

# Independent Grand Bargain Report

## Executive Summary

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The Grand Bargain aims to reduce the humanitarian financing gap – estimated at US\$ 15 billion – by improving the delivery and efficiency of aid. 52 donors and aid organisations, which account for the lion’s share of the international humanitarian response, have endorsed the Grand Bargain. One year after the Grand Bargain’s adoption, signatories report, on average, action on 40 per cent of the commitments that apply to them – an important feat considering the breadth of the initiative. But progress is uneven, and the initially high political momentum is fading. True to its core objective to increase efficiency, the Grand Bargain has maintained a light bureaucratic footprint, and joint leadership roles have increased buy-in. At the same time, there is growing impatience about the Grand Bargain’s impact on field operations. To ensure that the Grand Bargain is a true game-changer, this report recommends to keep the light structure and joint leadership roles; re-engage signatories at the political level; increase coherence within the Grand Bargain; apply the Grand Bargain in its entirety to specific emergency operations; and expand the Grand Bargain’s reach among non-signatories.



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# Executive Summary

Humanitarian response is “woefully underresourced”<sup>1</sup>: it faces a financing gap of an estimated US\$ 15 billion.<sup>2</sup> At the World Humanitarian Summit in May 2016, more than 30 major donors and aid organisations agreed on the adoption of the Grand Bargain, a package of reforms that would seek to reduce the financing gap by improving the delivery and efficiency of aid. One year afterwards, donors and aid organisations reported on the extent to which they have followed up on their Grand Bargain commitments.

This report, an independent assessment of the progress made to date, is based on 44 self-reports submitted by June 1, 2017; 80 interviews with signatories (including all co-conveners) and experts; consultations with over 40 non-signatory NGOs; the inputs of eight thematic experts consulted by the authors; and a review of secondary sources. It includes the following main findings:

## **There is strong endorsement from key organisations**

As of May 2017, the Grand Bargain has been endorsed by 52 organisations, including key donors, United Nations agencies, two components of the International Red Cross and Red Crescent Movement, NGOs, the World Bank, and the OECD. The signatories represent the lion’s share of today’s humanitarian response: they account for 88 per cent of international humanitarian donor funding and 72 per cent of aid organisations’ budget.

## **Signatories report action on an average of 40 per cent of relevant commitments**

All consulted stakeholders view the Grand Bargain as a highly relevant catalyst for change. 43 of the Grand Bargain’s 52 signatories and the World Health Organization have submitted self-reports. Each report describes actions related to an average of 40 per cent of the commitments that apply to the signatory in question and planned activities on an additional 5 per cent of the commitments. This is an important achievement, considering that the Grand Bargain is a voluntary agreement that covers a broad spectrum of activities and includes a total of 51 commitments.

While generally good, progress has been uneven. The most active work streams of the Grand Bargain are those concerning localisation, cash, and reporting requirements,

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- 1 Australian Aid et al. (2016) The Grand Bargain – A Shared Commitment to Better Serve People in Need. Istanbul, Turkey.
  - 2 High-Level Panel on Humanitarian Financing (2016) Too Important to Fail – Addressing the Humanitarian Financing Gap.

with over 45 per cent of relevant signatories reporting activities.<sup>3</sup> Less activity – 35 per cent or lower – has been reported in the work streams concerning management costs, participation revolution, earmarking, and the humanitarian–development nexus. The differences between individual commitments are starker. 73 per cent of signatories, for example, report collaboration, information sharing, and the development of standards and guidance for cash, while 30 per cent report investments in new delivery models. Similarly, 70 per cent of signatories report investments in durable solutions for refugees and internally displaced persons, while 7 per cent report joint multi-hazard risk and vulnerability analysis and multi-year planning.

## Summary of progress made per work stream

### 1. Greater transparency

The work stream has strong momentum behind strengthening endorsement of and reporting to IATI. Most donors and the majority of aid organisations are reporting some data to IATI, and there are efforts to improve the Financial Tracking Service. Activities to review technical and legal challenges could help signatories publish complete, high-quality, and timely data. More frontline actors should be included to track financial flows from donors to crisis-affected people.

