



SHRINK *the* **NEEDS**

**A Grand Bargain is no longer
an OPTION but a NECESSITY**

In 2015, when OCHA put the total funding requirements at \$19.8 billion, only \$10.9 billion was provided by donors, leaving a 45% shortfall.¹ The previous UN Secretary-General Ban Ki-Moon acknowledged this gap and announced the creation of a “High-Level Panel”, to consider new ways and opportunities to address the funding gap.” The Panel in its report “Too important to fail – addressing the humanitarian financing gap” launched in January 2016, emphasised the following three:

- Shrink the needs: A shared responsibility
- Deepen and broaden the resource base for humanitarian action
- Improve delivery: A Grand Bargain on efficiency

The Global Humanitarian Overview (GHO) 2022,² launched in December 2021, required \$41 billion to target 183 million people around the world out of 274 million people requiring assistance. However, by October 2022, this requirement has gone up to \$50.8 billion to target 215 million people out of 324 million requiring assistance³. As of 31 October, the recorded funding for GHO 2022 has reached \$20.7 billion (41% of the needs) and that means less funding to assist more people. The GHO attributes the reasons for increased funding needs to the Ukraine crisis and the combined effects of conflict, climate change and natural disasters, the cost-of-living crisis and public health emergencies. As evident from the GHO 2022 October update, needs, instead of shrinking, have grown exponentially. Therefore, it’s time to reflect on why the ambitious process launched at the World Humanitarian Summit has been failing to bridge the funding gap – one of the key reasons for adopting the Grand Bargain, we need to examine the reasons and come up with an appropriate forward under the GB 3.0.

Shrink the Needs:

Humanitarian funding has been increasing sharply and consistently, and yet it has never been found enough to cover the entire population requiring assistance. In 2000, UN OCHA recorded \$2 billion raised globally for humanitarian assistance. By 2014 this amount had increased to \$24.5 billion. The report ‘Too Important to Fail’ feared, if the current trends continue, by 2030, when the SDGs expire, the cost of humanitarian assistance will have risen

to US\$50 billion. In reality, we didn’t need to wait until 2030. The funding requirement has exceeded more than US\$50 billion in 2022.

According to the GHO 2016⁴, 125.3 million people were in need of humanitarian assistance. The report ‘Too Important to Fail’ imagined a country, the eleventh most populous in the world, where citizens are without employment or shelter and do not have the means to feed themselves or provide for their loved ones. Too many of their women die giving birth and too few children are lucky enough to live until their 5th birthday. For those who do, especially girls, they do not attend school. They have been deprived of their dignity and live in insecurity. Above all, they are struggling to change their circumstances; they rely upon charity to survive.⁵ Referring to ‘leaving no one behind’, the paper underlined that achieving the SDGs was not possible without first acknowledging and addressing the needs of this ‘country’ of 125 million citizens. **However, in 2022, the population of this imaginary country has grown to 324 million people and become the fourth most populous country.**

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¹ <https://www.calpnetwork.org/wp-content/uploads/2020/03/icvagrandsbargainexplained-1.pdf>

² <https://gho.unocha.org>

³ <https://reliefweb.int/report/world/global-humanitarian-overview-2022-october-update-snapshot-31-october-2022>

⁴ <https://www.unocha.org/sites/unocha/files/GHO-2016.pdf>

⁵ https://interagencystandingcommittee.org/system/files/hlp_report_too_important_to_fail_coaddressing_the_humanitarian_financing_gap.pdf

The most effective way to bring down the cost of humanitarian aid is to reduce the necessity, yet the trends are exactly the opposite. In spite of this acknowledgement, scant efforts have been made in this direction.

Year-wise funding requirement and gap according to GHOs

Year	People requiring assistance	People planned to be targeted	Funding required	Funding received ⁶	Gap
2015	77.9 m	57.5 m	\$16.4b	\$10.8b	44%
2016	125.3 m	87.6 m	\$20.1b	\$11.9b	41%
2017	128.6 m	92.8 m	\$22.2b	\$14.48b	39%
2018	135.7 m	90.9 m	\$22.5b	\$15.26b	39%
2019	131.7 m	93.6 m	\$21.9b	\$17.61	37%
2020	167.6 m	108.8 m	\$28.8b	\$19.2b	50%
2021	235.4 m	159.9 m	\$35.1b	\$20.17b	46%
2022	274 m	183 m	\$41b	\$20.7b	59%
2022 (revised)	324 m	215 m	\$50.8b	\$23.1b	55%

Note: According to the GHA report, total humanitarian assistance in 2021 was US\$31.3 billion.

