are achieving individually and assessing, to the degree feasible, what this all amounts to in terms of system-wide progress.

### 3.1.2 Learning from weakness and failures

#### Structure and governance

The point made in the 2018 AIR remains valid: despite various efforts to adapt and streamline its structures, the Grand Bargain is still unwieldy and exhausting to navigate for even the largest

signatories. To a degree this is inherent in the breadth of thematic areas that signatories agreed to work on through the original framework. But, even despite the identification of core commitments in 2018 in an effort to narrow the collective focus, the multitude of workstreams, sub-groups, pilots and initiatives has presented a real practical challenge to greater progress, making it hard for signatories to identify where best to place their energies and resources to achieve collective results.

The governance framework has improved substantially over the five years, responding to the realisation that steering the ever-growing membership (now 63, including most of the world's largest aid actors) required a more hands-on leadership style than had been envisaged in the original agreement in September 2016. Successive Eminent Persons, and the individuals and institutions serving on the Facilitation Group and as co-conveners of workstreams, have voluntarily stepped up to these leadership roles, in many cases for the entire duration of the five-year period, despite knowing the weight of work and responsibility involved. That they have, for the large part, set aside their own institutional agendas and priorities to provide this leadership is particularly impressive. However, the complexity of issues and agendas and the technical and political blockages that are the reality of the Grand Bargain require *dedicated* resources for each of these levels of leadership. This has not been the case thus far: from the Eminent Person to co-conveners, these individuals have had to serve the Grand Bargain on top of their existing work – a balance of effort that stretches even the most dedicated.

## **Leadership and inclusivity**

There has been a tendency, discussed back in the 2018 AIR, for signatories to wait to be 'led' into action: an expectation that the Eminent Person or Facilitation Group would determine what actions needed to be taken, and by whom. This is particularly the case in relation to constituency groups, where sometimes entrenched policy positions have been hard to overcome. But there are examples where individual signatories have taken risks, and designed and rolled out major policy changes under the auspices of the framework in order to move their own institution forward on specific commitments. These examples demonstrate that each and every signatory can and should show leadership – they should not wait for their peers or other signatory groups to take action.

Furthermore, working in an inclusive and consultative process and soliciting the views of the wider signatory group is important. But the complex and political nature of some of the commitments is such that someone has to take the first step, and that sometimes a more private bilateral or small group negotiation is required to unblock political obstacles. These two approaches – inclusivity and bilateral decision-making – are not incompatible; indeed, in a large multi-stakeholder forum of this kind they should be seen as entirely complementary tactics to enable strategic-level progress on challenging issues.

Key in terms of more strategic leadership is the need to enable adaptation, to identify when a strategy needs to change in response to shifts in the global environment, or because it simply is not working. In this respect it is important for the leadership to identify the incentives for change, devise strategies to influence these or find ways of making progress within constraints that signatories – or at least



the representatives of signatory institutions – cannot influence. In essence, the voluntary and organic nature of this mechanism offers a freedom for risk-taking, for bilateral action, and for an iterative approach that should be far more frequently exploited in order to achieve agreed goals.

### Siloed rather than strategic

Successive AIRs have highlighted the unintended consequence of creating the 10 workstreams. The idea had logic, but implementation has resulted in siloed conversations, with a failure to connect and sequence actions, resulting in missed opportunities and stifled progress. Particularly notable among these has been the failure to substantively connect actions relating to greater transparency, reduced management costs, harmonised reporting and quality funding. The evolving dialogue on the new iteration of the Grand Bargain already seeks to address this, but it will be critical over the next few weeks and months that signatories retain their focus on the strategic objectives that they have agreed, namely the two new ‘enabling priorities’, and formulating an integrated approach to addressing them. Following the adage ‘form should follow function’, the signatories should focus on creating appropriate structures that enable an integrated approach to these new integrated priorities, and adapting these to new understandings and evidence of what works.

### Technical rather than political

Signatories themselves recognise that much of the work done in last five years has been at a technical level. In all workstreams this technical focus has been important, with some major breakthroughs achieved, such as the development of definitions for localisation and quality funding, and the creation of the 8+3 template and the JIAF. But this primary focus on technical issues has diverted attention from the fact that many of the long-standing obstacles that the Grand Bargain was created to address were political in nature. With the negative trends in domestic and geopolitics over the last five years, garnering political attention and taking political action is more important than ever – to negotiate appropriate compromises, navigate challenges that cannot be removed, minimise risks, better share residual risks and move closer to the desired transformation of the humanitarian system.

Looking ahead, a reset is required of the ‘bargain’ that signatories committed to back in 2016. It is a ‘bargain’ between aid actors wherein different constituent groups recognise they each are accountable for making a contribution to collective goals. But it should also be seen as a ‘bargain’ with affected populations and with global taxpayers, wherein signatories commit to improving the way they engage and serve the former, and how they spend the latter’s money.

It would be naïve to believe that the kind of transformational change envisaged by the Grand Bargain can be motivated by a sense of shared humanity alone – these are political actors, making political decisions. Political tactics are thus required to unblock the remaining challenges to progress and forge appropriate compromises. But at the same time, it is important to re-emphasise that, at the heart of these efforts, lie affected populations – and the legal and moral obligation international humanitarian actors have to continually improve and strengthen support for their needs.

## 3.2 Recommendations for the future iteration of the Grand Bargain

On 1 February 2021, the Principals and Ministers of the Facilitation Group met with the Eminent Person to discuss the status of the Grand Bargain at the five-year mark, agree on what remains to be achieved and propose how the collective of signatories could move forward to greater success. Building on a series of consultations among the wider group of signatories and external stakeholders, discussions at the 2020 annual meeting and the conclusions of previous AIRs, the Eminent Person and the Facilitation Group of Ministers and Principals agreed on a revised and refined ‘Grand Bargain 2.0’ for a period of two years to mid-2023. In order to elaborate on this agreement, consultations among signatories continued in March–May 2021, in parallel with the present annual review process. A draft package of proposals was developed by the Facilitation Group and shared with the collective of signatories in May 2021 to inform more detailed discussion and planning at the annual meeting in 2021.