### 2. More support and funding tools for local and national responders

Localisation remains at the forefront of the political agenda. The strongest activities (73 per cent) are related to investments in the capacity of local and national responders. In addition, 51 per cent of signatories report efforts to assess and address legal and technical barriers to funding local and national responders, while 34 per cent report increases in funding, mainly by increasing contributions to pooled funds. A decision on how to track flows to local and national actors is anticipated.

### 3. Increased use and coordination of cash-based programming

Aid organisations have made strong progress, with almost half, including the largest UN agencies, reporting increases in cash transfer programmes. Among donors, 19 per cent report an increase in cash-based assistance in their funding portfolios, and some have been promoting the use of a single contractor to deliver cash, raising concerns among aid agencies. The coordination of cash transfer programmes remains controversial, as the issue is perceived as linked to the question of which organisation might emerge as the cash lead.

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<sup>3</sup> The work stream on collaborative multi-year planning and funding is not included here because it has only one relevant data point.

## 4. Reduced duplication and management costs

This work stream has had varied progress. Key UN agencies have taken promising steps to introduce shared partner arrangements and increase joint procurements. However, and despite important NGO-led initiatives, it seems improbable that aid organisations will introduce comparable cost structures by the end of 2017. More donors have participated in joint oversight processes, but this has not resulted in an automatic reduction in individual reviews.

## 5. Improved joint and impartial needs assessments

Important investments have been made to improve technical capacities and resources required to conduct joint and impartial needs assessments. Two-thirds of cluster lead agencies and half of the signatories have reported investments in needs assessments and analysis. However, there are widespread concerns that inter-agency competition for funding will continue to obstruct better data-sharing and collaboration in assessments.

## 6. A participation revolution

42 per cent of aid organisations report investments in feedback mechanisms and accountability to affected populations guidelines. The same share of donors have reported providing more-flexible funding to facilitate programme adaptation. However, coordinated approaches and the proposed collective service for communication and community engagement have seen little progress.

## 7. Increased collaborative humanitarian multi-year planning and funding

18 of the Grand Bargain's 22 donors provided multi-year funding in some form for their partners in 2015 (although most contributions were single-year), and most have reported activities enabling increased multi-year financing. The UN and the Red Cross and Red Crescent Movement have reported a significant shift toward multi-year planning. Meanwhile, most NGOs had already undertaken multi-year planning prior to the World Humanitarian Summit. There are concerns that there is insufficient investment in improving the design of collaborative multi-year plans and that donors have not yet aligned funding with those.

## 8. Reduced earmarking of donor contributions

63 per cent of donors have reported more or already high levels of flexible contributions. An additional 16 per cent plan to follow suit. But aid organisations perceive generally more earmarking since signing the Grand Bargain because donors have largely increased support to pooled funds (which also advances their commitments on localisation), instead of decreasing the earmarking of bilateral contributions to aid organisations.

## 9. Harmonised and simplified reporting requirements

64 per cent of donors and aid organisations with implementing partners have taken steps to reduce some of their individual requirements, and an additional 16 per cent plan to do so. However, there is a small risk that signatories will fall short of harmonising their reporting requirements by the end of 2018, despite a recent agreement to pilot the common reporting template. Several aid organisations – NGOs in particular – have pressed for simplified donor reporting but did not report steps taken to enhance the quality of their own reporting.

## 10. Enhanced engagement between development and humanitarian actors

Signatories have reported investments in durable solutions for refugees (70 per cent of signatories), social protection systems (32 per cent), and/or disaster risk reduction (28 per cent), but it is unclear whether these investments reflect an actual increase in efforts. Very few signatories have reported activities towards the commitments in this work stream that require collective action, such as joint multi-hazard risk and vulnerability analysis.

### **The Grand Bargain’s design strengthens buy-in**

The main driver behind the progress observed so far is the Grand Bargain’s unique design. The Grand Bargain is the only agreement that has brought donors and aid organisations together and commits both sides to contribute their share. The agreement builds on the strong buy-in and involvement of its members. 22 signatories have taken a leadership role as co-conveners of the different work streams and/or as members of the Facilitation Group. Most signatories have participated actively, and many have referenced the Grand Bargain in operational strategies and policy documents, making it a more binding internal reference point.

