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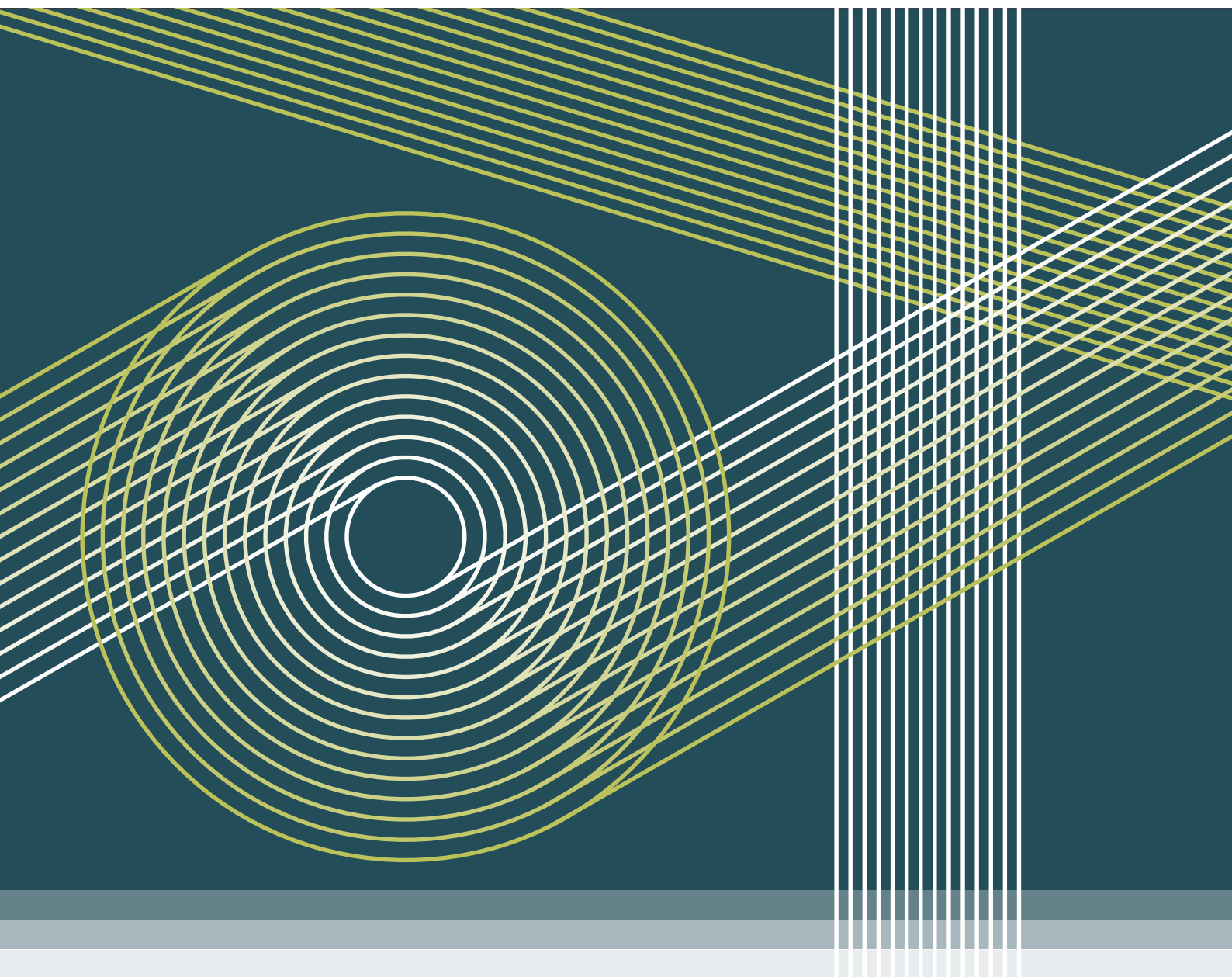
# The Grand Bargain in 2022

## An independent review

Victoria Metcalfe-Hough, Wendy Fenton and Farah Manji

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## About the authors

**Victoria Metcalfe-Hough** is an independent consultant and a Research Associate with HPG at ODI.

**Wendy Fenton** is the Coordinator of the Humanitarian Practice Network and a Senior Research Fellow with HPG.

**Farah Manji** is an independent consultant and a Research Associate with HPG.

# Foreword

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Over the past two years, I have had the honour of chairing the work of the Grand Bargain, the only platform that brings together donors, United Nations agencies, the Red Cross and Red Crescent Movement, international non-governmental organisations and local actors with the aim of making humanitarian action more effective and efficient.

When I took over this role in 2021, we agreed to elevate our work from the technical to the political level, and to focus on fewer outcomes. This approach has proven to be effective, and we achieved concrete results:

- Many donors and agencies have recognised the importance of increased quality, predictable and multi-year funding.
- We have created a new model for cash coordination, an issue that remained unresolved for almost a decade.
- Through the caucuses on the role of intermediaries and on funding for localisation, donors and organisations have made clear commitments to strengthen the quality of their partnerships and develop roadmaps on how and when to achieve the 25% target for funding channelled to and through local actors.

The findings of this independent report also confirm that concrete and measurable progress was made by individual signatories on several Enabling Priorities, such as an increase in the volume and percentage of quality funding and important policy shifts on localisation by individual signatories, including through the provision of overhead costs to local and national non-governmental organisations.

Some argue that the Grand Bargain has not yet transformed the system in the ways we had hoped. However, it would be wrong to say it hasn't achieved results. Progress is slow, but sure. Many individual organisations, including some of the big players in the system, have introduced changes that would not have happened without the Grand Bargain.

But humanitarian reform has become more cumbersome than when I launched the 2005 humanitarian reform initiative. That initiative was implemented within a year and still defines much of humanitarian coordination, cooperation and funding. Now, many more actors demand much more consultation and every change requires lengthy negotiations and strong leadership over time. It seems that, for some donors and many organisations, change is worrisome.

Over the past two years, I have seen a general recognition that we are not reaching or serving many communities in need as we should, and that change is needed. But when proposals are launched there is too often a resistance to concrete proposals and an impulse to postpone and consult even further. Change thus only comes when issues are lifted to the highest executive levels, which often takes time and repeated efforts.

For me, the Grand Bargain process is not like a train which can stop and then easily restart its journey. It is more like a bicycle – one that needs to move continuously so as not to fall. Now that the signatories have unanimously decided to extend the Grand Bargain process until at least 2026, when we will mark 10 years from the Istanbul summit, I hope all signatories will remember their solemn signature and embrace further change to make humanitarian aid and protection more effective.

We could not have had a more capable, experienced and effective leadership to take over as I end my role. We all need to help them achieve further and faster progress to reach our common goals.

**Jan Egeland**

Grand Bargain Eminent Person and Secretary General, Norwegian Refugee Council

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# Acronyms

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<b>AAP</b>	Accountability to Affected Populations
<b>A4EP</b>	Alliance for Empowering Partnership
<b>ADB</b>	Asian Development Bank
<b>AIR</b>	annual independent review
<b>AOR</b>	Area of Responsibility
<b>CAFOD</b>	Catholic Agency for Overseas Development
<b>CAG</b>	Cash Advisory Group
<b>CAR</b>	Central African Republic
<b>CBPF</b>	Country-based Pooled Fund
<b>CCD</b>	Collaborative Cash Delivery Network
<b>CERF</b>	Central Emergency Response Fund
<b>CHS</b>	Core Humanitarian Standard
<b>CoP</b>	Community of Practice
<b>CRS</b>	Catholic Relief Services
<b>CSO</b>	civil society organisation
<b>CVA</b>	cash and voucher assistance
<b>CWG</b>	Cash Working Group
<b>DCA</b>	DanChurchAid
<b>DCF</b>	Donor Cash Forum
<b>DEC</b>	Disasters Emergency Committee
<b>DEI</b>	Diversity, Equity and Inclusion
<b>DGECHO</b>	Directorate General for European Civil Protection and Humanitarian Aid Operations
<b>DI</b>	Development Initiatives
<b>DRC</b>	Danish Refugee Council
<b>DRC</b>	Democratic Republic of Congo
<b>DRR</b>	Disaster Risk Reduction
<b>DTM</b>	Displacement Tracking Matrix
<b>ERC</b>	Emergency Relief Coordinator
<b>FAO</b>	Food and Agriculture Organization

<b>FoGG</b>	Friends of Gender Group
<b>FTS</b>	Financial Tracking Service
<b>GBV</b>	gender-based violence
<b>GEWE</b>	gender equality and women's empowerment
<b>GHD</b>	Good Humanitarian Donorship
<b>GHO</b>	Global Humanitarian Overview
<b>GPPI</b>	Global Public Policy Institute
<b>GTS</b>	Ground Truth Solutions
<b>HCT</b>	Humanitarian Country Team
<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>ICSP</b>	Ireland Civil Society Programme
<b>ICVA</b>	International Council of Voluntary Agencies
<b>IDP</b>	internally displaced person
<b>IFI</b>	international financial institution
<b>IFRC</b>	International Federation of Red Cross and Red Crescent Societies
<b>IGAD</b>	Intergovernmental Authority on Development
<b>ILO</b>	International Labour Organization
<b>INGO</b>	international non-governmental organisation
<b>IOM</b>	International Organization for Migration
<b>IRC</b>	International Rescue Committee
<b>IPC</b>	Integrated Food Security Phase Classification
<b>JIAF</b>	Joint Intersectoral Advisory Framework
<b>JIAG</b>	Joint Intersectoral Analysis Group
<b>MOPAN</b>	Multilateral Organisation Performance Assessment Framework
<b>MSNA</b>	Multi-sectoral Needs Assessment
<b>NEAR</b>	Network for Empowered Aid Response
<b>NGO</b>	non-governmental organisation

<b>NRC</b>	Norwegian Refugee Council
<b>NRG</b>	National Reference Group
<b>NSIA</b>	National Society Investment Alliance
<b>OCHA</b>	Office for the Coordination of Humanitarian Affairs
<b>OECD-DAC</b>	Organisation for Economic Cooperation and Development – Development Assistance Committee
<b>PADF</b>	Pan-American Development Foundation
<b>PMU</b>	Project Management Unit
<b>PRM</b>	US State Department Bureau of Population, Refugees and Migration
<b>PSC</b>	Programme Support Costs
<b>RC/HC</b>	Resident Coordinator/Humanitarian Coordinator
<b>RCRCM</b>	Red Cross and Red Crescent Movement
<b>RRA</b>	Risk and Resilience Assessment
<b>SAG</b>	Strategic Advisory Group
<b>SCHR</b>	Steering Committee for Humanitarian Response
<b>sclr</b>	survivor- and community-led response
<b>SFERA</b>	Special Fund for Emergency and Rehabilitation Activities
<b>Sida</b>	Swedish International Development Cooperation Agency
<b>SRF</b>	Sahel Regional Fund
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNDCO</b>	United Nations Development Coordination Office
<b>UNDP</b>	United Nations Development Programme
<b>UNDPPA</b>	United Nations Department of Political and Peacebuilding Affairs
<b>UNFPA</b>	United Nations Population Fund
<b>UNHCR</b>	United Nations Refugee Agency
<b>UNICEF</b>	United Nations Children’s Fund
<b>UNPBSO</b>	United Nations Peacebuilding Support Office
<b>UNRWA</b>	United Nations Relief and Works Agency for Palestine Refugees in the Near East
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women
<b>URC</b>	Ukrainian Red Cross
<b>US</b>	United States of America
<b>USAID</b>	US Agency for International Development
<b>USAID/BHA</b>	USAID Bureau for Humanitarian Assistance

<b>WASH</b>	water, sanitation and hygiene
<b>WLO</b>	women-led organisation
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization
<b>WHS</b>	World Humanitarian Summit
<b>WRO</b>	women's rights organisation
<b>WVI</b>	World Vision International

## Executive summary

Following a reformulation of the Grand Bargain priorities and structure (the Grand Bargain 2.0 framework) in 2020 and 2021, 2022 saw a consolidation of effort and some important progress. The Grand Bargain 2.0 articulated two Enabling Priorities (quality funding and localisation/participation); four ‘caucuses’ were established – on cash, quality funding, intermediaries and funding for localisation – each led by a Champion and focused on negotiating political action; and a more streamlined structure was introduced, including the closure of a number of thematic workstreams as technical coordination bodies. The signatories agreed to implement this framework over a two-year period – 2021 to 2023.