The following recommendations are based on preliminary suggestions made to the Facilitation Group by the research team in late March 2021, and are informed by the extensive body of research and knowledge the team has collated through four successive AIRs, by additional policy and research support the team has provided to the signatories during the period 2017–2021 and wider research by HPG/ODI on key themes related to the Grand Bargain. Some elements of these recommendations have already been integrated by the Facilitation Group in their package of proposals to signatories, but are elaborated in fuller detail here to support ongoing dialogue on the exact focus, function and format of the Grand Bargain 2.0 for the next two years.<sup>22</sup>

### Box 6 Grand Bargain 2.0

#### Overall objective

- ‘Better humanitarian outcomes for affected populations through enhanced efficiency, effectiveness and greater accountability, in the spirit of Quid Pro Quo as relevant to all’.

#### Two enabling priorities

- ‘A critical mass of quality funding is reached that allows an effective and efficient response, ensuring visibility and accountability’.
- ‘Greater support is provided for the leadership, delivery and capacity of local responders and the participation of affected communities in addressing humanitarian needs’.

Source: Grand Bargain Secretariat, 2021

<sup>22</sup> These recommendations should be read in conjunction with those provided in a related analysis of the other two pillars of the HLP report produced by HPG/ODI as a commission from the Netherlands (Willitts-King and Spencer, 2021).

### 3.2.1 Focus

There is already a recommitment from signatories to the overarching objective of the Grand Bargain 2.0, with greater emphasis on the purpose of this forum as being to enable the humanitarian system to achieve better outcomes for people affected by conflict and crisis through increased efficiency and effectiveness. The two enabling priorities identified in February 2021 – better-quality funding and improved support to local responders, with increased engagement of affected populations – are at the core of this objective (see Box 6). But the two priorities are complex and need to be further unpacked to clarify the logic by which they will achieve the overarching goals of the Grand Bargain, how they link to the 11 core commitments and to each other, and the actions necessary to achieve them.

#### Recommendation 1: Clarify the theory of change and plan of action

The proposed Grand Bargain 2.0 Framework prepared by the Facilitation Group in May 2021 offers an important starting point in setting out some of the outcomes for this new two-year phase. Building on that, and based on preliminary feedback from signatories, the Facilitation Group should now elaborate a brief but clear theory of change, setting out the logic by which these two enabling priorities will support achievement of the overarching objectives of the Grand Bargain. This should then support development of an action plan that explains how the two enabling priorities link to or are derived from the core commitments, and sets out the outputs and activities required to achieve them. Once these are agreed, the action plan should be elaborated to include targets that are ambitious but achievable within the two-year timeframe (i.e. by mid-2023) and measurable (i.e. data exists or can be easily accessed in order to measure progress against the targets), as well as clear roles and responsibilities for agreed actions.

To further inform finalisation of this action plan, the research team also proposes the following actions.

#### Recommendation 2: Enable better quality funding

One of the key aims of the Grand Bargain was to secure better-quality funding to support more efficient and effective operations. What stands out in terms of the research for the last five years is that there are substantial political challenges to increasing, in a major way, the volume or proportion of international funding that is flexible and predictable. Adopting a pragmatic approach, the proposals below are aimed at helping signatories reduce or better navigate some of the remaining obstacles, providing options that enable varying degrees of control by donors and grant-giving aid organisations over how funds are spent, while also enhancing, as far as possible, the flexibility and predictability necessary to ensure more effective and efficient humanitarian responses.

1. **Defining ‘critical mass’.** The signatories, with support from relevant independent experts, should clarify what ‘critical mass’ of quality funding means, how to quantify it as a target that (as a minimum) enables greater operational efficiency and effectiveness, and clarifying by when it should be reached. Reflections on the original 30% target for flexible funding may be a useful starting point for these discussions.

2. **Promoting a suite of models for increasing the volume of and access to quality funding.** The workstream has defined what predictable and flexible funding means in practice, set out key principles and offered specific examples. But greater recognition is required of the fact that different donors face different restrictions on how much more predictable and flexible their funding can be, and how this can be better channelled to and distributed among aid organisations from the UN system, the RCRCM and international and national NGOs. Based on this, signatories should focus on promoting a suite of different financing models that – used in combination – can increase the volume of and access to more predictable and more flexible funds for all aid organisations, thereby ensuring a fairer distribution across the humanitarian system. Reflecting on past research (e.g. FAO, DI and NRC, 2020) and research for this review, particular emphasis should be placed over the next two years on expanding use of the following models:

- a. **Core funds and overhead costs:** Covid-19 has evidenced the value of long-term, unearmarked core funds to aid organisations. Building on the approach donors have traditionally taken to UN agencies, core funds – funds that are multi-year and allocated at headquarters level without earmarking – should be extended to all categories of aid organisations wherever possible, enabling them to build necessary institutional emergency response capacities, including contingent and thematic funding capabilities, and risk management systems. Building on the work already done by UNHCR, CRS and others, standardising inclusion of overhead costs in agreements with *local* civil society partners should be a collective priority – to enable the institutional growth, strengthened risk management and enhanced policy and coordination capacities necessary to empower local leadership.
- b. **Pooled funds:** Reflecting on the many different models of pooled funds and key gaps and challenges identified in research for this review and other studies, signatories should:
  - Enable greater flexibility in OCHA-managed CBPFs to make multi-year allocations and to expand objectives to include capacity strengthening for local actors.
  - Consider greater use of in-house global-level pooled funds (examples include the UNFPA Humanitarian Thematic Fund and Save the Children’s internal pooled fund) enabling aid organisations to receive more flexible funds for thematic areas of programming.
  - Consider creation of dedicated pooled funds at regional or country level managed by and for local responders, including for institutional capacity-strengthening activities (including risk management), for pre-financing of emergency responses and to facilitate local actors’ engagement in leadership and policy-making at country, regional and global levels.
  - Notwithstanding the outcomes of the current review of the \$25 million Covid-19 grant allocated via IOM in 2020, consideration should be given to scaling up use of CERF grants with a limited intermediary role for UN entities as a means to channel more funds more quickly to frontline NGO responders.