While the logic of mutual concessions – the quid pro quo – was instrumental in bringing the Grand Bargain to life, it does not play a significant role today. Most signatories report that they are unable to follow developments in all Grand Bargain work streams and thus prioritise and focus on those they deem most important. This pick-and-choose approach is understandable, given the breadth of the initiative. However, it results in uneven progress and enables signatories to pursue their agendas one-sidedly, thereby upsetting the level playing field between donors and aid organisations that has been so highly praised by everyone.

### **Political momentum is fading**

If the Grand Bargain fails to deliver as a true game-changer, there is a risk that it will be knocked down in priority by newer initiatives. The Grand Bargain played a prominent role at the World Humanitarian Summit, but its political momentum, according to all signatories, has faded ever since the September 2016 departure of Kristalina Georgieva from her role as Co-chair of the High-Level Panel on Humanitarian Financing. Although the Facilitation Group “picked up the ball” in early 2017, the Grand Bargain still lacks

an eminent person to maintain high-level political engagement with signatories. This is critical for overcoming non-technical obstacles and would increase the extent of change likely to result from the Grand Bargain. At the same time, the secondary role played by northern- and southern-based NGOs as well as the little buy-in from non-OECD donors are likely to limit the breadth of change.

## **The Grand Bargain has a light bureaucratic footprint**

In keeping with its core objective of increasing efficiency, the Grand Bargain has maintained a light bureaucratic footprint. The work streams have adopted a flexible approach, rallying key stakeholders where joint action is needed and facilitating an exchange of lessons where signatories can effect change on their own. Work streams have made good use of existing processes to limit duplication – for example, by linking to the work done by the Inter-Agency Standing Committee, the Good Humanitarian Donorship initiative, and the “New Way of Working” put forth by the United Nations.

At the same time, there are concerns about the lack of oversight and coherence across work streams. Considering the wide range of topics covered under the Grand Bargain, only a few signatories command the necessary resources to follow developments in all 10 work streams, and many have hoped for the architecture to act as a clearing house for information. Work stream co-conveners, the Facilitation Group, and the Secretariat have recently begun to link with other work streams to leverage potential synergies and address tensions; however, five work streams continue to have weak or missing important links to other work streams.

## **There is growing impatience about the Grand Bargain’s impact on field operations**

While follow-up on the Grand Bargain is commendable, there is growing impatience about its impact in the field. Initial efforts often focused on time-consuming but necessary global-level discussions, from defining a localisation marker to developing a template for harmonised donor reports. In addition, policy and institutional changes within signatory organisations often need time before they have a tangible effect on operations. Due to an initial focus on activities at the global level and piecemeal field-implementation of activities related to individual commitments, the benefits of the Grand Bargain are thus far little recognised by actors on the ground.

## **Recommendations**

In sum, the Grand Bargain has created important momentum for change. The significant follow-up on commitments reported one year after its adoption provides reason for optimism. However, the initiative continues to face important challenges and constraints. They must be addressed to ensure that the Grand Bargain maintains its momentum for change, particularly as famine threatens to devastate the lives of millions in several protracted emergencies around the world, and as the financing gap for humanitarian response seems doomed to increase only further, not least due to recent political changes in key donor countries.

The following recommendations are addressed to the annual meeting of Grand Bargain signatories in June 2017:

## **Recommendation 1: Keep the light structure and the joint leadership roles**

- Do not increase the Grand Bargain’s bureaucratic footprint when the Facilitation Group and Secretariat have already begun to address concerns more actively;
- Maintain joint leadership roles between donors and aid organisations in the work streams, as they reflect the Grand Bargain’s unique design and strengthen the engagement of signatories.

## **Recommendation 2: Re-engage signatories at the political level**

- Re-engage signatories at the level of Sherpas or principals;
- Table strategic decisions for the upcoming Grand Bargain meeting in June to encourage high-level participation;
- Nominate an eminent person or a group of eminent persons to maintain high-level signatory engagement;
- Ensure continued monitoring through the annual independent Grand Bargain report and by supporting civil society initiatives that monitor progress;
- Improve the integration of Grand Bargain reporting with reporting on the overall follow-up to the World Humanitarian Summit (e.g., OCHA’s Platform for Action, Commitments, and Transformations PACT).