As evident from the above table, needs, as well as funding requirements, have been going up constantly despite the call for shrinking the need to bridge the funding gap. The number of people requiring humanitarian assistance in the majority of the countries, facing protracted crises, is either stagnant or increasing. According to the GHA, in 2021, the number of countries experiencing a protracted crisis (countries with five or more consecutive years of UN-coordinated appeal) increased to 36, from 34 countries in 2020⁷. The countries that received maximum humanitarian funding in 2021 include Yemen (\$2,731 million), Syria (\$2,142 million), Afghanistan (\$1,758 million), Ethiopia (\$1,558 million), South Sudan (\$1,289 million), Somalia (\$953 million), DRC (\$923 million), Lebanon (\$914 million), Sudan (\$864 million) and Nigeria (\$785 million). Twelve countries have been part of humanitarian appeals every year since 2012, and their requirement has more than doubled in these years.

As the report 'Too important to fail' underlines, it is easier to deliver humanitarian assistance than it is to invest in political solutions. The world continues to need strong determination at the highest level of political leadership to prevent and resolve conflicts. Another striking observation made in this report is, 'It appears that, far too often, needs assessments are performed by aid organisations to service their own aid programmes rather than for the purpose of establishing the true extent of what is required, meaning that the real needs of affected communities may not be reflected. Organisations are suspected of

'appeal inflation', overstating requirements because they are unlikely to get 100 per cent of what they request from donors.

Missed opportunities:

The first core responsibility of Agenda4Humanity⁸ asked for timely, coherent and decisive political leadership to prevent and end conflicts. 196 stakeholders signed up for the Agenda4Humanity and filed self-reports for three years before the process got closed without achieving much. The Nexus workstream (among humanitarian, development and peace actors) of the Grand Bargain, asking for shrinking humanitarian needs; prevention, mitigation and preparedness for early action; investing in durable solutions for refugees, IDPs., etc., could have facilitated a New Way of Working to seek early and durable solutions and thereby shrink the needs. However, this workstream got closed prematurely on the presumption that it would be a cross-cutting approach across all workstreams. Little has been done as yet to mainstream the nexus approach across work streams and now with the uncertainty of workstream continuing there is a real danger that it will fall off the radar.

In the lead-up to Grand Bargain 2.0 Alliance for Empowering Partnerships (A4EP)⁹, a network of Southern actors and a signatory of the Grand Bargain, published a paper A Grand Bargain¹⁰ to influence the discussion on the Grand Bargain extension, and like many signatories

⁶. <https://fts.unocha.org/appeals/overview/2022>

⁷. <https://devinit.org/resources/global-humanitarian-assistance-report-2022/>

⁸. <https://agendaforhumanity.org>

⁹. <http://a4ep.net/>

¹⁰. <https://reliefweb.int/report/world/grand-bargain-2030>

asked for longer term commitments with better accountability mechanism. These recommendations were not incorporated into GB 2.0. The GB V2.0 identified two enabling priorities, i.e., localisation and participation revolution. Shrinking the needs wasn't made a priority despite the evidence strongly asking for it. The V2.0 did come up with a structure of caucuses to elevate discussions and decision-making to a more political, strategic level. So far, four caucuses have been formed on the themes of cash transfer, the role of intermediaries, quality funding (with a focus on multiyear and softly earmarked funding) and localisation. That indicates, the focus continues being on funding and the ways to channel funds instead of seeking early and durable solutions to crises for shrinking the needs. In GB 3.0 there has to be a more intentional focus on shrinking the needs and finding more durable solutions.

The nexus approach:

Yemen, South Sudan, Nigeria, Afghanistan and Ethiopia faced the greatest risk of famine during 2018-2021 and all of them suffered from violent conflict. While the global leadership has failed to resolve existing protracted crises, renewed conflicts have emerged in Ethiopia, Burkina Faso and Ukraine. Humanitarian funding remains focused on addressing immediate needs, overlooking seeking durable solutions.

There remains a strong view that recovery and resilience fall under development objectives. The SOHS report found fatigue among the people surviving on perpetual humanitarian aid. They are more desperate for economic empowerment and normalcy which the current humanitarian system doesn't prioritise, and this scenario underpins the necessity of humanitarian-development-peace nexus with a strong mainstreaming of climate angle.