- c. **PBAs:** Similar in some respects to the model of core funding for UN agencies, recent research indicates that PBAs offer a valuable model for provision of predictable and flexible funding for civil society partners, including to enable rapid reprogramming of funds to respond to new dynamics on the ground, as evidenced in the Covid-19 response (Poole, 2020b). This form of funding relies on a high degree of trust between donor and partner, and thus there are limits to the scale of expansion that is possible. This notwithstanding, donor signatories that have not thus far adopted PBAs should reflect on the learning and good practice identified and consider adopting this for trusted civil society partners. For those donors that already use PBAs, consideration should be given to the value of scaling up PBAs to regional level in select cases – to support and encourage responses, for example in Syria and the Lake Chad Basin, that require a more regional-level, intersectoral response.
- d. **Flexibility:** The Covid-19 response has shown that a higher degree of flexibility within existing or more traditional budget and administrative arrangements is entirely possible *without* compromising financial, administrative or legal rules and standards. Grant-giving signatories should embed this increased level of flexibility as a new standard, specifically by instituting the following measures in existing and future agreements with downstream partners:
- A minimum level of flexibility (i.e. 30%) across budget categories without prior permission.
  - Electronic approvals and signatures on contracts.
  - Simplified narrative reporting – i.e. using the 8+3 narrative template as the default template for civil society partners.
3. **Creating an enabling environment for more predictable and flexible funding:** Aid organisations have built a strong evidence base for better-quality funding, but given the lack of a substantive increase, further work is required to strengthen donor confidence that taxpayers' money will be used as efficiently and effectively as possible, thereby enabling increased flow of such funds. This will involve the following actions:
- a. **More consistent reporting of quality funding, including funding to local actors:** The co-conveners and active members of workstreams 2 and 7+8 have developed definitions, criteria and indicators to enable better tracking and reporting of data on quality funding and funding flows to local and national responders. However, there remain discrepancies in how signatories interpret this guidance, the methodologies used and how they present their data on these two issues. Without reopening points already agreed, signatories should reflect on the current definitions, criteria and indicators to determine how they can be further clarified, and step up communication on the importance of their application by all relevant signatories, with a view to ensuring that data provided is comparable, and that trends can be more accurately tracked over time.
- b. **Greater transparency of funding data:** Related to more consistent reporting of funding data, and building on recent discussions within workstream 1, donors and aid organisations should agree on a combination of ways to increase transparency of financial data across the humanitarian system, reflecting the differing capacities different organisations have for publishing their data. This approach should include:

- Greater investments from aid organisations and donors in publishing their data in a more timely and comprehensive way, using the criteria/definitions, standards and systems already agreed.
- Instituting a more coherent approach from donors to incentivise more timely and granular publication of data by aid organisations. This includes clarifying what data they expect aid organisations to publish, with what regularity and to what standard/system, and providing regular feedback on partners' performance in this respect.
- Ensuring adequate provision of technical (and where appropriate financial) support for medium and smaller-sized actors (including local actors) to improve their data reporting.

c. **Enhanced visibility for quality funds allocated and their impact:** Visibility of contributions provided and what impact they have achieved is crucial in terms of accountability to taxpayers in donor countries. But to date there has been little clarity on what 'visibility' means in practice. Donors and aid organisations should work together in the immediate term to agree on a common understanding of or approach to 'visibility'. Donors should identify what they consider 'good practice' and provide regular feedback to their respective partners on what they expect in this regard. Aid organisations should propose what is reasonable and realistic – outlining what is practical within the framework of humanitarian principles of independence, neutrality and impartiality.

d. **Improved intersectoral needs assessment and analysis:** Providing high-quality intersectoral analysis of humanitarian needs is critical to inform more effective response analysis, thereby building trust among donors and their domestic constituents that the money they provide will support the most vulnerable populations with the aid they need, in the time and manner most appropriate in the circumstances. It should also enable more informed decision-making by donors on when and how their funds are allocated. Further actions to improve the quality of needs analysis include:

- Based on the results of the forthcoming review process, ensure continued financial and other investments from donors and aid organisations in improving and evolving the first iteration of the JIAF to enable high-quality inter-agency intersectoral analysis, including sustained funding for the PMU to support this process.
- Donors to encourage their aid organisation partners to engage in joint intersectoral assessments and analyses at country level, including the JIAF.
- Donors to increase alignment of their funding with the priorities identified through improved intersectoral needs and related response analysis – ensuring that their funding decisions are more evidence- rather than agenda-based.

### Recommendation 3: Increase support for local responders

The expectations generated by the Grand Bargain go beyond the language of the commitments on localisation. Recognising this, the signatories should now elevate the original ambition and focus on securing a fairer and more appropriate distribution of leadership and decision-making authority, as well as access to funding, between international and local actors – based on an understanding of the

respective comparative advantages and complementarities of these different actors in a given context. Building on the normative progress made to date, a series of actions can be taken individually and collectively to achieve this over the next two years, including:

1. Recognising the diversity of the humanitarian sector, each signatory should identify how it can facilitate more local humanitarian action in line with its existing mandate, working to support a system-wide operational shift based on its own comparative advantages.
2. Signatories should, collectively, adhere to long-standing pledges to support local-level leadership and coordination platforms, ensuring that new mechanisms are only established where strictly necessary, and increasing practical and financial support to enable access for local actors to international mechanisms (including through provision of core funds where possible).
3. Signatories should articulate expectations in terms of the role of intermediaries, to clarify what is desirable from a donor perspective in terms of minimising or sharing risks, and what is workable for local partners in terms of maximising their access to quality funding.
4. Signatories should work with local partners to better define elements of a 'quality' partnership, recognising that there is no 'one-size-fits-all' approach but that, based on existing good practices and agreed principles, there should be some common core elements relating to mutual authority for decision-making and exchange of capacities.