## **Recommendation 3: Increase coherence within the Grand Bargain**

- Closely coordinate and sequence commitments related to the accountability of aid organisations (i.e., the work streams on transparency, reporting, and management costs, as well as elements of the localisation, cash, and earmarking work streams) to ensure that agreements reached in one work stream do not require re-negotiation in another;
- Facilitate information exchange on the core commitments of the “bargain” in order for actors to leverage the quid pro quo – for example, by including examples of relevant signatory action in work stream updates, using the Grand Bargain website to facilitate the sharing of relevant information, and using meetings of humanitarian country teams and donors to exchange good practice and hold each other to account;
- Coordinate efforts on commitments that require potentially far-reaching changes to the work processes of UN agencies and donors, and agree on a joint vision and joint advocacy, potentially using the upcoming annual meeting of Grand Bargain signatories;
- Use Grand Bargain events and meetings of humanitarian country teams and donors to jointly consider and prioritise potential tensions and synergies – between, for example, increasing localisation, cash, and participation on the one hand, and decreasing earmarking and reporting requirements on the other.



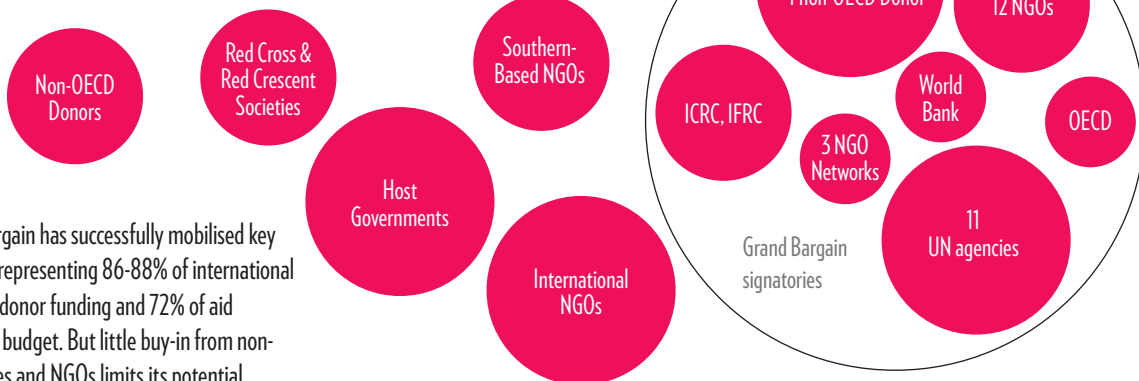
## **Recommendation 4: Make a concerted effort to apply the Grand Bargain in its entirety to specific emergency operations**

- Shift as much as possible the attention of signatories to implementing the Grand Bargain in the field;
- Select a few important emergency contexts for a concerted effort to showcase the Grand Bargain's benefits that result from a simultaneous step change across all work streams and commitments, and work with humanitarian country teams and donors to fine-tune priorities and approaches according to context;
- Consider using the meetings between the IASC Emergency Directors Group and donors as well as the Senior Transformative Agenda Implementation Team to identify challenges and solve problems when implementing the Grand Bargain in specific emergency contexts;
- Enable donors and aid organisations at country level to hold each other accountable for implementing the commitments – for example, by providing user-friendly information on the obligations of each party to the bargain.

## **Recommendation 5: Expand the Grand Bargain's reach among non-signatories**

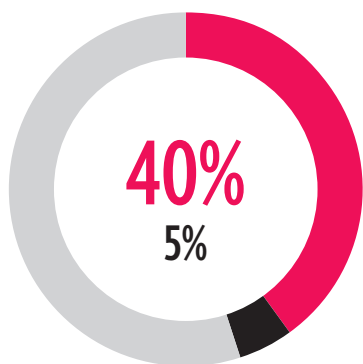
- Appoint an eminent person/group;
- Support the communication efforts of the Grand Bargain Secretariat;
- Include discussions about the Grand Bargain on the agenda of the upcoming ECOSOC Humanitarian Affairs Segment and related resolutions or communications;
- Offer leadership roles in the Facilitation Group or as work stream co-conveners to non-OECD donors and NGOs;
- Encourage signatory donors to reach out to non-signatory governments;
- Strengthen the efforts of the three signatory NGO alliances to operationalise what the Grand Bargain means for their members and to reach out to other NGO alliances.