This seventh Annual Independent Review (AIR) of the Grand Bargain, commissioned by the Facilitation Group, analyses progress achieved and challenges faced by signatories against the commitments during 2022. The research team reviewed 59 signatory self-reports submitted by the agreed deadline of 1 March 2023, alongside additional/supplementary data provided by signatories, and conducted semi-structured interviews with 58 signatories and seven thematic experts. The team also drew on the findings of a survey of local actors by the Network for Empowered Aid Response (NEAR) and data from field perception surveys conducted by Ground Truth Solutions (GTS), as well as publicly available literature. As in previous years, the research faced a number of challenges, the most substantial of which again related to the quality of the data reported by signatories. This report should be read with these limitations in mind.

The research indicates that signatories collectively advanced in key areas including the increased provision by institutional donors of multi-year and flexible funding; empowerment of local and national actors to assume greater leadership and exert greater influence in decision-making processes, and investments in their institutional capacities; and increased provision and more predictable coordination of cash assistance. Signatories utilised the caucus model to generate political commitment to change while drawing on the technical and operational work done in past workstreams and/or undertaken by the Inter-Agency Standing Committee (IASC) and in other forums.

Despite this progress, the potential of the Grand Bargain to address the political barriers to change in other areas is still to be realised. There was no concrete progress towards a more demand- rather than supply-driven humanitarian response; there is an ongoing failure to substantively increase funding to local and national actors; and quality funding is still insufficient to enable the desired step-change in efficiencies and effectiveness. The signatories will need to further refine their focus and approach if this mechanism is to help them realise the transformation of the international humanitarian system the Grand Bargain originally envisaged.

# The Grand Bargain 2.0 – achievements, challenges and key lessons

## Focus, approach and links with other forums

### A narrower focus

The majority of signatories across all constituency groups felt that the more focused approach set out in the Grand Bargain 2.0 framework had been appropriate and effective, enabling signatories to concentrate institutional capacities and political capital on key areas of concern, including increased quality funding and increased investment in and support for local and national partners. The higher profile also afforded to the participation revolution under the 2.0 framework encouraged further investments in communicating with affected people.

Crucially, this more concentrated focus at the collective level has not prevented signatories from moving ahead institutionally and/or in groups on other thematic areas under the original Grand Bargain framework. There was important progress on needs analysis (Workstream 5) with the development of the Joint Intersectoral Analysis Framework (JIAF) 2.0 document; expanded use of the UN Partner Portal (Workstream 4); and continued investments in policy and programming on the humanitarian–development–peace nexus (Workstream 10). That signatories continued to make progress in these areas strongly indicates that they continue to believe that the original 2016 framework remains relevant to the humanitarian system, and that they remain committed to making the broad changes in policy and practice that the original authors of the Grand Bargain envisaged. These two factors offer an important foundation for the next iteration of the Grand Bargain.

### A political approach

The majority of signatories expressed support for the caucus model as an effective vehicle for overcoming political barriers or bottlenecks to change. However, while each caucus has necessarily functioned differently due to the nature of the political challenge to be addressed, some signatories noted that this has resulted in varying levels of visibility and transparency. Signatory feedback also indicates that there were common issues across the four caucuses which will need to be addressed. Signatories highlighted that significant resources were required of the Champions to lead and manage the caucus processes. The time and resources required of participating signatories has also been substantial, and there were questions whether the outputs were proportionate to the investments being made. Some signatories were concerned that the Champions might not be considered neutral brokers in leading what were essentially political negotiations. Some smaller signatories felt left out of negotiations, and there was at times insufficient communication on what was happening in the negotiations. Coordination between the four caucuses was not always optimal, and several were slow to build on relevant technical work already done in workstreams and other forums. Many signatories remain unclear as to whether they are expected to implement the outcomes agreed even if they did not participate in the negotiations, and how or to what degree all signatories will be held accountable for doing so.

When the 2.0 framework was launched at the Annual Meeting in 2021, there was a more general call – indeed, a broad commitment – for more political engagement at the highest levels from all signatories.

However, only a few senior-level leaders stepped up to lead caucuses or engage in other aspects of the Grand Bargain, and political-level engagement within the Facilitation Group has been less than expected. While the Eminent Person was extremely active at the political level, as he steps back from his role it will be imperative for the leaders of all the other signatory institutions to engage more robustly in decisions on the future of the Grand Bargain, and for more of them to assume roles in the governance structures.

### Functional links within and outside the Grand Bargain

Past AIRs have highlighted the lack of coordination between the different mechanisms of the Grand Bargain, and the failure to connect dialogues under different themes or integrate or cross-reference other commitments. Addressing this was a key element in the Grand Bargain 2.0 framework, and the four caucuses all integrated – to a degree – other Enabling Priorities in their negotiations or outcome documents. But there were also missed opportunities to reiterate some of the other original commitments in the caucus outcomes, or to fully exploit links between the different mechanisms. Maximising the value of the caucus model in future will necessitate forging closer links between the different mechanisms and empowering the Secretariat to support this.

Progress has been made in forging closer links between political discussions in the Grand Bargain and the technical or operational work in the IASC Task Forces and related mechanisms. The incorporation of new content on participation and localisation in the revised Global Guidelines on Country-based Pool Funds (CBPF) illustrates how the political attention brought to issues by the Grand Bargain can be used to support significant changes in operational policy and practice. However, signatories highlighted during interviews their concerns that opportunities to clearly embed the substantive content of the Grand Bargain in other aid reform processes are being missed. Some also raised the question as to how far donor signatories are reflecting their Grand Bargain commitments and positions through their roles on the Executive Boards of UN agencies and other international organisations.

### Engagement with local and national actors

Greater engagement with, and more influence of, local and national actors in the Grand Bargain was a key element in the 2.0 framework. The two local/national NGO networks that are signatories to the Grand Bargain – Alliance for Empowering Partnership (A4EP) and NEAR – have assumed rotational representation roles on the Facilitation Group, and both have been effective in influencing the direction of the Grand Bargain and the evolution of its structures. Both have also played lead or key contributory roles in the various caucuses. There have also been efforts by the Friends of Gender Group (FoGG) to facilitate the participation of local/national women's rights organisations/women-led organisations (WROs/WLOs) in the Grand Bargain's global processes.

This influence and engagement at global level does not appear to have been replicated at country level. Roll-out of National Reference Groups (NRGs), conceived under the 2.0 framework as the main mechanism through which local and national actors could both support and benefit from implementation of the Grand Bargain commitments, has been stymied by disagreements over the aim and purpose of this mechanism, insufficient clarity on how the NRGs would work in practice, and parallel

efforts to increase local and national actors' engagement in Humanitarian Country Teams, cluster coordination groups and other forums. The rationale for or added value of NRGs has not been made clear, including to local/national actors themselves. A serious rethink of this concept is thus required.

### The next iteration of the Grand Bargain

#### Signatories' perspectives on the Grand Bargain 2.0

Despite important progress across a number of areas in 2022, political-level engagement and interest from some signatories has continued to wane. There are different positions within and across constituency groups on the value of the Grand Bargain, but several discernible themes stand out, most of which are long-standing but which were not adequately addressed in the 2.0 framework. These include (mis)understandings of and a lack of confidence in the quid pro quo, the burden of engagement and the prevailing negative narrative around 'success'.

With regard to the quid pro quo, several signatories, particularly but not exclusively in the United Nations (UN) group, feel that they have played their part but have not received the benefits or dividends they expected. Similarly, many non-governmental organisations (NGOs) consider that they have given the most in terms of trying to drive collective progress, but have seen little in return from donors and UN partners, and are concerned at what they see as decreasing engagement and interest from these other two groups in the Grand Bargain's processes and structures. In all constituencies there remains a concern that, after seven years, the transaction costs of engaging have not been equal to the benefits accrued.

Although communication from the Secretariat has increased, showcasing examples of impact and progress, there has been a growing negative narrative that the Grand Bargain has not been 'successful', that it has not had 'impact'. While this is not a correct assessment of the evidence available, countering negative narratives has proven difficult particularly because of the paucity of data reported by signatories against the indicators developed by the workstreams. As the Grand Bargain moves into its next iteration, it will be critical that signatories step up efforts to report more accurately and comprehensively on the outputs and outcomes of their efforts, both as a matter of transparency and accountability but also to ensure a more accurate narrative on where the Grand Bargain is proving effective in driving change, and where it needs to make greater political investments.

#### Initial proposals for the future of the Grand Bargain

At the Annual Meeting in June 2022 the Eminent Person launched the process to determine the next phase of the Grand Bargain, and in February 2023 the Facilitation Group put forward for signatories' consideration a preliminary formal proposal on future scope, timeline and structures. The proposal included continuation of the Grand Bargain until 2026 with two 'focus areas': the existing Enabling Priorities (quality funding, localisation and participation), and a wider remit to 'reduce dependencies and contribute to shrinking the needs, gain in efficiencies, and contribute to sector-wide transformation through partnerships across sectors, anticipatory action and innovative financing mechanisms', and 'Increase investment by Signatories to scale-up and replicate innovative practices based on evidence,



knowledge sharing and lessons learned'. In terms of governance and structures, the proposal recommended continuation of the Eminent Person role; continuation of the Facilitation Group; the retention of the Secretariat; the continuation of the Annual Meeting and Caucuses; establishment of Communities of Practice; and use of existing local and national platforms to 'play a stronger role in ensuring an exchange with local and national actors'.

The broad consensus during interviews for this AIR was that the Grand Bargain should be maintained, and that it should continue to focus on the existing Enabling Priorities. There was far less consensus on the second 'focus area', in part because it was not clear what specific objectives were proposed or what actions will be considered necessary to achieve them. In regard to the timeframe, many NGOs have openly called for the mechanism to continue until 2030, aligning its timeline with that of the Sustainable Development Goals, but most UN and donor signatories were uncomfortable with such a lengthy extension. The majority of signatories considered 2026 an acceptable compromise.

### The Enabling Priorities: achievements and remaining challenges

#### Quality funding

The financial data reported by signatories was inconsistent and incomplete, and thus it has been challenging to provide a definitive statement on overall trends in 2022. However, there is sufficient data to indicate that important progress was made in terms of an increase in the overall volume and percentage of funds available to address identified humanitarian needs. The volume, and to some extent the proportion, of quality funding, particularly multi-year funding, has also increased. However, overall funding is not keeping pace with the ongoing increase in needs, with the proportion of needs that are unmet continuing to increase in volume terms. Quality funding is still unevenly distributed across different types of organisations, and funding in general is still not equitably allocated across crises.