### **Recommendation 4: Realise the participation revolution**

In the new enabling priorities, participation of affected populations appears to be more of an 'add-on' rather than an integrated approach to achieving the improved humanitarian outcomes envisaged. Now is the moment for signatories to pause and reflect in a more considered way on how they can move to a more demand-driven humanitarian response – an objective more akin to the original ambition of a participation 'revolution'. Articulating a more ambitious objective and how to achieve it will be complex – upending the current system in this way is certainly a challenging endeavour given the lack of incentives for doing so – but it must be a priority for signatories in the next two years. Elaboration of a new objective notwithstanding, the following measures should be implemented with immediate effect:

1. Expand good practices on survivor- and community-led approaches wherein communities (including through participation of all vulnerable groups) are empowered (financially and technically) to design and implement their own responses to the priority needs they have identified (see for example Corbett et al., 2021).
2. Build on the work by the HCT in Chad and elsewhere to establish a mechanism for independently soliciting the views of target populations on the strategic-level response (i.e. HCT response strategy) to consistently track the extent to which humanitarian aid is addressing priorities affected populations have identified in a manner they consider appropriate.
3. Establish a frank and ongoing dialogue between donors and aid organisations at global, regional and/or country level focused on improving system-wide practice on sharing, learning from and adapting programmes in response to feedback received from affected populations. This dialogue should be based on an understanding that feedback is critical to ensuring ongoing improvement to the way



aid responses are designed and implemented, and that funding agreements should have sufficient flexibility to enable appropriate programmatic adjustments based on that feedback in real time.

Crucially, this dialogue should be based on the collective understanding that ‘failure’ is an integral part of the learning process, and that it is a failure to learn and improve from mistakes and challenges that should be penalised, rather than a failure of programming per se.

### 3.2.2 Function

The Grand Bargain has always been and is now more explicitly recognised as a multilateral *political* mechanism. Signatories should exploit more fully its advantages in this respect, focusing on how the mechanism can be used to address political obstacles to progress against the two enabling priorities. This requires adoption of political tactics to enable negotiation and compromise across signatory groups, and strengthening strategic outreach to other stakeholders, particularly local governmental and non-governmental actors, to inform and support solutions to the challenges that are hindering greater progress. Specifically, this should include adopting a ‘caucus’ approach and more consistent political engagement with local actors, as follows.

#### Recommendation 5: Shift tactics – the ‘caucus’ approach

Tackling political blockages requires more politically-savvy tactics. Recognising this, signatories should focus on effectively negotiating and reaching compromises needed to achieve agreed goals, based on an understanding of the very real limitations that some signatories face. Some of the compromises to be negotiated are politically sensitive, and thus require more sensitive handling than is possible in a large forum. In other cases, there is a small minority of like-minded signatories from across constituency groups that are willing to take risks and to innovate, but who are being held back by a more conservative approach from the wider collective. As proposed to the Facilitation Group in April 2021, the research team recommends signatories adopt a system of informal, time-bound and task-specific ‘caucuses’ that should *work in complement to or alongside* the core coordination mechanisms within the Grand Bargain. These caucuses would be smaller groups of relevant signatories working together to unlock some of the most acute obstacles to progress – issues that cannot be dealt with in the wider forum of signatories, such as a global agreement on coordination of multi-purpose cash assistance and reducing the volume of donor assessments. This caucus approach could also be used by signatories who want to step out of their constituency bubbles and work with like-minded signatories from across constituencies to innovate and move forward, showing what is possible, how success can be achieved and creating a ‘snowball’ effect. Sufficient trust has been built up between signatories over the last five years to enable this more targeted approach. But it will require full transparency in terms of the issues and actors involved, combined with confidentiality of the specific negotiations undertaken.

#### Recommendation 6: Increase outreach to local government and non-governmental actors

Engaging local actors has been a key but largely unresolved point of debate within the Grand Bargain over the last five years. As highlighted by the research team to the Facilitation Group during



consultations earlier in 2021, if the signatories want to engage with local actors, this needs to be done in a meaningful way. This does not mean asking more local actors to become signatories to the Grand Bargain, but rather establishing mechanisms for much more consistent and two-way communication with local actors – governmental and non-governmental – on the key issues that are the focus of the Grand Bargain 2.0. The research team suggests the following actions be undertaken in combination to ensure multiple opportunities for local actors to inform and influence the strategic direction of and policy dialogue within the Grand Bargain 2.0:

1. **Expand the current concept of country-level dialogues developed by workstream 2.** These dialogues should be built on or integrated into existing national or local-level coordination mechanisms (e.g. government or civil society coordination platforms, HCTs or whatever form is most appropriate in a given context). They should be led/co-led by local actors, and should focus on bringing local and international actors together to discuss and address key policy and operational issues in a given context, and on which the Grand Bargain – as a multilateral global policy forum – can help progress.
2. **Strengthen engagement with affected states through existing global and regional multilateral forums.** The Eminent Person and Facilitation Group, with support from the Secretariat, should devise and lead implementation of a strategy for engagement with affected states at regional and global levels. This strategy should focus on utilising existing channels and multilateral mechanisms (e.g. UNGA, UN ECOSOC, regional intergovernmental bodies) to engage affected states in a coherent and coordinated manner on key issues under the Grand Bargain, referencing this as a mechanism based on the principles of UN General Assembly Resolution 46/182.<sup>23</sup>
3. **Enable representation of a local signatory on the Facilitation Group.** In line with the approach adopted to membership of the Facilitation Group to date, the three local signatories to the Grand Bargain (A4EP, NEAR Network, Syria Relief) should nominate one from their group to represent their constituency views on the Facilitation Group. This representative, as per current practice on the Facilitation Group, will be accountable to, and required to undertake consistent consultations with, their constituency group. This representative should also assume responsibility (jointly with one other member of the Facilitation Group) to act as the focal point for country-level dialogues – thereby ensuring, through consistent two-way communication, that a far wider set of local actors are able to inform and influence the strategic and policy dialogue of the Facilitation Group and the wider Grand Bargain membership. Noting the limited resources of these local signatories, provision of appropriate financial support is likely to be necessary to ensure they can dedicate staff capacity to perform this function.