The majority of the LNHA's do not have siloed approach. They prefer working on resilience, but do not get support from the compartmentalised approach of international actors who access and control a larger chunk of humanitarian funding. The head of the office for Eastern DRC for a UN agency commented, 'We are limited to saving lives, but we do not change lives.'¹¹

Since the gap between needs and funding is galloping, the global humanitarian architecture, particularly the international actors, must walk the talk. Disasters will be on increase in terms of frequency, scale & intensity because of climate change. Unresolved protracted crises would never keep us prepared to absorb new shocks such as the Covid19 pandemic. Humanitarian crises are derailing SDGs, SFDRR commitments and climate goals. Millions of people are desperate to live a normal life. Millions of children are unfamiliar with a normal upbringing in a protected environment. The humanitarian sector ought to revive its humane face instead of its constant corporatisation.

Shrinking Funding to local and national actors

Although the commitments were made under the GB and Charter4Change to pass on at least 25% funding to local and national actors as directly as possible by 2020, and asked the international actors to 'Reinforce, do not replace national and local systems', the recent reports of ALNAP 'The State of the Humanitarian System'¹² and the Global Humanitarian Assistance Report 2022¹³, published by Development Initiatives present dismal progress on that.

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¹¹. <https://sohs.alnap.org/help-library/2022-the-state-of-the-humanitariansystem-sohs---full-report-0>

¹². https://globalfundcommunityfoundations.org/wp-content/uploads/2022/09/TheStateOfTheHumanitarianSystem_ALNAP.pdf

¹³. <https://devinit.org/resources/global-humanitarian-assistance-report-2022/#exec-summary>

The below table shows the 10 largest recipients of international humanitarian assistance in 2022.

Largest organisational recipients of response plan/appeal funding¹⁴

S.N.	Recipient organisation	Funding received (US\$M)
1.	World Food Programme	8,529.0
2.	United Nations Children's Fund	2,470.6
3.	United Nations High Commissioner for Refugees	2,468.2
4.	International NGOs (Confidential)	1,886.4
5.	International Organisation for Migration	1,082.2
6.	World Health Organisation	743.7
7.	Food & Agriculture Organisation of the United Nations	465.0
8.	United Nations Relief and Works Agency for Palestine Refugees	332.4
9.	Catholic Relief Services	274.2
10.	Save the Children	249.5

According to the GHA report, direct funding to local and national actors in 2021 was only US\$302 million, i.e., 1.2% of total international humanitarian assistance. Multilateral agencies received 60% of the international funding in the year.

Direct funding to local and national actors since 2017 – according to the GHA report

Year	Amount in US\$	Percentage
2017	603 million	2.8%
2018	738 million	3.3%
2019	410 million	1.8%
2020	824 million	3%
2021	302 million	1.2%

The SOHS report of ALNAP presents following breakup of the funding disbursement

Year	UN agencies	INGOs	Int. movement	RCRC	Other int. responders	Local/national actors
2018	62%	16%	11%		8%	3.3%
2019	66%	16%	9%		7%	1.8%
2020	64%	20%	7%		6%	3%
2021	60%	20%	5%		13%	1.2%

According to the SOHS 2022 report of ALNAP, a total of US\$ 456 million was provided to local and national actors, out of which only US\$ 129 million was provided directly. It is to be noted that the national governments and national societies are also included under local

and national actors, therefore one can imagine the percentage of funding reaching local and national NGOs. The situation will look grimmer if there is a mechanism to calculate the funding mobilised by UN agencies and international actors outside the OECD DAC system, particularly in the Global South through their country offices. On top of it, it remains ambiguous, how many country offices camouflage as national actors to receive funding as LNHA's.

Charter4Change¹⁴ signatories reported 21% of funding being passed on to LNHA's but found country-level implementation still wanting. Furthermore, most of the Charter4Change signatories work through a confederation structure and often received criticism of their country offices doing just the opposite of what their HQs advocate for. International actors are still, and perhaps deliberately, grappling with the clear definition of localisation and decolonisation of aid. For some, localising the international humanitarian system through the devolution of power and resources is localisation. The report What Transformation Takes – Evidence of Responsible INGO Transitions to Locally Led Development Around the World¹⁵ presents 19 cases, and in a glorifying manner, of INGOs transitioning to become national NGOs in the Global South. Oxfam, a signatory of Grand Bargain, Charter4Change and now Pledge4Change,¹⁷ just announced nationalising its office in the Philippines.¹⁸ The report INGOs & the