Many donors are continuing to increase the volume of quality funding they provide. This includes multi-year, flexible core funding for the UN and Red Cross and Red Crescent Movement (RCRCM) as well as incremental increases in the use of programme-based approaches for select international NGOs (INGOs). While driving change in donor institutions has long been challenging, it is clear that the political momentum being built through the Grand Bargain continues to have an impact, and a number of donors explained during interviews that the discussions on multi-year funding held in the Quality Funding Caucus in 2022 were helpful in pushing arguments internally to allocate more funding as multi-year. Corresponding quantitative data provided by UN signatories and the RCRCM signatories on what they received also indicated an upward trend, with increases in the volume, and in a number of cases the percentage, of multi-year funding. There were increases also in the volume and in some cases the percentage of flexible funding received by these aid organisations, but data available suggests that some, possibly a substantial part, of that increase in 2022 came from private donations rather than institutional donors. Data from INGOs is very incomplete, and thus it is not possible to identify specific trends. Quantitative data on how much quality funding is passed down to smaller international and local and national partners is also very incomplete, but it appears that most of the funding that is passed down does not have the same multi-year and/or flexible quality with which it is received.

The barriers to greater provision and more equitable distribution of quality funding across the humanitarian system remain much the same as in previous years. Those donors that have not traditionally provided much multi-year and, particularly, flexible funding continue to face cultural, policy and administrative challenges in changing practices – this particularly affects the European Union Directorate General for European Civil Protection and Humanitarian Aid Operations (EU/DG ECHO) and the US, two of the largest donors, but a number of smaller donors also explained how difficult it is to shift long-established ways of working. Several of these donors also explained that the political pressure generated by the Grand Bargain is informing institutional dialogue and creating internal momentum for change. A number of donors highlighted during interviews that their internal deliberations are not helped by what they consider inadequate reporting by many recipient organisations on how they have used quality funding to greater effect. Several donors also flagged during interviews and in their self-reports a concern that their efforts to provide flexible funding at country level are not being credited because this type of funding does not fall under the definition of softly earmarked funding in the Grand Bargain.

### Localisation

Signatories across all constituency groups consider the Grand Bargain to have been an effective mechanism for driving change in policy and practice on localisation across the humanitarian system. Certainly, it remained a high-profile agenda within the Grand Bargain, and more broadly across the humanitarian system, in 2022. Collective efforts towards a more localised response were concentrated in a number of structures under the Grand Bargain, including Workstream 2 (led by the International Federation of Red Cross and Red Crescent Societies (IFRC) and Switzerland and, later in 2022, by Denmark) and the caucuses. Many signatories articulated that the ‘successes’ thus far achieved under the Grand Bargain stemmed in part from a more coordinated or at least more mutually reinforcing approach to localisation with the IASC and other forums (e.g. the Core Humanitarian Standard (CHS)), as well as the elevation of this theme to an Enabling Priority.

There have been significant policy shifts from some signatories and a number of targeted programmes of support to strengthen local and national partners’ institutional capacities. Donors have shown strong commitment to localisation through both policy-setting and practical support to aid organisation partners. There is also growing momentum among signatories to provide targeted support to local/national actors to access international funding directly, with some promising results reported in this AIR and in previous years. But actual progress towards the target of providing 25% of funding to local/national actors as directly as possible appears to have been very limited, with Financial Tracking Service (FTS) data suggesting a further decline in the percentage of funding provided for coordinated appeals reaching local actors, and the self-reports for this AIR evidencing only a minor increase in the number of signatories having met that target institutionally. A significant scaling up of local actors’ access to international funding, particularly to quality funding, remains a critical element without which it will be impossible to realise the broader ethical and practical benefits of a more localised response.

Progress relating to support for local and national actors’ leadership of and meaningful influence over international humanitarian coordination was generally positive, though as many signatories pointed out there is still much to be done. At global level, there has been a sea-change since 2020 in terms of the

influence local and national actors have exerted over the Grand Bargain decision-making processes, with clear evidence of influence of NEAR and A4EP in the governance structures of the Grand Bargain and on substantive themes. At country level, engagement with and even awareness of the Grand Bargain among local and national actors remain more limited. This is perhaps not surprising given that the main mechanism through which awareness of or engagement with the Grand Bargain by local and national actors was expected to be addressed – the NRGs – had not been widely rolled out in 2022.

### Participation

Narrative reports and interviews indicate that ‘the participation revolution’ remains an important agenda item at the institutional level and across the system. From the information available in self-reports and from interviews, it is evident that individual signatories have continued to invest in enhancing capacities, tools and mechanisms aimed at improving their engagement with and enabling greater participation of affected people in international aid responses. Workstream 6 remained open throughout 2022 with monthly meetings of interested signatories on the workplan the co-conveners (the United States and the Steering Committee for Humanitarian Response (SCHR)) had developed for the year.

Clearly there has been ongoing investment institutionally and across the system by aid organisation signatories in improving their communication with affected people to ensure transparency and a degree of ‘accountability’. But, in terms of increasing the actual influence that affected people have in the design, planning and delivery of aid at country level (in strategies and/or programmes/projects), there is as yet no evidence of a substantive shift in practice on the ground. Added to this, once again the perception surveys by GTS show no fundamental improvement in how people feel about the aid they receive and how they receive it. Research by REACH echoes these findings.

Investments continue to be made by donors and aid organisations in diagnosing the problem and identifying the barriers to more people-centred approaches, but as at least one signatory pointed out, these are already well known. The main emphasis should be on investing in scaling up programming approaches that have been proven or can be expected to afford far greater influence to affected people. From the evidence available for this AIR, this kind of investment is still sorely lacking. Like localisation, the nature of the transformation envisaged is huge and shifting entrenched cultures and ways of working will take time. While practical obstacles in complex crises make it much more difficult for aid organisations to engage with and enable affected people to participate directly and in a meaningful way in aid decisions, the most significant challenge – as previously identified by the workstream co-conveners – is the lack of incentives. It is clear that the ethical and moral arguments for working in this way are not on their own sufficient incentives for change. Without more coherent, coordinated and sustained action from donors, aid organisations are unlikely to make the fundamental shifts in operational practice required to realise the participation revolution outlined in the Grand Bargain.

### Progress against other core commitments

#### Increase transparency

Self-reporting indicates a similar pattern as in previous years, namely that a majority of signatories from all constituency groups are reporting at least some financial data to the International Aid Transparency Initiative (IATI) standard but few are actually using data published to this standard for analysis and/or decision-making. All UN agencies and the two RCRCM signatories have continued to enhance their publication of data to the IATI standard, including publishing data more regularly and with more granularity. Many NGOs are publishing some financial data to the standard, with some making significant investments to do so. But as in past years, most NGOs that publish any financial data to the standard only do so when donors require it and/or only publish data from some country operations or programmes or only from certain members within a confederated structure. The workstream was officially ‘open’ throughout 2022, but it is unclear whether any activities were undertaken by the co-conveners (the Netherlands and the World Bank) during the year.

#### Increase the use and coordination of cash

Signatories continued to treat the provision of cash assistance as an institutional and system-wide priority, and momentum continues to build in terms of using cash and voucher assistance (CVA) as the preferred modality unless contextual circumstances preclude it. Many aid organisation signatories reported on the breadth and scope of their CVA programming in crisis contexts, including working with and strengthening the capacities of local and national partners to programme CVA, more effectively integrating gender in CVA, and supporting access to sexual and reproductive healthcare or education. There has also been some emphasis on increasing the digitalisation of cash transfers, with signatories reporting on efforts in the Ukraine response. Momentum also seems to be building around group cash transfers. The most prominent output under this theme was agreement on a model for cash coordination reached within the caucus in February 2022 and endorsed by the IASC in March.

#### Reduce duplication and management costs

As in previous years, there was limited reporting under this theme. Most donors that did provide information in their self-reports indicated that they do not undertake individual functional reviews or assessments of partners. The UN Partner Portal was the main subject of aid organisation signatory reporting, with important progress in terms of an expansion in the number of UN entities signing up to use the portal (to six) and an increase in civil society partners registered in the portal to 28,000 by end-2022. However, no broader coordination effort was discernible among donors or between donors and aid organisation signatories on the wider issues covered under this workstream, with different signatories continuing to pursue their own activities aimed at increasing efficiencies in different areas of humanitarian operations. As recommended in past AIRs, there are opportunities for signatories to integrate commitments under this theme in the Enabling Priorities, such as supporting local and national actors’ access to funding by harmonising across a broader group of partners’ due diligence procedures and partnership agreements (e.g. drawing on the UN Partner Portal systems and standards).

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### Improve joint and impartial needs assessments

The main collective activity under this theme has taken place in the JIAF Steering Committee, JIAF Advisory Group (JIAG) and Project Management Unit (PMU). Their focus has been on developing and finalising the revised Joint Intersectoral Analysis framework – JIAF 2.0. A number of signatories highlighted that this revision has addressed concerns with the previous version and that lessons relating to the development and testing of the first JIAF had been integrated in the revision process. According to several signatories involved, the framework is now simpler to understand, easier to implement and more transparent, and is likely to provide more robust analysis. Now that the JIAF version 2.0 has been largely completed, there seems limited value in retaining the workstream (led by EU/DG ECHO and the UN Office for the Coordination of Humanitarian Affairs (OCHA)) as an official structure under the Grand Bargain.

### Harmonise and simplify reporting requirements

As at the end of 2022, over half of all signatories that are grant-giving (including institutional donors, UN entities and INGOs) were using the ‘8+3’ narrative reporting template in at least some form for their civil society partners. There is – as reported in previous AIRs – confidence among signatories using the template that it is an effective tool to reduce the reporting burden on those downstream partners. However, it is also clear that those benefits will be maximised only when the template is being used at scale by grant-giving signatories. This is not yet the case, based on self-reporting through the AIR process, with many only using it partially for a few partners and/or in a few contexts, or offering it as an option rather than a requirement. The UN Partner Portal has embedded the template in its reporting framework and, given the number of civil society partners registered in the Portal by end-2022 (28,000), it could be assumed that this alone constitutes a major step forward in terms of reaching the scale of use necessary to maximise benefits across the system, but there is no specific data available to confirm this. The co-conveners of Workstream 9 (Germany and the International Council of Voluntary Agencies (ICVA)) continue to promote use of the template within their constituencies, which may have led to the slight increase in the number of signatories reporting using it over the course of the year. The workstream remained officially open through 2022, but it has not been active as a collective mechanism, and it is not clear what added value there is in retaining it in name only.

### Increase engagement between humanitarian and development actors

As in previous years, self-reporting evidences a range of activities and commitments across signatories to implement a humanitarian–development–peace nexus approach at policy and programming levels. Information provided by signatories for this AIR suggests progress particularly with strategic-level prioritisation of nexus approaches, increased bilateral engagement with international financial institutions to address complex issues such as the impact of the Ukraine crisis on food security in Africa, and growing momentum among donors to adjust funding, including blending humanitarian and development funds, to better support nexus programming. There is evidence that this is a priority for signatories engaging in forced displacement and/or food security responses, thematic areas where (arguably) humanitarian actors have long adapted their operational approaches in this way. However,

in operational terms, the self-reporting and interviews suggest that embedding triple nexus approaches at country level is still far from consistent. This is, according to some signatories, in large part due to inadequate political ownership at the most senior levels of the global, particularly UN, aid system.