Expanding engagement of the Grand Bargain with local governmental and civil society actors in this way poses some risks, including a risk that consultations slow the speed of collective action, and raise unrealistic expectations of what the Grand Bargain could achieve. Managing these risks will require careful assessment and adoption of mitigating measures, including clarifying in all communications the scope and limitations of the engagement and ensuring that adequate resources are put in place to support consistent, meaningful engagement at country, regional and global levels.

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23 UNGA Resolution 46/182 on Strengthening the coordination of humanitarian emergency assistance of the United Nations – 1991.

### 3.2.3 Format

Learning lessons from the past five years, signatories need to ensure that the current format of the Grand Bargain is appropriately adapted to its new focus and function. This requires both a streamlining of the multiple workstreams and sub-groups *and* a strengthening of the leadership and governance functions – thereby decreasing the burden on signatories, while increasing the capacity of designated leaders to provide strategic direction, maintain political momentum and ensure appropriate accountability.

### Recommendation 7: Reinforce leadership and governance

A more explicitly political function for the Grand Bargain 2.0 requires more robust political leadership to help signatories maintain momentum to achieve the key outcomes agreed within the next two years. Learning from the past five years highlights the importance of ensuring:

1. That the new Eminent Person is able to lead political dialogue among the Principals and Ministers of the signatories at bilateral or caucus level, or in collective dialogue to ensure impact and progress on key strategic issues.
2. That, based on its strengthened terms of reference from 2018, the Facilitation Group is capacitated to design an action plan for achieving the goals agreed for the next two years, to identify challenges that require targeted political investment/action, and to work with signatories on how these should be addressed, including to help create time-bound, task-specific caucuses to tackle these issues if necessary.
3. That all institutional representatives on the Facilitation Group are selected and held accountable by their respective constituent groups for ensuring constituency views are reflected in dialogue and debate.
4. That the remaining co-conveners and leaders of caucuses are similarly afforded appropriate authority to lead negotiations and dialogue among signatories on a particular issue or theme, and are empowered to make concrete proposals and take decisions on behalf of their institutions.
5. That the capacity and authority of the Secretariat is further augmented with relevant substantive and administrative expertise to build on existing high levels of service and support to the wider signatory group, to assist the Eminent Person, Facilitation Group and champions/co-conveners in the delivery of their functions.
6. One of the starkest lessons from the past five years is the need to ensure, first and foremost, that the institutions that assume roles on the Facilitation Group or as co-conveners or leaders of caucuses are able to provide *dedicated* and *consistent* staff capacity to deliver their leadership roles. In the case of the Facilitation Group members and co-conveners, this will mean dedicating a staff member full- or half-time to the role. This is necessary to ensure consistent consultation with their respective constituencies, engage in strategic dialogue and debate, engage in outreach to other signatories, mechanisms and stakeholders and, as appropriate, support development of appropriate guidance, policy documentation and proposals for action.

## Recommendation 8: Simplify the coordination structures

Past AIRs have stressed the need to streamline the structures and bureaucracy around the Grand Bargain to ensure greater efficiency and focus of effort. In this regard, the team recommends:

1. Transferring as far as possible any technical discussions that need to continue to other forums, including IASC Results Groups and OECD-DAC INCAF, on the understanding that the Facilitation Group and leaders of these forums (who are generally also signatories to the Grand Bargain) will ensure regular exchange of information, identification of gaps and opportunities for collaborative working. These existing technical forums should – as far as possible – ensure appropriate participation of all relevant stakeholders, including both donors and aid organisations, to capitalise on the multi-stakeholder approach that has characterised the Grand Bargain workstreams to date.
2. Maintaining one thematic coordination mechanism or ‘workstream’ for each of the two enabling priorities – quality funding and localisation/participation. Each of these remaining workstreams or mechanisms should be led by co-conveners who have adequate capacity to dedicate to the role, and who are charged with ensuring regular communication and cross-working between the two workstreams to enable an integrated approach and synergy of effort. These mechanisms should focus predominantly on policy rather than technical discussions; should focus on delivering the relevant elements of the action plan outlined above; and have clear and consistent lines of communication with relevant forums outside the Grand Bargain (e.g. IASC, OECD-DAC, GHD) and independent thematic experts.
3. Using the proposed caucuses as additional, complementary mechanisms that are created ad hoc to perform time-bound, task-specific functions – namely to find solutions to the most acute obstacles to progress identified in relation to either of the two enabling priorities (as per Recommendation 5), or to enable small groups of like-minded signatories to work together to develop innovations or scale up new approaches.
4. Ensuring that both the two remaining workstreams and the caucuses report on a regular basis to the Facilitation Group and the wider set of signatories. This informal reporting can be through a combination of regular briefings and updates at working and Sherpa levels, and through the bimonthly newsletter produced by the Secretariat.

## Recommendation 9: Strengthen accountability

As a voluntary mechanism, finding an appropriate way to ensure accountability of signatories to the commitments they have made has been critical to success so far. In the Grand Bargain 2.0 it will be important to retain some of the key elements of that accountability process, but also to underpin this with a wider understanding of who the signatories are accountable to: accountability should flow up and down the ‘chain’ from donors and aid organisations to affected populations and taxpayers in donor countries. The latter is often forgotten in policy debates, particularly among aid organisations, but accountability to those who provide the larger share of international humanitarian funds is critical to enabling the kind of changes in donor policy and practice that aid organisations are asking for.