¹⁵ <https://charter4change.org/>

¹⁶ <https://www.peacedirect.org/publications/what-transformation-takes/>

¹⁷ <https://pledgeforchange2030.org>

¹⁸ https://www.linkedin.com/feed/update/urn:li:activity:7000395648944537600/?utm_source=share&utm_medium=member_android

Long Humanitarian Century,¹⁹ based on interviews of INGO CEOs, highlights the dichotomy. On the one hand, these CEOs envision themselves as less dominant by 2030 with more power tilted towards local organisations, on the other, they find it difficult due to the perceived notion of lack of capacity with LNHAAs, and reluctance among them to reduce operational footprints, budgets and jobs within their organisations. Consequently, INGOs are competing more aggressively with each other for more share of international funding while also expanding in the Global South wherever they smell the opportunity of fundraising. This new phase of colonisation is not only diminishing the CSO movements that emerged out of local realities in the Southern countries but also harming the nexus approach of LNHAAs. It is felt, because of this approach of coloniality, local and national NGOs have stopped being CSOs, moved from a programme approach to a project approach and became episodic in functioning instead of leading the process of transformation. The more intentional focus needs to be on finding solutions to equitable partnerships and quality funding to local and national organisations.

Sharing risks and care for frontline staff:

National staff make up over 90% of the humanitarian workforce, but despite being the bedrock of humanitarian response, face a pay and power gap between them and their international colleagues. On an average UN staff get paid more than double their INGO peers, and staff of INGOs on an average get paid more than six times of L/NGOs staffers.²⁰ Furthermore, particularly staff of local NGOs work without any social security benefits, keeping them almost as vulnerable as the population they work for.

This disparity is one fundamental reason for staff poaching which is contributing significantly to the institutional weakening of LNGOs. While perpetuating this institutional weakening, international actors cite a lack of capacity with LNHAAs to deny direct funding to them.

Covid19 is often presented as a good example of localisation when more funding was passed on to local actors. In reality, it presented an in-humanitarian face of the sector as frontline workers were asked to lead the response with no or negligible

risk cover and/or social security. There is no data available in the public domain on the number of frontline humanitarian workers who died during the Covid19 response. More care has been to be taken in how we are working in solidarity with local/ national organisations.

The way forward:

1. Learning lessons from GB 2.0, and recognising shocks like the COVID-19 pandemic and climate change are compounding other risk factors for sudden and slow onset crises, GB 3.0 must be extended to 2030, underpinned by nexus approach with strong alignment with the SDGs, SFDRR and Climate goals, with clearly defined humanitarian goals and accountability indicators.
2. Under V3.0, Co-Eminent Person should be appointed from the Global South to share the responsibility to take forward high-level political engagement with the support of a strong secretariat and governance structure with larger numbers of signatories from the Global South.
3. Multiyear and flexible financing should be for investing in seeking durable solutions led by local actors with a community either suffering from protracted crises or frequent extreme natural events with international actors playing a supportive role.
4. International actors should institutionalise localisation commitments and make them binding principles and they must stop fundraising in Global South.

¹⁹ <https://www.nuffield.ox.ac.uk/our-research/selected-projects/international-ngos-and-the-long-humanitarian-century/>

²⁰ <https://sohs.alnap.org/help-library/2022-the-state-of-the-humanitarian-system-sohs---full-report-0>

- Renew the commitment to Greater Transparency under V3.0 with country-level disaggregated data so funding being passed on to LNHA can be tracked.
- Global pay scale should be made public to highlight the major disparity between the salaries and social security benefits between the staff of UN agencies, INGOs and local & national NGOs. The sector has a duty of care towards the frontline workers too.
- The principle of Neutrality often becomes a barrier to speaking out about human rights and asking for solutions. This principle shouldn't be imposed in all contexts on LNHA who are otherwise more centric towards seeking durable solutions by siding with the population facing oppression.
- All donors should develop a localisation policy and a strategy following the example of USAID, which acknowledges the lack of capacity of donors too and plans to address that in a phased manner to improve working directly with local actors.

The Grand Bargain process has generated maximum optimism among local and national actors. The A4EP members sincerely believe that together we can a difference if the international actors will live up to their commitments, and contribute to those millions of people who aspire for better and normal life without perpetual aid dependency and who wish to thrive not just survive.

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