Overall, despite significant institutional-level investments, there is a feeling among some signatories – particularly but not only those that have more of a development portfolio – that there have been missed opportunities for the Grand Bargain to play a more prominent role in supporting, encouraging and enabling nexus approaches across the aid system. There were hopes that this could be corrected in the Grand Bargain 2.0 framework, but efforts to integrate the nexus more prominently have not gone far enough, and as a result some UN signatories have or are considering deprioritising their engagement specifically because they see little opportunity to engage on nexus issues within the Grand Bargain structures and dialogues. While work to implement nexus approaches at strategic and operational levels is ongoing in a number of other forums, none of those involve the diversity of actors represented in the Grand Bargain, and thus do not offer the same scope for multi-stakeholder collaboration.

### Gender and the Grand Bargain

Gender equality and women's empowerment (GEWE) was perhaps less prominent in Grand Bargain processes and dialogues in the 2.0 framework than in past years, though it remained a priority agenda item for signatories at institutional level and across the humanitarian aid system. All signatories that submitted self-reports in 2022 responded to the question in the narrative report, with the information provided indicating that GEWE continued to be a priority across all constituency groups. There were also efforts to identify and empower local and national WROs/WLOs, and several mapping exercises were undertaken to identify and enable targeted support, with a focus on working to increase their access to funding and their participation in and influence over decision-making processes. However, there remains a broader challenge relating to lack of data or efforts to track funding to WROs/WLOs.

The FoGG undertook a consultation in 2022 with its members to clarify its main areas of added value, its proposed focus for the remainder of the 2.0 framework period and its transition to WLO co-chairs in mid-2023. The chairs (UN Women and Care International) and individual members continued to engage in mechanisms and processes of the Grand Bargain to enable integration of GEWE in decision-making processes. Their advocacy focused particularly on greater provision of financial and other support to WROs/WLOs, as evidenced in their collective statement at the 2022 Annual Meeting, support for participation in and an address to that meeting of a WRO/WLO partner from Afghanistan, and their inputs into Workstream 2 on localisation and the caucus on funding for localisation. The 2021 AIR highlighted that disagreements between the FoGG and the Facilitation Group and Secretariat over ways of working had meant opportunities were missed by the FoGG to engage with and influence decision-making processes at the heart of the Grand Bargain. The chairs of the FoGG sought to remedy this in the latter half of 2022, reaching agreement on new ways of working with the Facilitation Group in early 2023.



### Risk and the Grand Bargain

As per the previous AIR, it is not possible within the timeframe and budget for the research team to conduct a proper assessment of actions under the Grand Bargain relating to enhancing risk-sharing. Signatories that responded to this question in the self-reports provided a range of information on efforts to adopt or enhance existing approaches to risk-sharing with partners, including supporting local and national partners in improving their security risk management capacities and practices and efforts to minimise the burden of risk compliance frameworks required by donors. However, it is clear from the self-reporting that concerns remain that there has been too little progress towards a risk-sharing approach particularly in regard to financial risks. Most signatories expressed appreciation for the Risk-sharing Platform launched by the International Committee of the Red Cross (ICRC), InterAction and the Netherlands in early 2022, which began work towards development of a risk-sharing framework. Although progress towards a risk-sharing approach remains less than many signatories would like, the volume of information reported and level of interest in the platform arguably reflects a strong cross-constituency awareness and interest in this theme, and in finding solutions to the barriers to more effective risk-sharing.

### Conclusions and recommendations

The data provided for this AIR demonstrates that there has been important, concrete and measurable progress by signatories towards the Enabling Priorities. Signatories have also continued to drive progress in other areas of the Grand Bargain. The concentration of collective effort in a few key areas under the 2.0 framework has not deterred or distracted signatories from making progress elsewhere, too. While significant challenges remain, the progress that has been made reinforces the value of the Grand Bargain as the latest framework period concludes and signatories engage in another round of debate on its future.

As to that future, there is consensus among signatories that the Grand Bargain should continue in some form, based on an agreement that it remains an important agent of change. But there are clear differences of opinion on exactly how the mechanism should evolve, the objectives it should focus on, how it should adapt to achieve those objectives and what timeframe would be reasonable for achieving them. Reflecting on the last seven years of this mechanism, there are some key lessons that could help inform discussions around the future of the Grand Bargain:

- First, a narrower focus for collective efforts is key to maximising the impact the Grand Bargain can have with limited resources and political capital.
- Second, clearly articulated milestones or targets are essential to identify where progress is being made, as well as identifying blockages and gaps.
- Third, strong leadership is necessary to provide a clear, coherent vision and direction for what is now a large, diverse group of aid actors.
- Fourth, ensuring functional links with other technical bodies and change processes is important to reduce duplication of effort and multiply impact.
- Lastly, a more streamlined structure is essential to reduce process and allow an increased focus on substance.

The recommendations set out below are based on these five lessons.

### Recommendations

#### Recommendation 1: A renewed focus

The Grand Bargain signatories should focus their collective efforts on four thematic areas or objectives, with clear milestones and/or outputs to be achieved by the proposed deadline of 2026. This focus of collective effort should not preclude or divert signatories from taking institutional action on the other areas of the original Grand Bargain framework to which they committed upon becoming signatories. Building on the current Enabling Priorities, these four areas for collective focus are as follows:

- Quality funding: signatories should set, and work together to achieve, a specific objective on increasing the volume and proportion of flexible funding.
- Localisation: signatories should articulate, and work together to achieve, a specific objective to increase funding to and capacities of local and national actors to enable their leadership of the humanitarian response.
- ‘Participation revolution’: signatories should elevate this to a stand-alone priority, and articulate and work towards a specific objective focused on giving affected people meaningful influence in the design, planning and delivery of aid responses at strategic and programme/project level.
- Humanitarian–development–peace nexus: signatories should elevate the nexus to a priority area of work, articulating and working together to achieve a concrete objective that focuses on the identified added value of the Grand Bargain as a multi-stakeholder political mechanism.

#### Recommendation 2: A more defined function

Signatories should further consolidate the changes made under the 2.0 framework to narrow the Grand Bargain’s remit exclusively to political-level coordination, engagement and negotiation. Specifically:

- Signatories should close the remaining technical workstreams and more consciously rely on the IASC and/or other relevant forums (e.g. the CALP Network and Good Humanitarian Donorship (GHD)) to find technical solutions to key challenges, allowing the Grand Bargain to focus on higher-level political solutions.

#### Recommendation 3: A streamlined format and structure

To support more focused objectives and a more defined function, the signatories should further streamline the format of the Grand Bargain, making it easier for signatories to engage and reducing the risk that issues get bogged down in process, while ensuring a more sustainable and functional structure of governance and accountability. Taking the Facilitation Group’s proposal as a starting point, the research team recommends the following:

- Replace the current model of a single Eminent Person with ‘Champions’ for each of the thematic objectives/areas of focus.

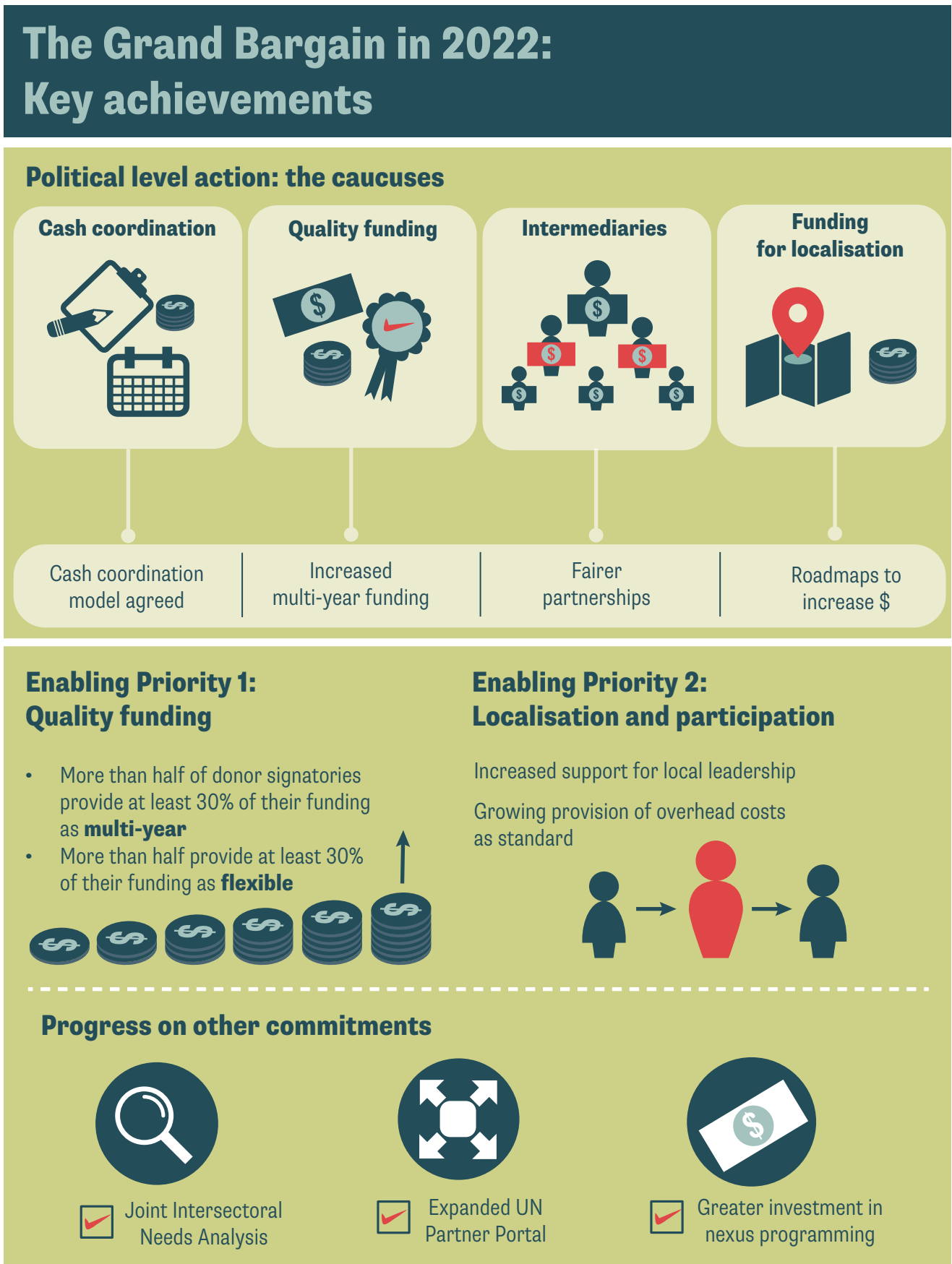


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- Strengthen the authority, remit and capacity of the Secretariat to provide substantive as well as administrative/logistical support to the ‘Champions’, and the wider signatory group.
- Reduce the Facilitation Group to the Sherpa level only, replacing the Focal Point level with the more empowered Secretariat.
- Continue to use the caucuses as a mechanism for political negotiations to address barriers to change.
- Establish the Communities of Practice currently proposed by the Facilitation Group only where strictly necessary.
- Reduce the self-reporting process to ease the burden on signatories while maintaining an annual process for accountability.

Figure 1 The Grand Bargain in 2022



# The Grand Bargain in 2022: Remaining gaps

## The Enabling Priorities



No 'critical mass' of quality funding reached



No participation revolution



No increase in direct funding to local actors

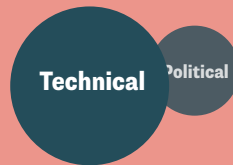
## Why?