In terms of mechanisms of accountability, the current self-reporting process, together with an independent review of progress reported, has worked relatively well to date – enabling both peer and public review of progress made by individual and the collective of signatories. Building on this, the research recommends that:

1. **The format and scope of the self-reports should be further streamlined to ease the burden of reporting.** A revised format – based on the outputs and actions outlined in the action plan described above – should combine an opportunity for signatories to provide a qualitative narrative of where they have placed their efforts, what progress they have achieved and what challenges they have faced, with provision of specific data against each of the proposed outputs and activities.
2. **More pragmatic and measurable targets and indicators should be developed as part of the action plan and against which signatories should report data to evidence their individual and/or collective progress.** Where relevant and useful, existing targets and indicators should be reused or adapted.
3. **This refined review should continue to take place annually, with a more comprehensive review or stock-taking exercise at the conclusion of this next phase in 2023.** The self-reporting should be analysed through an independent process that provides a robust analysis with due regard for the subjectivity inherent in self-reports.
4. **Building on recent efforts, increased regular communication among signatories, constituencies and external stakeholders is critical to ensuring appropriate accountability.** Current financial investments should be sustained to ensure appropriate capacity in the Secretariat and among the Facilitation Group, co-conveners and leaders of caucuses to share information and products in a timely and accessible way for all signatories and relevant external stakeholders.

# Appendix 1 Signatory self-reports received and signatories interviewed

**Table A1** List of signatory self-reports received and signatories interviewed

	Signatory	Self-report submitted (by 1 March 2021)	Interview conducted
	<b>Donors</b>		
1	Australia	✓	✓
2	Belgium	✓	✓
3	Bulgaria	✓	*
4	Canada	✓	✓
5	Czech Republic	✓	✓
6	Denmark	✓	✓
7	Estonia	✓	✓
8	European Civil Protection and Humanitarian Aid Operations (DG ECHO)	✓	✓
9	Finland	✓	✓
10	France	✓	✓
11	Germany	✓	✓
12	Republic of Ireland	✓	✓
13	Italy	✓	✓
14	Japan	✓	✓
15	Luxembourg	✓	✓
16	Netherlands	✓	✓
17	New Zealand	✓	✓
18	Norway	✓	✓
19	Organisation for Economic Co-operation and Development (OECD)	✓	✓
20	Slovenia	✓	*
21	Republic of Korea	✓	✓
22	Spain	✓	✓

	Signatory	Self-report submitted (by 1 March 2021)	Interview conducted
23	Sweden	✓	✓
24	Switzerland	✓	✓
25	United Kingdom	✓	✓
26	United States	✓	✓
	<b>Total</b>	<b>26</b>	<b>24</b>
<b>UN entities</b>			
1	Food and Agriculture Organization (FAO)	✓	✓
2	International Labour Organization (ILO)	✓	✓
3	International Organization for Migration (IOM)	✓	✓
4	Office for the Coordination of Humanitarian Affairs (OCHA)	✓	✓
5	United Nations Development Programme (UNDP)	✓	✓
6	United Nations Population Fund (UNFPA)	✓	✓
7	United Nations High Commissioner for Refugees (UNHCR)	✓	✓
8	United Nations Children's Emergency Fund (UNICEF)	✓	✓
9	United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)	✓	✓
10	United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)	✓	✓
11	World Bank	✓	**
12	World Food Programme (WFP)	✓	✓
13	World Health Organization (WHO)	✓	✓
	<b>Total</b>	<b>13</b>	<b>12</b>
<b>Non-governmental organisations</b>			
1	ActionAid International	✓	✓
2	Alliance for Empowering Partnership (A4EP)	✓	✓
3	Care International	✓	✓
4	Catholic Agency for Overseas Development (CAFOD)	✓	✓
5	Catholic Relief Services (CRS)	✓	✓
6	Christian Aid	✓	✓
7	DanChurchAid	✓	✓

	Signatory	Self-report submitted (by 1 March 2021)	Interview conducted
8	Global Communities	***	***
9	InterAction	✓	✓
10	International Council of Voluntary Agencies (ICVA)	✓	✓
11	International Rescue Committee (IRC)	✓	✓
12	Médecins du Monde	***	***
13	MercyCorps	✓	✓
14	Network for Empowered Aid Response (NEAR)	✓	✓
15	Norwegian Refugee Council (NRC)	✓	✓
16	Oxfam International	✓	✓
17	Relief International	✓	*
18	Save the Children	✓	✓
19	Steering Committee for Humanitarian Response (SCHR)	✓	✓
20	Syria Relief	✓	✓
21	World Vision International	✓	✓
22	ZOA International	✓	✓
	<b>Total</b>	<b>20</b>	<b>19</b>
<b>Red Cross and Red Crescent Movement</b>			
1	International Committee of the Red Cross (ICRC)	✓	✓
2	International Federation of Red Cross and Red Crescent Societies – Secretariat (IFRC)	✓	✓
	<b>Total</b>	<b>2</b>	<b>2</b>
	<b>Overall total</b>	<b>61</b>	<b>57</b>

\* Bulgaria, Relief International and Slovenia did not respond or were not available for interview.

\*\* The World Bank provided written answers to queries from the research team in lieu of an interview.

\*\*\* Global Communities and Médecins du Monde did not submit self-reports and thus were not contacted for interview.

## Appendix 2 Co-conveners' reports received and co-conveners interviewed

**Table A2** List of co-conveners' reports received and co-conveners interviewed

	Workstream	Co-convener report submitted (by 1 March 2021)	Co-convener(s) interviewed
1	Greater transparency	✓	✓
2	More support and funding for local and national responders	✓	✓
3	Increase the use and coordination of cash	✓	✓
4	Reduce duplication and management costs with periodic functional review	✓	✓
5	Improve joint and impartial needs assessments	✓	✓
6	A participation revolution	✓	✓
7+8	Enhanced quality funding through reduced earmarking and multi-year planning and funding	✓	✓
9	Harmonise and simplify reporting requirements	✓	✓
10	Enhance engagement between humanitarian and development actors	N/A	N/A*
	<b>Total</b>	<b>8</b>	<b>8</b>

\* Both UNDP and Denmark – the former co-conveners of this workstream – were interviewed as signatories.