# The Grand Bargain One Year After The World Humanitarian Summit

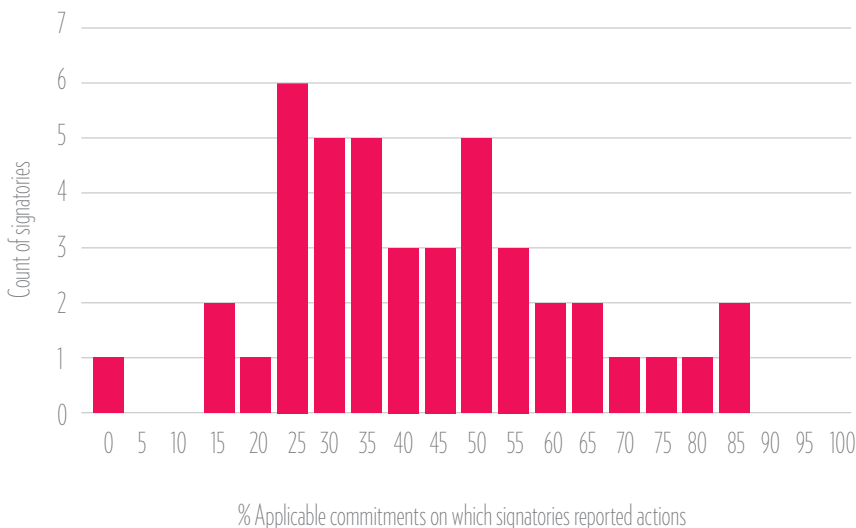


The Grand Bargain has successfully mobilised key stakeholders, representing 86-88% of international humanitarian donor funding and 72% of aid organisations' budget. But little buy-in from non-OECD countries and NGOs limits its potential.

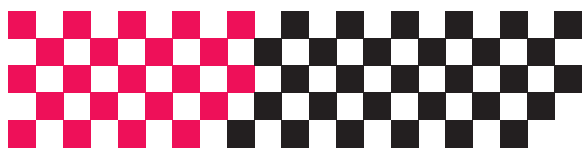
... But the progress is uneven.



Signatories have on average reported progress on 40% of their commitments (and plan to act on an additional 5%) ...



% Applicable commitments on which signatories reported actions



22 of the 52 signatories have taken a leadership role in the Grand Bargain's architecture, which is comparably flexible and light.

## Recommendations

1. Keep the light structure and the joint leadership roles
2. Re-engage the signatories at the political level
3. Increase coherence within the Grand Bargain
4. Apply the Grand Bargain in its entirety to specific emergency operations
5. Expand the Grand Bargain's reach among non-signatories



In the field, there is growing impatience about realizing the benefits of the Grand Bargain.



## Progress Made Per Work Stream

This table illustrates scores assigned to the Grand Bargain work streams along five assessment criteria. Each criterion is assessed on a scale from 0 to 4 (from no significant progress to excellent progress, or from important missing links to full coherence). For a work stream's overall assessment, see the narrative summaries in section 4 of the full report or the executive summary.

Work Stream	Donor activity	Aid organisation activity	Activity on joint commitments	Links to other work streams	Links to other existing processes
Transparency	●●○○	●●○○	●●○○	●●○○	●●●●
Localisation	●●○○	●●●○	●●○○	●○○○	●●●○
Cash	●○○○	●●●○	●●○○	●○○○	●●●●
Management Costs	●○○○	●●●○	●●○○	●●○○	●○○○
Needs Assessment	●○○○	●●○○	●○○○	●●●○	●●○○
Participation Revolution	●●○○	●●○○	●○○○	●○○○	●●●○
Multi-Year Planning and Funding	●●●○	●●○○	●○○○	●●○○	●○○○
Earmarking	●○○○	●○○○	●○○○	○○○○	●●●○
Reporting Requirements	●●●○	●○○○	●●●○	●●○○	●●●●
Humanitarian-Development Nexus	●○○○	●○○○	●○○○	○○○○	●●●○

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