Poor data and reporting



No connection to country level



Too much focus on technical v. political



Lack of incentives for change



No confidence in the quid pro quo

## The wider funding context



Funding still not keeping pace with humanitarian needs

Funding still not equitably distributed between crises



Source: fts.unocha.org (accessed 18 May 2023)

# Introduction

## The Grand Bargain in 2022

Following much time spent in 2020 and 2021 reformulating the Grand Bargain priorities and structure (the Grand Bargain 2.0 framework), 2022 saw a consolidation of effort and some important progress. The pressures on the international aid system were huge: the response to the outbreak of full-scale conflict in Ukraine necessitated vast financial and human resources, placing even greater strain on humanitarian responses to long-standing crises in the Horn of Africa, Yemen and elsewhere. But despite this challenging backdrop, the signatories collectively advanced in key areas including the increased provision by institutional donors of multi-year and flexible funding; empowerment of local and national actors to assume greater leadership and exert greater influence in decision-making processes, and investments in their institutional capacities; and increased provision of, and collective agreement on a model for more predictable coordination of, cash assistance. With a renewed focus on its potential as a political mechanism, signatories used the Grand Bargain to drive collective progress in these areas, utilising the caucus model to garner much-needed political commitment to change while drawing on the technical/operational work being done under the Inter-Agency Standing Committee (IASC) and other forums.

But the research also indicates that the potential of the Grand Bargain to address the political barriers to change in other areas is still to be realised. Critically, there was, in operational terms, no concrete progress towards a more demand- rather than supply-driven humanitarian response; there is an ongoing failure to substantively increase funding to local and national actors – particularly directly; and quality funding remains below the volume and breadth that would enable a step-change in efficiencies and effectiveness. Consequently, reflecting on lessons from the Grand Bargain 2.0 period, the signatories will need to further refine their focus and approach to make sure this mechanism can help them realise the transformation of the international humanitarian system that the Grand Bargain originally envisaged.

## 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 (UN), international non-governmental organisations (INGOs) and the Red Cross and Red Crescent Movement (RCRCM) agreed a ‘Grand Bargain’. This included 51 commitments aimed at improving the efficiency and effectiveness of international humanitarian aid, and a voluntary annual reporting mechanism, supported by an Annual Independent Review (AIR), to monitor progress against those commitments.

In 2020, the signatories began a process to evolve the Grand Bargain, reflecting on lessons learned over the first five years of this mechanism. At the Annual Meeting in 2021, they agreed a new framework (the Grand Bargain 2.0), which articulated two Enabling Priorities (quality funding and localisation/participation), an increased focus on elevating collective efforts to the political level and a more

streamlined structure including the closure of a number of thematic workstreams as technical coordination bodies. The signatories agreed to implement this framework over a two-year period – 2021 to 2023 (Grand Bargain Secretariat, 2021a).

In the sixth AIR, published in June 2022, ODI provided analysis of the progress made and challenges faced by signatories in delivering on the Grand Bargain commitments in 2021, with particular focus on progress under the new 2.0 framework. The AIR highlighted that 2021 had been a year of transition for the signatories, with much effort and time expended on discussing and reformulating both the priorities and the structures of the Grand Bargain. It noted that while there was agreement on this new approach among signatories, the momentum garnered through this discussion on the future of the mechanism quickly dissipated, with the signatories slow to implement the new framework and little concrete progress towards the new ‘Enabling Priorities’. There was some incremental increase in the volume of quality funding, but this was not equitably distributed across the system. There were increased investments in local actors’ capacities, but the Office for the Coordination of Humanitarian Affairs’ (OCHA’s) Financial Tracking Service (FTS) figures indicated a significant decrease in the volume and percentage of funds provided directly to local actors. The report concluded that although there was some progress in other areas of the original framework, the failure to make substantive advances on these priorities, together with the lack of progress in the participation revolution, posed a serious reputational risk for the Grand Bargain signatories.

### Methodology

Pursuant to the terms of reference provided by the Facilitation Group members (Alliance for Empowering Partnership (A4EP), the European Union Directorate General for European Civil Protection and Humanitarian Aid Operations (EU/DG ECHO), Germany, International Committee of the Red Cross (ICRC), International Council of Voluntary Agencies (ICVA), United Nations (UN) OCHA and UN High Commissioner for Refugees (UNHCR)), and to ensure consistency and comparability with past AIRs, the ODI research team used the same methodology as for each of the 2018–2022 AIRs. This was adapted by ODI from the original methodology developed by the Global Public Policy Institute (GPPI) for the first AIR in 2017. Research activities for this AIR included:

- Review of 59 signatory self-reports submitted by the agreed deadline of 1 March 2023.<sup>1</sup>
- Semi-structured interviews with 58 signatories that submitted reports by the deadline of 1 March 2023, and that responded to requests for interview (22 donors; 11 UN agencies; 22 non-governmental organisations (NGOs) and NGO networks; two RCRCM)<sup>2</sup> and seven interviews with thematic experts within/outside signatory institutions.

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1 Six signatories did not submit self-reports for 2022 – Bulgaria, Estonia, Global Communities, the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD) and the UN Development Programme (UNDP). The Pan-American Development Foundation (PADF) submitted a self-report for 2022 but as it became a signatory only in 2023, its report was not reviewed by the research team – as per agreed practice for the AIRs.

2 A full list of signatory reports and interviews can be found in Annex 1.

- Review of additional/supplementary data provided by signatories on their actions.
- Review of findings of a survey conducted by NEAR in early 2023 of local actors within its network.<sup>3</sup>
- Review of data from field perception surveys conducted by Ground Truth Solutions (GTS) in 2022.
- Review of publicly available literature.

### Caveats

As in previous years, the research for this AIR faced a number of challenges and there are thus several caveats to the analysis. As per the Terms of Reference from the Facilitation Group, the self-reports of signatories to the Grand Bargain were the primary evidence used by the research team to develop this analysis, but by definition these self-reports are subjective. The timeframe, budget and scope for the AIR did not allow for detailed interrogation, verification or cross-referencing of the information reported by signatories in these reports. This AIR must thus be understood as a review, not a detailed evaluation of performance or impact.

As in past years, the greatest challenge related to the quality of the data reported by signatories. The accuracy, granularity and comprehensiveness of data presented in self-reports varied significantly: many signatories provided reports that were incomplete, some provided financial data that was partial and/or later amended, some who provided financial data in previous years did not do so this year and some appear not to have correctly used the definitions agreed by signatories in past years to calculate their financial data (e.g. definitions of flexible and multi-year funding, and funding provided to local and national actors). These data challenges are not new, but given the repeated calls over the years by the Eminent Persons, the Facilitation Group and the Secretariat for better-quality reporting by signatories, the research team would have expected some improvement in this area. This was not the case, and thus the quality of the analysis possible has been impacted once again.

Additionally, there remain no effective or agreed benchmarks against which to measure collective progress over the lifetime of the Grand Bargain to date. As has been noted previously, comparing year-on-year data for some indicators does not help in identifying trends due to inevitable dynamics in the aid world (for example, high levels of funding for Covid-19 responses had an impact on funding trends in 2021).

In an effort to address these challenges, the research team adjusted for bias in the self-reporting process through interviewing all signatories that submitted self-reports within the deadline, by engaging in multiple exchanges with many signatories over email to seek clarifications/additional data, by extending the deadline for financial data, and by reviewing other available relevant literature/analysis. To mitigate for the paucity of some of the financial data reported in past years, the research team recommended the Facilitation Group ask signatories to provide percentages and absolute volumes

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<sup>3</sup> The survey was open 8–26 March 2023. In total, 285 responses were received from local/national actors in 38 countries, including national NGOs, local NGOs or community-based organisations, national governments and national/local NGO networks. Preliminary analysis of the data was provided by NEAR to ODI in April 2023.

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of funding for both 2021 and 2022 (for core commitments 2.4, 7.1a and 8.2). This aimed to obtain a more comprehensive picture of funding available in the system against these three core commitments. Many signatories made an effort to respond to this request, but again this was not consistent across all signatories or within constituency groups. There was particularly limited financial data provided by INGOs against these three core commitments, and thus analysis of trends in this regard is limited. Finally, a draft outline of the report was reviewed by the Facilitation Group in April 2023 and then a full draft of the report was shared with all signatories for their review in May 2023 prior to finalisation, including to enable provision of updated financial data and to facilitate any factual corrections required.

# Section 1 The Grand Bargain 2.0 – achievements, challenges and key lessons

## 1.1 A narrower focus, a political approach and functional links with other forums

### 1.1.1 A narrower focus

The majority of signatories across all constituency groups confirmed during interviews with the research team that they believed that the concentrated approach set out in the Grand Bargain 2.0 framework had been appropriate and effective. Many said that this approach has enabled the collective body of signatories to concentrate limited institutional capacities and political capital on key common areas of concern, resulting in substantive progress at institutional and system levels. Progress has indeed been made in a number of areas. The data reported for this AIR indicates that the volume, and to a degree the percentage, of quality funding provided by institutional donors to UN entities and the ICRC increased in 2022. It was not possible to make any similar determination in regard to funding to INGOs due to the lack of data reported by this group on funding they received. A growing number of international aid organisations have or are in the process of instituting standardised policies on provision of overhead costs to local and national partners and evidence of increased investments in or support to local and national partners to enhance their institutional capacities. There was some political progress in relation to reinforced commitments on tracking and increasing the funding provided to local and national actors, with the caucus on Localisation Funding (see Box 1) having generated much-needed political momentum and provided clarity on the methodologies to be used. The higher profile afforded to the participation revolution under the 2.0 framework (integrated into Enabling Priority 2), together with a similar prioritisation effort in the IASC, has helped encourage further investments in communicating with affected people, including increased investments in complaints and feedback mechanisms. Although not an Enabling Priority per se, the multi-stakeholder political negotiations in the caucus on Cash Coordination resulted in an agreement that the majority of signatories believe provides predictability and clarity on coordination of cash and voucher assistance (CVA) at country level (see Box 2).



### **Box 1 The caucus on Funding for Localisation**

Launched in July 2022, the caucus was led by the Eminent Person and NEAR, with participation from USAID/BHA, EU/DG ECHO, Denmark, OCHA, UNHCR, Save the Children, IFRC, A4EP and the Northwest Syria NGO Forum. Working to a detailed timeline, the caucus focused on sharing information on the amount of funding delivered to local and national actors, the methodologies used to calculate this and the challenges to ensuring use of commonly agreed definitions and methodologies, and on brokering a political agreement to secure increased progress towards the 25% target.

It concluded in March 2023 with an agreement on three action areas:

1. Measure funding to local and national actors as what is channelled directly or via one intermediary.
2. Report all funding to local and national actors through publicly available platforms (FTS and/or the International Aid Transparency Initiative (IATI)).
3. Develop individual roadmaps for when and how the 25% target will be reached.

To support progress in these areas, a collective monitoring framework is being developed by the participating signatories.

Source: Localisation caucus, 2022a; Localisation caucus, 2022b; Localisation caucus, 2023

### **Box 2 The Cash Coordination caucus**

Launched in October 2021, the caucus was led by the Eminent Person with support from the Norwegian Refugee Council (NRC), and participation from A4EP, the Collaborative Cash Delivery Network (CCD), EU/DG ECHO and the US Agency for International Development Bureau for Humanitarian Assistance (USAID/BHA) (representing the Donor Cash Forum (DCF)), OCHA, the International Federation of Red Cross and Red Crescent Societies (IFRC), UNHCR, the UN Children's Fund (UNICEF), the World Bank (as observer) and the World Food Programme (WFP) at technical and Principal levels.