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# Appendix 3 Grand Bargain annual independent report 2020: terms of reference

## Approach

In May 2016, 18 donor countries and 16 aid organisations signed a ‘Grand Bargain’ outlining 51 mutual commitments across 10 thematic workstreams – all aimed at improving the efficiency and effectiveness of humanitarian aid. To hold themselves accountable and to ensure transparency of their efforts, the Grand Bargain signatories agreed to an annual reporting process. This process included self-reporting of actions taken against commitments and an overarching annual review of those self-reports – conducted by an independent body – to determine what collective progress had been made. The first four annual independent reports highlighted some areas of progress but also provided a critical analysis of where progress had stalled, indicating what actions were necessary to address this.

Five years into this process, there is growing international expectation on the Grand Bargain signatories to concretely demonstrate the results of their efforts and investments over its five-year tenure. The fifth annual independent report (AIR) will thus need to be more focused in its assessment, providing a more substantial narrative on the collective progress made in 2020 in key areas. Additionally, the AIR will need to provide an overarching analysis of the progress made since 2016, highlighting headline achievements and identifying where collective progress has been limited or has stalled.

Drawing on the process for the 2020 AIR (which covered the period January–December 2019), as well as ODI/HPG’s extensive institutional track record in research and policy engagement, ODI/HPG’s goal is to produce a robust analysis that communicates clearly to signatories and other stakeholders where progress has been made across the Grand Bargain framework between January and December 2020, what this adds up to in terms of progress made during the five years of the Grand Bargain (i.e. 2016–2020), and what outstanding gaps and weaknesses remain. Noting the success of the previous three AIRs conducted by ODI/HPG, ODI/HPG will use key members of the same core team and a similar methodology and approach to deliver a high-quality, critical assessment, together with practical and pragmatic recommendations for maximising opportunities for further progress and addressing outstanding challenges.

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## Scope and methodology

### Scope

As determined by the Facilitation Group, the fifth AIR will cover in detail achievements during the period 1 January–31 December 2020. It will assess institutional and collective progress towards achieving each of the 11 core commitments agreed by signatories in September 2018. It will also consider collective progress by the whole body of signatories against these core commitments (which represent the overarching goals of the Grand Bargain) over the period 2016–2020. The AIR will focus particularly on the results and outcomes being achieved – based on the data presented – and, data permitting, the extent to which these outcomes have or are impacting the wider international humanitarian system.

### Methodology

As determined by the signatories themselves, the primary evidence base for the fifth AIR will be self-reporting by signatories. To further ensure consistency with the previous four annual reports and enable – to the degree possible – a comparative analysis over time, ODI/HPG will use the same approach and methodology as in previous years. The research will be based on a series of overarching research questions. These are based on the original questions utilised for the first AIR by GPPi and subsequently adapted by ODI/HPG to reflect the evolution of the Grand Bargain:

- To what degree have Grand Bargain signatories made collective progress overall and specifically in relation to the core commitments?
- Which workstreams have made the most substantial progress? What factors contributed to that progress and what factors hindered it?
- To what extent is the quid pro quo functioning?
- To what extent is progress enabled/impered in one signatory group by progress/no progress in another signatory block?
- How and to what extent has the humanitarian–development nexus been integrated at workstream level? What are the outcomes to date?
- How and to what extent have considerations of gender equality and women’s empowerment been embedded in efforts to institutionalise the commitments? What (if any) tangible outcomes are there in this regard?
- To what degree have the commitments improved or are likely (based on progress to date) to improve the efficiency and effectiveness of humanitarian assistance (referencing available baseline information from the first annual report)?
- What good practices are there among signatories in implementing the different commitments?
- What synergies are there between core commitments, and to what extent have these been exploited by signatories (individually and collectively)?
- To what extent has change by individual signatories or workstreams resulted over the five-year period in change right across the international humanitarian system?

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- After five years, what gaps, challenges or weaknesses remain in terms of increased efficiency and effectiveness of humanitarian response, specifically in relation to the 10 thematic areas of the Grand Bargain?

In addressing these questions, the ODI/HPG research team will utilise a mixed methods approach, collating data through the following activities:

1. A desk review of available grey and academic literature relevant to the Grand Bargain framework and its implementation at global and country level. This will include:
  - a. Documentation on specific workstreams including workplans, meeting minutes and any specific research initiatives being undertaken (such as the DI analysis of quality funding).
  - b. Documentation from the FG, including meeting minutes, reports on the Annual Meeting 2020, etc.;
  - c. Thematic reports and studies, including any relevant Ground Truth Solutions (GTS) perception surveys.
  - d. The Global Humanitarian Overview and related published analysis, as well as crisis-specific Humanitarian Response Plans (HRPs).
  - e. Available documentation from/on individual signatories including statements submitted for the 2020 Annual Meeting of the Grand Bargain.
  - f. Review of all previous AIRs published since 2016.
  - g. Other documentation publicly available pertaining to the thematic areas of the Grand Bargain and progress made since 2016.
2. A review of each signatory's 2021 self-report submitted by the deadline (Excel spreadsheet and narrative summary).
3. A semi-structured qualitative interview with each signatory that submits a self-report by the agreed deadline.
4. A review of 2021 narrative reports submitted by co-conveners of each workstream.
5. A semi-structured qualitative interview with each set of co-conveners.
6. Interviews and consultations with key stakeholders including the Facilitation Group, the Eminent Person and the Secretariat.
7. Consultations with select external stakeholders, including national NGOs.
8. A review of any other information/data made available to the research team during the review process (time permitting).

## **Analysis of progress in 2020**

In order to assess progress made during the period 1 January–31 December 2020, ODI will review data pertaining to actions taken and results achieved at signatory level, at workstream level and by the signatories as a collective in relation to the 11 core commitments only (not the remaining commitments). At signatory level, the ODI/HPG research team will review each self-report submitted by the deadline and will conduct follow-up qualitative interviews with each of these signatories to clarify information provided and solicit additional data as necessary.

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To ensure consistencies in approach, the research team will again use the original coding system from the first AIR (developed by GPPI) to record what actions have been taken by each signatory against the commitments during the annual reporting period (2020). This assessment will be based primarily on data presented in the self-reports and in the qualitative interviews. This assessment is not published as part of the annual report process. Instead, it is used to analyse where progress is being made by the *collective of signatories*, to identify key positive and negative trends, and to inform development of appropriate recommendations.

