

Norwegian Refugee Council statement on the Grand Bargain

The Norwegian Refugee Council (NRC) has invested energy and resources in the Grand Bargain (GB) since its inception during the World Humanitarian Summit in 2016. Three years in and NRC is taking stock of the accomplishments made but also, our participation in the reform process that is on course to achieve its *raison d'être*: **to improve the efficiency and effectiveness of humanitarian aid.**

Following this year's Annual meeting of signatories, we felt a renewed sense of optimism for the nature and intent of the GB and are excited to work with Minister Kaag, of Kingdom of the Netherlands, as the Eminent Person in our role as co-conveners of the enhanced workstream on quality funding. In taking on this role, NRC looks forward to a lighter process delivering a more impact-oriented approach working collectively across all constituencies: donors, United Nations and NGOs.

In line with the commitments to improve transparency, reduce management costs, and harmonise reporting, NRC will shortly launch a proposal to **harmonise cost classification and financial budgeting and reporting**. This will signify a **new arrangement between donors and aid agencies**, one through which both groups can build upon their respective commitments **for greater transparency**.

The proposal is based on *The Money Where It Counts* initiative, the culmination of our three-year project developed first in **partnership with the Boston Consulting Group, and now with Humentum in this final stage**. We believe that the proposal brings significant opportunities to achieving the Grand Bargain, **calling on donors and aid agencies to collaborate – and compromise in the spirit of *quid pro quo* – for the adoption of a protocol** outlining the main principles of cost classification and financial reporting. It embraces the original spirit of the bargain and moves beyond targeting the low hanging fruit while maintaining a realistic approach through the collaborative design of the initiative in which **nine medium and large international NGOs were involved**.

NRC and Humentum are now actively reaching out to potential donors to join with a group of INGOs to support the implementation of a pilot project with a structure similar to the one successfully steering the harmonisation of narrative reporting.

Queries can be directed to Luca.Peciarolo@nrc.no or nrcgeneva.policy@nrc.no

Wins for all



Donors		Agencies	
Get	Give	Get	Give
Transparent and consistent budgets and financial reports	Commit to pay full reasonable and justifiable costs	Simplified and harmonised approach accepted by multiple donors	Present transparent budgets and reports
Clear and consistent cost charging mechanisms and INGO information and rationale	Accept cost pooling and apportionment for certain direct costs	Opportunity to streamline and automate processes	Include fair, reasonable and justifiable costs
Detailed financial reports if desired	Accept harmonised budgets and reports in MWIC format	Full reasonable and justifiable direct and indirect costs	Exercise and demonstrate financial vigilance and cost control
Third party evidence for all direct costs			Use the agreed cost classification and cost charging mechanisms
Indirect costs based on audited accounts			Provide detailed financial reports if asked
Information to challenge agencies			Maintain third party evidence for costs
More resources to programmes and beneficiaries			