The objectives of the caucus were to identify an arrangement for accountable, predictable, effective and efficient coordination of cash assistance which makes clear who will do what, with what resources and to what end, and to improve outcomes for, accountability to and engagement of crisis-affected people and communities.

Agreement on a model was reached among the caucus Principals in February 2022, which was subsequently endorsed by the IASC Principals in March 2022, and an implementation plan was developed in September 2022. The model includes establishment of a Cash Advisory Group (CAG) at global level led by OCHA (or by UNHCR, when the topic under discussion relates to a refugee setting) and comprising senior technical staff of 12 operational organisations, and the establishment of Cash Working Groups (CWGs) at country level, co-led by OCHA and a local or national actor in Humanitarian Country Team (HCT) settings and co-led by UNHCR and a local or national actor in refugee settings. At country level, the model is intended to be highly adaptable to different contexts, is built on the principle of localisation and also reinforces the principles of participation of affected people.

Sources: Cash Coordination caucus, 2021; Cash Coordination caucus, 2022a

Critically, this narrower, more concentrated focus at the collective level has not distracted signatories from moving ahead institutionally and/or in groups on other thematic areas under the original Grand Bargain framework. There was important progress on needs analysis (Workstream 5) with the development of the Joint Intersectoral Analysis Framework (JIAF) 2.0 document that the majority of signatories involved in the process (which includes UN, NGOs and donors) believe can – when implemented effectively – lead to more people-centred, reliable and impartial needs analyses. There has been expanded use of the UN Partner Portal (Workstream 4), which UN and some NGO signatories believe is streamlining bureaucracy for UN users and, importantly, for their over 28,000 civil society partners registered in the portal. The wealth of activity on the humanitarian–development–peace nexus (Workstream 10) in policy and programming continued, with momentum building around anticipatory action and financing, and increased engagement with international financial institutions (IFIs) in specific crises (notably in Africa and Afghanistan).

That signatories continued to work on institutionalising and making substantive progress in these areas is significant for two key reasons. First, it strongly indicates that many signatories – if not a majority – continue to believe that the original 2016 framework remains relevant to the humanitarian system today. Second, this ongoing institutionalisation indicates that signatories remain committed to making the broad changes in policy and practice that the original authors of the Grand Bargain envisaged. These two factors offer an important foundation for the next iteration of the Grand Bargain.

### 1.1.2 A political approach

Through self-reporting and during interviews, the majority of signatories expressed support for the caucus model as an effective vehicle for overcoming political barriers or bottlenecks to change. The political momentum generated through negotiations in the four caucuses set up to date has evidently encouraged signatories that directly participated in a caucus to reiterate and elaborate institutional commitments in the outcome documents, and many – particularly donors – have taken related action to deliver on these, albeit to varying degrees (see for example Grand Bargain Secretariat, 2022c). The

outcome documents – and the political attention the caucuses have brought to key issues – have also been used by signatories that did not participate directly to take their own supporting action. Several non-participating donors explained how they have used the outcome documents as guidance or roadmaps for their own institutional change, particularly regarding multi-year funding and encouraging their international partners to better support local and national partners.

There was appreciation from a majority of signatories that each caucus has necessarily functioned differently due to the nature of the political challenge to be addressed and the defined scope of the caucus objective(s). But some signatories noted that this has resulted in varying levels of visibility and transparency between the caucuses. Signatory feedback during this AIR also indicates that there were common issues across the four caucuses which will need to be addressed to ensure any such future mechanisms work optimally, including as identified in the lessons learned exercises in the Cash Coordination and Quality Funding caucuses (Cash Coordination caucus, 2022b; Quality Funding caucus, 2022c).

First, signatories highlighted that significant resources were required of the Champions to lead and manage the caucus processes, with several asserting that this could be a barrier to other signatories stepping forward to propose and lead such mechanisms on other issues. The time and resources required of participating signatories to engage effectively have also been substantial, and a minority of those involved questioned whether the outputs were proportionate to the investments they or their institutions had made. Some signatories were concerned that the Champions might not be considered neutral brokers in leading what were essentially political negotiations and several signatories recommended integrating the learning from the Cash Coordination caucus to bring in independent experts as support. In part related to this, there were concerns from some signatories as to how the specific focus and membership of the Intermediaries and Quality Funding caucuses (see Boxes 2 and 3, respectively) were decided. Some smaller signatories felt left out of negotiations, and that there was at times insufficient communication on what was happening in the negotiations – though this did not ultimately undermine their interest in and use of the caucus outcomes. Coordination between the four caucuses was not always optimal, with insufficient efforts in some cases to ensure that they were mutually reinforcing. Several were also slow to build on the technical work already done in workstreams and related forums (e.g. IASC former Results Groups and current Task Forces), which slowed progress.

More critically, the self-reporting and interviews conducted for this AIR indicate that many signatories remain unclear as to what ‘endorsement’ of the outcomes means in practice, whether they are expected to implement the outcomes agreed even if they did not participate in the negotiations and how or to what degree all signatories will be held accountable for doing so. This issue was highlighted in the 2021 AIR and action was taken in the latter half of the year to address it. The Facilitation Group held a meeting for all signatories in November 2022 in which caucus Champions were asked to outline the outcomes agreed and their expectations for action by signatories that did not participate in the negotiations. The meeting was also presented as an opportunity for signatories to both explain what they intend to do and to ask questions or seek clarifications. The Secretariat has continued to communicate the main points of that meeting through sharing of the summary note, but it seems

that many signatories simply did not pick up on this. Further efforts will be required by the Facilitation Group, Champions and the Secretariat to communicate the caucus outcomes and what is expected of all signatories in implementing them. But, noting that the Grand Bargain is a voluntary mechanism, the main responsibility lies with signatories themselves to reflect on the outcomes, engage in follow-up discussions and take appropriate action.

### **Box 3 The caucus on Intermediaries**

Launched in November 2021, the caucus was led by IFRC, the Steering Committee for Humanitarian Response (SCHR) and Switzerland, with participation in the core group from A4EP, EU/DG ECHO, Germany, NEAR, UNHCR and UNICEF. An ‘outer circle’ was also created to enable increased inputs and information-sharing with a wider group of signatories. The caucus aimed to strengthen the principles of equitable partnership and better support locally led humanitarian action. Specific objectives included developing a cohesive understanding of what an intermediary can be, building consensus on a vision for the future role of intermediaries, drawing on a study of best practices conducted by Workstream 2, and agreeing on a set of actions for signatories to take to implement that vision.

The caucus concluded in August 2022 with an outcome document setting out a series of actions that intermediaries, donors and local or national actors will each take to ensure progress towards more equitable partnerships.

Source: Intermediaries caucus, 2021; Intermediaries caucus, 2022

The political level of the Grand Bargain is not only concentrated in the caucus model, nor should high-level leadership be provided exclusively by the Eminent Person. When the 2.0 framework was launched at the Annual Meeting in 2021, there was a more general call – indeed a broad commitment – for more political engagement at the highest levels from all signatories (Grand Bargain Secretariat, 2021a). This call was repeated by the Eminent Person at the 2022 Annual Meeting. However, only a few senior-level leaders stepped up to lead caucuses or engage in other aspects of the Grand Bargain in the remainder of 2022 (Grand Bargain Secretariat, 2022b).

### Box 4 The caucus on Quality Funding

Launched in March 2022, the caucus was led by the International Rescue Committee (IRC), with support from EU/DG ECHO, and participation from the US (BHA and the State Department Bureau of Population, Refugees and Migration (PRM)), the Swedish International Development Cooperation Agency (Sida), OCHA, UNHCR, UNICEF, WFP, ICRC, InterAction and NEAR. Working to a clear timeline, the caucus aimed to secure agreements from participating donors to increase their provision of multi-year funding (in line with the Grand Bargain definition) and from participating aid organisations to better demonstrate the impacts/benefits of such funding and to enable higher visibility of donor funding.

The caucus concluded in July 2022 with an outcome document that set out three key commitments: to recognise multi-year funding as the preferred modality, especially in protracted crises; that multi-year funding should have at least some flexible elements; and that multi-year funding should be channelled as close to frontline responders as possible. It further set out detailed actions to be taken by donors and aid organisations to support implementation of these commitments, including a recommended target for donors of increasing their multi-year funding by 30% over their own baseline.

Sources: Quality Funding caucus, 2022a; Quality Funding caucus, 2022b

Political-level engagement within the Facilitation Group – the key governance mechanism in the Grand Bargain – has been less than many stakeholders expected. Although there were ongoing bilateral dialogues, in 2022 the Principal/Ministerial level of the Facilitation Group met as a whole group only in March and again at the Annual Meeting in June. The Sherpa level met four times in the first half of 2022 but then did not meet at all between the Annual Meeting in June and end-January 2023 despite a number of pressing issues on which political discussion was required, including the future of the Grand Bargain. Some Facilitation Group focal points explained that such high-level engagement should be retained only for specific actions or decisions for which due preparation had been made, and that this had not been possible during the second half of 2022.

It is important to make best use of political leaders' time, but arguably it may have been helpful for the Sherpa-level representatives of the Facilitation Group to have met during the latter half of the year to follow up on areas of work set out in the Annual Meeting and to provide more direction for the focal points, to enable speedier progress on key issues such as determining how to ensure all relevant signatories made progress on the outcomes agreed in the caucuses and to elaborate earlier conceptual proposals for the future of the Grand Bargain. In addition to more frequent senior-level discussions within the Facilitation Group, it may also have been beneficial if more Facilitation Group members – at Sherpa if not Principal/Ministerial level – had actively engaged in and helped the Champions of individual caucuses, as EU/DG ECHO and the ICRC did in the Quality Funding caucus.

This would have been particularly valuable for those Champions that were struggling at times to make progress. Looking ahead, the Facilitation Group Sherpas should more proactively offer their support in caucus negotiations and demonstrate by their own actions what compromises are needed and what commitments to action would be expected to advance progress on key issues.

The Eminent Person was extremely active throughout 2022 at the political level and this visibility, and the substantive leadership he provided on key issues, was much appreciated by signatories. He co-led caucuses on Cash Coordination and Funding for Localisation, ensuring both reached conclusions with formally agreed outcomes. He engaged in regular communication with the other Principals/Ministers of signatories, including three formal letters to all signatories (in April and August 2022 and January 2023) that sought to keep his political-level peers informed of progress within the Grand Bargain, encouraged them to engage in and support the caucuses, and sought to mobilise them in evolving the Grand Bargain into its next iteration. His continuous engagement in quiet diplomacy and more public advocacy on the two Enabling Priorities has clearly helped maintain the political pressure and momentum required to drive progress. However, as he now steps back from his role, it will be even more imperative for the leaders of other signatory institutions to engage more robustly in decisions on the future of this mechanism and to assume roles in the governance structures themselves.