ODI/HPG will also assess progress made at workstream level and any related challenges or outstanding gaps. This assessment will be based on the data provided in signatory self-reports and their interviews, together with a narrative summary report provided by co-conveners of each workstream and a follow-up interview for co-conveners with ODI/HPG researchers. Qualitative interviews with co-conveners will be used to further interrogate this information, discuss the extent to which efforts are being coordinated across or with other workstreams and to discuss challenges in more detail. This workstream-level analysis will be based on the five indicators of workstream performance that were used in the previous annual reports, with an additional subjective weighting applied to indicators that are more relevant to each individual work stream.

The analysis of individual signatories' progress and that being achieved at workstream level will be combined to provide an overarching analysis of where collective progress was made in 2020 and where it stalled.

Throughout the report, ODI/HPG will again present examples of 'good' or 'illustrative' practice by individual signatories, groups of signatories or by workstreams. These examples will be identified by researchers from the self-reports, co-convenor reports and qualitative interviews. They will be presented in the report to give credit to those signatories that are taking positive and effective actions to fulfil their commitments and in order to enhance learning by demonstrating in very practical terms what actions and investments are required to achieve the commitments.

## **Analysis of overarching progress between 2016 and 2020**

The research team will solicit specific data from signatories and at workstream level to gather evidence of where there has been progress over the five-year period against the core commitments. Whilst these core commitments were not designated until 2018, they already represented priorities for the majority of signatories at that time – as indicated in the self-reporting in the first two years and in discussions on designation of the core commitments in September 2018. Data will be gathered through specific questions in the self-report spreadsheet and narrative report, and in the narrative workstream reports. This data will be complemented by qualitative interviews (as described above), by the desk review process (described above) and by review of the previous annual reports. The evidence gathered will inform an analysis of what progress has been made by the signatories collectively against the core commitments since 2016, and remaining gaps or challenges. This analysis will also inform a series of recommendations on how the latter can be addressed in the coming years.

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Looking beyond the substantive progress against individual commitments and across workstreams, the research team will also reflect upon lessons learned through implementing the Grand Bargain since 2016, including relating to leadership and decision-making; coherence and synergies across workstreams; incentivising change and overcoming barriers; accountability and learning; and demonstrating contributions to improved efficiency and effectiveness.

## **Assessing the humanitarian financing gap**

The Annual Independent Report will be necessarily linked to the findings of research conducted, at the request of the Netherlands Ministry of Foreign Affairs, to assess the current status of wider efforts to address the humanitarian financing gap. The report of the UNSG's High Level Panel on Humanitarian Financing, published in 2016, concluded that action was required in three areas or 'pillars': shrinking the needs, diversifying the resource base and using resources more efficiently. The first two 'pillars' will be the focus of the rapid study. The third area is the focus of the AIR on the Grand Bargain. An ODI/HPG research team will conduct this rapid study and will closely coordinate with the team undertaking the AIR – the lead of the rapid study will be a team member for the AIR. This will ensure that analysis from the rapid review can feed into the AIR, and that the rapid study team can benefit from the AIR team's knowledge and experience in conducting the previous three AIRs.

## **Timeline**






The deadline for publication of the final report is tentatively proposed as 10 June 2021.

# Appendix 4 Scorecards for assessing individual and workstream level progress






**Figure A1** Scorecard to rate actions and results reported by individual signatories

 <p><b>No significant progress</b></p> <p>No activities and/or results have been reported or reported activities/results do not reflect any significant effort or progress</p>	 <p><b>Little progress</b></p> <p>Limited or very small-scale activities and/or results have been reported, or the reported activities/result do not yet reflect any change in institutional policy or practice</p>	 <p><b>Some progress</b></p> <p>Some activities and/or results were reported, and some minimal improvements in institutional policy and/or practice are being made</p>	 <p><b>Good progress</b></p> <p>Activities and/or results have been reported which reflect significant effort and are bring about tangible improvements in institutional policy and/or practice</p>	 <p><b>Excellent progress</b></p> <p>Activities and/or results reported evidence significant or transformative change in institutional policy and/or practice, and the commitment has been effectively fulfilled</p>
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**Figure A2** Scorecard to assess individual actions by donors, individual actions by aid organisations and collective actions

 <p><b>No significant progress</b></p> <p>No activities and/or result have been reported or reported activities and results do not reflect any significant effort or progress</p>	 <p><b>Little progress</b></p> <p>A limited number of activities and/or results have been reported, or the reported activities/result reflect only limited change or progress</p>	 <p><b>Some progress</b></p> <p>A number of activities and/or results were reported, but major obstacles remain - for example, activities only address some (not all) crucial aspects covered by the workstream, or important stakeholders (including signatories) have reservations or concerns about the way forward</p>	 <p><b>Good progress</b></p> <p>Many (not all) relevant signatories report significant activities and/or results, addressing many (not all) aspects covered by the workstream</p>	 <p><b>Excellent progress</b></p> <p>The majority of relevant signatories report activities and results that collectively reflect substantive of system-wide change in most (if not all) areas covered by the workstream</p>
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**Figure A3** Scorecard to assess links to other Grand Bargain workstreams and to external fora or processes

				
<b>Important links missed</b>	<b>Weak links</b>	<b>Effective partial links</b>	<b>Adequate links</b>	<b>Full coherence</b>
No links have been established despite important potential synergies or the need for coordination, consolidation or sequencing of effort	Some links have been established but they are weak and links have not been made with all the relevant commitments in order to exploit potential synergies and/or enable appropriate coordination, consolidation or sequencing of efforts	Effective links have been established but they relate only to some of the commitments with which there are potential synergies, or where there is a need for coordination, consolidation or sequencing of efforts	Effective links have been established with all those workstreams or external fora/processes where there are potential synergies and a need for coordination, consolidation or sequencing of efforts	Strong functional links have been established with all workstreams or external fora/processes where there are potential synergies and where there is a need for coordination, consolidation or sequencing of efforts

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## Appendix 5 References

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