### 1.1.3 Functional links within and outside the Grand Bargain

Past AIRs have highlighted the lack of coordination between the different mechanisms of the Grand Bargain, and the regular failure to connect dialogues under different themes or integrate or cross-reference other commitments in the different dialogues. Addressing this was a key element in the Grand Bargain 2.0 framework, and there has been some success. The four caucuses all integrated – to a degree – other Enabling Priorities in their negotiations or outcome documents (see sections 2 and 3). But there were also missed opportunities to reiterate some of the other original commitments in the caucus outcomes. For example, use of the ‘8+3’ harmonised reporting template (Workstream 9) was not flagged in the outcome document of the Intermediaries caucus as a way to simplify reporting for local and national partners. Some caucuses were slow to build on work already done in workstreams or under way in other caucuses. There was little connection between the Quality Funding and Intermediaries caucuses, for example, despite clear links around the flow of multi-year funding to downstream partners; the Quality Funding caucus was initially slow to take advantage of the technical work done in the former Workstream 7+8 (Enhanced Quality Funding) in formulating the concept and focus of the discussions; and the Intermediaries caucus was slow to build on the work done in Workstream 2 (Localisation) on this issue – in this case because different staff were involved in the different mechanisms. The failure to integrate other aspects of the original set of commitments or to fully exploit substantive links between the different mechanisms lies with the participating signatories, including the Champions that led the dialogues. But it also highlights the lack of capacity and a lack of empowerment of the Facilitation Group and the Secretariat to engage with and encourage caucus participants to reflect on work done so far and connect with other dialogues in order to maximise

impact and reduce duplication of effort. Emphasising the importance of links between different caucuses and strengthening the remit of the Secretariat in particular to support this will be important to maximise the value of the caucus model going forward.

Over the course of the Grand Bargain 2.0 framework period, there appears to have been a step forward – albeit organic rather than strategic – in forging closer, more functional links between political discussions in the Grand Bargain and the technical or operational work in the IASC Task Forces and other related mechanisms (e.g. the Country-based Pooled Fund (CBPF) Pooled Fund Working Group). There has been a conscious push from the IASC to ensure more functional links and outreach to other relevant mechanisms, including the Grand Bargain, and it is clear that a number of staff of signatories have sought to exploit their institution’s participation/representation in both mechanisms. These staff explained that they have been able to combine the political focus of the Grand Bargain discussions with the operational and technical work in the IASC to advance policy and practice on standardising overhead costs for local and national partners, helping elevate a focus on funding for local and national women’s rights organisations and women-led organisations (WROs and WLOs), supporting increased quality funding provision by donors and increasing momentum (if not actual operational progress) on participation. As a number of signatories involved explained, the revised Global Guidelines on CBPFs (issued in December 2022) illustrate well how the political attention raised by the Grand Bargain can support significant changes in operational policy and practice through embedding some of the content of the Grand Bargain’s commitments on localisation and participation in the revised guidelines.

However, functional links with other reform processes on humanitarian aid do not – on the basis of the evidence presented – appear to have been fully exploited despite many signatories being involved in these various forums. For example, the Call to Action on Prevention of Gender-based Violence in Emergencies has a workstream on funding for local and national actors, but no functional connections appear to have been made between that and the caucus on Funding for Localisation despite many signatory institutions being represented in all three mechanisms. There is also a question as to how far donor signatories are reflecting their Grand Bargain commitments and positions through their roles on the Executive Boards of UN agencies and other international organisations, including to support proposals for action in line with their Grand Bargain commitments.

A number of signatories highlighted during interviews concerns that opportunities to clearly embed the *content* of the Grand Bargain – i.e. the standards, targets and agreed actions outlined in the original commitments and subsequent work done by signatories in workstreams and caucuses – in other aid reform processes are being missed. For example, new reform initiatives including the imminent IASC internally displaced person (IDP) Review, the UN Action Agenda on Durable Solutions and the Emergency Relief Coordinator’s (ERC’s) Flagship Initiative all provide important opportunities to reinforce or reiterate commitments already made by signatories in the Grand Bargain and to take any relevant work done by signatories as a starting point. Embedding the relevant substantive outputs of the Grand Bargain in this way could reduce duplication of effort – a chronic problem in the humanitarian system – but also make sure that these multiple reform processes are sufficiently connected to enable faster progress towards what are the same fundamental goals.



## 1.2 Engagement with local and national actors

For some years there has been a call for much greater engagement with, and more influence of, local and national actors in the Grand Bargain, and this was a key element in the 2.0 framework. Reflecting on the period 2021–2022, it is clear that there has been significant success in engaging local/national actors in the decision-making processes of the Grand Bargain at global level. The two local/national NGO networks that are signatories to the Grand Bargain – A4EP and NEAR – have assumed rotational representation roles on the Facilitation Group, and both have used their time in that mechanism to effectively influence decisions regarding the direction of the Grand Bargain and the evolution of its structures. Both have also played key roles in the various caucuses ensuring the perspectives of local and national civil society actors were represented, with NEAR co-leading the Localisation caucus with the Eminent Person, and both NEAR and A4EP participating in the other caucuses. They have also influenced the current dialogue and proposals for the future of the Grand Bargain, making a strong case for its continuation as a platform where local and national actors can engage on a relatively equal footing with the main international humanitarian aid actors. There have also been efforts by members of the Friends of Gender Group (FoGG) to enable access specifically for local/national WROs and WLOs to engage in the Grand Bargain’s global processes. This included supporting participation of a WLO/WRO partner from Afghanistan in the 2022 annual meeting (see Section 3.7). However, several signatories suggested that the influence of local and national actors was not maximised, with opportunities missed due to a lack of capacity for more consistent and sustained engagement in the governance mechanisms of the Grand Bargain. Going forward, consolidating or sharing capacities between NEAR and A4EP could enable greater consistency of engagement in decision-making processes and maximise the influence of local and national actors in the Grand Bargain.

This influence and engagement at global level does not appear to have been replicated at country level. National Reference Groups (NRGs) were conceived under the 2.0 framework as the main mechanism through which local and national actors could both support and benefit from implementation of the Grand Bargain commitments, specifically in relation to the two Enabling Priorities. NRGs are intended as ‘national level, constituent-based, consultative forums for humanitarian stakeholders that are led by local and national actors’, but roll-out has been very limited (Grand Bargain, 2022a: 1). By early 2023 only one was functioning (in Turkey), though discussions have or are being held with local/national actors in 10 other contexts. Despite much enthusiasm for the concept during discussions in 2020 and 2021, roll-out appears to have been stymied by disagreements over the aim and purpose of this mechanism, insufficient clarity on how the NRGs would work in practice at country level, and parallel efforts to increase local and national actors’ engagement in HCTs, cluster coordination groups, and other forums. From interviews for this AIR, it appears that the rationale for or the added value of NRGs has not been clear to the different stakeholders at global or country level, including local/national actors themselves. A serious rethink of this concept is required to clarify whether there is added value and, critically, interest from local and national actors to set up such a mechanism, or whether to invest in other ways to embed the key principles and outputs of the Grand Bargain framework in country-level responses.



## 1.3 The next iteration of the Grand Bargain

### 1.3.1 Signatories' perspectives on the Grand Bargain 2.0

Despite important progress across a number of areas in 2022, political-level engagement and interest from some signatories has continued to wane, as evidenced in declining numbers of self-reports provided for 2022, the completeness of reports submitted and during interviews with the research team. If left unaddressed, this will clearly impact the future of this mechanism, impeding its potential to drive forward change across the system. There are different positions within and across constituency groups, and even individuals within the same signatory institutions voice different opinions on the value of the Grand Bargain. But there are several discernible themes in regard to concerns among signatories, most of which are long-standing but which were not adequately addressed in the 2.0 framework. These include (mis)understandings of the quid pro quo, the burden of engagement and the prevailing negative narrative around 'success' and the paucity of data to challenge this effectively.

For several signatories, particularly but not exclusively in the UN group, there has been a perceived failure of the quid pro quo whereby they feel that, individually, they have played their part but have not received the benefits or dividends they expected. For those UN signatories that have become the most vocal critics of the Grand Bargain, this view stems in large part from frustration at what they consider inadequate progress by donors in providing more quality funding despite many UN signatories feeling that they have made progress on the key donor demands of transparency and visibility. There is a contrasting feeling among some donors that they have provided more quality funding but have not seen the progress on transparency and visibility that they expected, or they believed the UN and other aid organisations had committed to. Similarly, many NGOs consider that they have given the most in terms of trying to drive collective progress but have seen little in return from donors and UN partners, and are concerned at what they see as decreasing engagement and interest from these other two groups in the Grand Bargain's processes and structures.

In all constituencies there remains a concern that, after seven years, the transaction costs of engaging in this still process-heavy mechanism have not been equal to the benefits they have accrued individually. Certainly, some of the frustration that some UN signatories feel with the Grand Bargain relates to the fact that they have borne a far greater share in terms of investing in its governance and thematic structures: OCHA has been on the Facilitation Group since its creation, UNHCR, WFP and UNICEF have each acted as the second UN representative and all have co-led workstreams as well as contributing in other areas including conducting research and collating evidence. Similarly, a small core group of donors (particularly EU/DG ECHO, Germany, the United Kingdom (UK), the United States (US) and the Netherlands) have invested significant time and financial resources supporting the structures of the Grand Bargain over the last seven years, as representatives on the Facilitation Group and co-conveners of workstreams, and also in some cases providing funding to processes and activities. Although the Grand Bargain membership has almost doubled (from 34 in 2016 to 65 in 2022), the greatest (and an ever-expanding) burden has continued to be assumed by a small core of signatories from each

constituency group; there has been very limited interest from other signatories in stepping forward and assuming leadership roles, as evidenced in the difficulties in finding new co-conveners for several of the workstreams in 2021–2022.

The concerns many signatories have regarding the heavy processes of the Grand Bargain are compounded by the scale of operational demands for all humanitarian actors in 2022, which have seen huge pressures placed on the system while it is trying to reform itself. In practical terms, this has made it difficult to allocate adequate staff time and resources in making necessary changes to policy and practice and, even more so, in engaging with the structures and processes of the Grand Bargain. Added to this is the multiplicity of other reform processes under way. The UN Action Agenda on Durable Solutions, the IASC IDP Review, the ERC's Flagship Initiative, the revival of the Good Humanitarian Donorship (GHD) initiative, the Global Refugee Compact: these processes all cover many of the same issues, and without clarity on how they link together, the Grand Bargain is effectively competing with them for staff time and institutional resources.

Although communication from the Secretariat has increased in recent years with a wealth of publications showcasing examples of impact and the progress being made generally, there has been a growing negative narrative among some signatories that the Grand Bargain has not been 'successful', that it has not had 'impact'. As articulated in the 2020 AIR, this is not a correct assessment of the evidence available. The Grand Bargain has not proven transformative in the way many of its original proponents envisaged, but it cannot be said to have failed either, as the analysis in this latest AIR clearly shows. For example, on quality funding, contrary to some of the narrative among some UN signatories, they and the ICRC have actually seen an increase in the volume and in some cases the percentage of multi-year funding received from institutional donors in 2022 compared to 2021– and in many cases this reflects an ongoing upward trend (see Section 2.1). This increase has not yet been sufficient to enable a step change in how they operate and certainly there has been limited progress from two of the largest donors, EU/DG ECHO and the US, in terms of increasing flexible funding. But the picture is not as bleak as is often portrayed. This negative narrative is also not universal: a number of smaller UN signatories are more positive about the value of the Grand Bargain in driving institutional change and as a platform for engagement and problem-solving across the humanitarian system.

NGOs, too are critical of what they see as little if any increase in the volume or percentage of quality funding that they receive (though few have provided data to support this argument), but they continue to consider the Grand Bargain as a platform through which they can exert pressure on their upstream donors (institutional donors and UN agencies) to correct this. While the RCRCM signatories share the frustration at insufficient progress, they generally view the Grand Bargain as an opportunity to continue to pressure donors, the wider aid community (and themselves) for change.

Countering the negative narrative around the Grand Bargain has proven difficult over the years particularly because of the paucity of data reported by signatories against the indicators developed by the workstreams. Failure by a large number of signatories to report accurately on their financial data, using the agreed criteria, has meant that it is harder to identify trends. On funding to local and

national actors, for example, 19 signatories – 12 donors and seven aid organisations – do not or cannot provide full (in some cases any) data on how much of their funding they pass down to local and national actors directly or via one intermediary (as per the methodology approved by Workstream 2 in 2018). This means that the amount recorded in the self-reports does not reflect the real volume passed down to local and national actors. This is also a major challenge for the FTS and IATI systems where, despite recent progress, donors and aid organisations still fail to report financial data in a timely, comprehensive and accurate manner. As the Grand Bargain moves into its next iteration, it will be critical that signatories step up efforts to report more accurately and comprehensively on the outputs and outcomes of their efforts to implement the commitments, both as a matter of transparency and accountability but also to ensure a more accurate narrative on where the Grand Bargain is proving effective in driving change and where it needs to make greater political investments.

### 1.3.2 Initial proposals for the future of the Grand Bargain

At the Annual Meeting in June 2022, the Eminent Person launched the process to determine the next phase of the Grand Bargain once the 2.0 framework period concludes in mid-2023. For the remainder of the year, the Facilitation Group and Secretariat worked on elaborating a proposal. In September 2022, a survey was launched to canvass signatories' views and a summary was shared within the Facilitation Group, with the Eminent Person and with constituency groups. The Facilitation Group then undertook consultations within their constituency groups on the survey findings. On the basis of these discussions, in February 2023 the Facilitation Group put forward for signatories' consideration a preliminary formal proposal on future scope, timeline and structures. The proposal outlined a continuation of the Grand Bargain until 2026, with two 'focus areas': (1) the existing Enabling Priorities (quality funding, localisation and participation); and (2) 'reduce dependencies and contribute to shrinking the needs, gain in efficiencies, and contribute to sector-wide transformation through partnerships across sectors, anticipatory action and innovative financing mechanisms. Increase investment by Signatories to scale up and replicate innovative practices based on evidence, knowledge sharing and lessons learned' (Grand Bargain, 2023: 2). In terms of governance and structures, the proposal recommended continuation of the Eminent Person role, potentially adding a second individual to co-lead; continuation of the Facilitation Group, encouraging the members to 'champion at a higher level specific initiatives to drive forward the objectives'; the retention of the Secretariat; the continuation of the Annual Meeting and caucuses; establishment of Communities of Practice for 'working level exchanges' between signatories; and use of existing local and national platforms to 'play a stronger role in ensuring an exchange with local and national actors (including potentially National Reference Groups)' (Grand Bargain, 2023).

During the interviews for this AIR, the research team attempted to solicit signatories' thoughts on this proposal. Echoing the results of the survey in September 2022, the broad consensus was that the Grand Bargain should continue, that its work had not yet been completed, and that its goals had not yet been realised. A small minority of signatories (comprising UN and donor signatories) explained during interviews that they did not feel that the mechanism should continue for various reasons – some pointed to their own fatigue (and that of others) with the heavy processes of the Grand Bargain, others to the lack of perceived progress in key areas, which made some signatories conclude that their

investments had not been worth the outcomes achieved, others that the Grand Bargain had become less relevant to them because of its shift away from the nexus. But most also stated that, if it were to continue, they would likely remain within the structure, subject to further clarity on its scope. In terms of scope, there was broad consensus that the Grand Bargain should continue to focus collective efforts on the existing Enabling Priorities, although for many signatories it was not clear what the specific objectives should be under these themes (or what the Facilitation Group was proposing in that regard). There was particular scepticism from several UN signatories about what further progress could really be achieved in increasing the volume and proportion of quality funding provided by donor signatories.

There was far less consensus on the Facilitation Group's proposal to expand the thematic focus of the Grand Bargain, with the adoption of a new 'focus area 2'. Many NGO and some UN signatories appear to be supportive of expanding the remit of the Grand Bargain in this way, but this was not replicated across the donor group (ICVA et al., 2022). In part, the lack of consensus stems from the fact that this 'focus area' had yet to be articulated in concrete terms, and thus it was not clear what specific objectives the Facilitation Group were proposing or what actions will be considered necessary to achieve them. Many signatories asserted that the Grand Bargain had made progress against the 2.0 framework because of its narrow collective focus, and were concerned that expanding the Grand Bargain's substantive scope so broadly would result in a dilution of effort and a consequent loss of momentum in the core areas that they had already agreed to focus on, particularly quality funding and localisation. Some also expressed concern that objectives relating to anticipatory action, multi-stakeholder collaboration and new funding mechanisms were either too vague in the current formulation in the proposal or were being dealt with in other forums (e.g. in OECD Development Assistance Committee (OECD-DAC) and UN processes). However, few appear to have noted that the original framework from 2016 included commitments in these three areas (e.g. commitments 10.1 and 10.5). There were diverse views, too, in regard to the timeframe proposed for the extension of the Grand Bargain. Many NGOs have openly called for the mechanism to continue until 2030, aligning its timeline with that of the Sustainable Development Goals – as articulated in a joint NGO letter coordinated by Care International and Oxfam and issued in December 2022 (ibid.). But most UN and donor signatories were uncomfortable with such a lengthy extension. The majority of signatories considered 2026 an acceptable compromise.

Reflecting on the proposal, it is clear that it represents some important steps forward that are welcomed by the majority of signatories. The articulation of participation as a standalone objective rather than as a component of localisation, the call for more leadership for local and national actors, a proposal for the pooling of resources and funding to support different initiatives and a reduction in the reporting burden were highlighted by signatories during interviews with the research team, and also echo some of the recommendations from past AIRs. However, the overarching concern of signatories regarding the future of the Grand Bargain is how to ensure this mechanism can continue to maximise its added value to drive system-wide change, while lightening the burden of engagement in its processes to the extent necessary to retain signatories' interest and engagement. Section 4 of this report attempts to answer this question, providing recommendations that build on a number of elements in the Facilitation Group's proposal.

# Section 2 The Enabling Priorities: achievements and remaining challenges

## 2.1 Quality funding

Enabling Priority 1 is defined in the 2.0 framework as ‘a critical mass of quality funding is reached that allows an effective and efficient response, ensuring visibility and accountability’ (Grand Bargain Secretariat, 2021b; see also Box 5).

### 2.1.1 Overall progress

The financial data reported by signatories against the key indicators under Enabling Priority 1 was inconsistent and incomplete, and thus it has been challenging to provide a definitive statement on overall trends in 2022. This is a perennial challenge in the AIR processes related to the willingness and capacity of signatories to report their financial data accurately and comprehensively, as well as inconsistent use of agreed definitions. However, there is sufficient data from this year’s process, including drawing on FTS data, to indicate four key points. First, important progress was made in 2022 in terms of an increase in the overall volume and percentage of funds available to address identified humanitarian needs. FTS data indicates that there has been a year-on-year increase in the overall volume of funding in the humanitarian system since 2020 and an increase in the percentage of funding requests being met: the Global Humanitarian Overview (GHO) 2022 was 58% funded at \$29.8 billion, compared to the GHO 2021, which was 53% funded at \$19.9 billion and the GHO 2020, which was 50% funded at \$19.2 billion.<sup>4</sup> Second, there was an increase in the volume, and to a lesser degree the percentage, of quality funding – i.e. multi-year and/or flexible funding – provided by institutional donors in 2022, compared to 2021 (see Figure 2). Third, despite these overall increases, the gap between requirements and funding made available has increased in volume terms since 2020, with ‘unmet needs’ rising from \$19.4 billion in 2020 and \$17.7 billion in 2021 to \$21.9 billion in 2022.<sup>5</sup> Fourth, quantitative and qualitative data provided through the self-reporting indicates that, although quality funding has increased, it is still unevenly distributed across different types of organisations, with allocations

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4 Data downloaded from [fts.unocha.org](https://fts.unocha.org) on 18 May 2023.

5 Data downloaded from [fts.unocha.org](https://fts.unocha.org) on 17 May 2023.

seemingly not always made with due regard for which actor is best placed to respond in a given crisis. FTS data also demonstrates that humanitarian funding in general is still not allocated equitably across crises, with donor allocations remaining highly influenced by strategic interests and/or domestic public opinion. In consequence, there remain huge disparities in the proportion of funding requirements that are met. Of the Humanitarian Response Plans (HRPs) included in the 2022 GHO, El Salvador's multi-year HRP was the lowest funded at 28%, compared with the Central African Republic (CAR) HRP at 96% funded; in respect of the Flash Appeals in 2022, Haiti's Cholera+ Flash Appeal was only 10% funded compared with the Ukraine Flash Appeal at 88% funded; and in respect of regional refugee response plans (RRPs) the Afghanistan RRP was 23% funded, compared with the Regional Migrant Response Plan for the Horn of Africa and Yemen, which was 97% funded.<sup>6</sup> Increased provision of quality funding, particularly unearmarked and softly earmarked funding, would help reduce such stark disparities by enabling funding to be allocated based on assessed needs.

### Box 5 Grand Bargain definitions of 'quality funding'

'Quality funding' as set out in the Grand Bargain is funding that is multi-year and/or flexible. Definitions agreed among signatories in 2020, through the Workstream on Enhanced Quality Funding (7+8), are summarised below:

**Multi-year funding:** In line with the definition from the OECD, the term 'multi-year humanitarian funding' is defined as funding with a duration of 24 months or more based on the start and end dates of the original formal funding agreement.

**Flexible funding:** Signatories are required to report on unearmarked and softly earmarked funding using the following definitions.

- **Unearmarked funding:** There are three subcategories of unearmarked funds, namely:
  1. Core or regular resources – Unearmarked funding contributed by donors without any restrictions on its use. It is the most flexible, bedrock funding without any earmarking, enabling integrated response and allocation of funds where and when they are needed. Unearmarked funding may be contributed directly to aid organisations as core contributions/regular resources.
  2. Humanitarian-restricted resources – Funding contributed by donors but lightly restricted to a significant part of the organisation's mandate, such as the humanitarian operations of a dual-mandated agency with operations in both the development and humanitarian spheres.



3. Contributions to the Central Emergency Response Fund (CERF) – Donors provide unearmarked funding to the CERF, which in turn distributes tightly earmarked funding to aid organisations based on the jointly prioritised humanitarian needs for people caught up in crises. This is due to the CERF’s General Assembly mandate, which is restricted to life-saving humanitarian action, as further defined in the CERF Life-Saving Criteria.
- **Softly earmarked funding:** There are four subcategories of softly earmarked funding, namely:
    1. Thematically earmarked funding – Funding earmarked at the level of strategic goals or programmatic areas e.g. health, water, sanitation and hygiene (WASH), and gender. After core/regular resources, this is the most valuable funding as it allows flexibility to allocated funds across regions, sub-regions and country programmes as per the needs.
    2. Geographical region earmarked funding – Funding intended for humanitarian response in a specific region, e.g. Africa, but without any further restrictions on theme or country programmes.
    3. Contributions to CBPFs – Funding to a specific CBPF, otherwise fully flexible. While CBPFs allow donors to provide softly earmarked funds for use within a specific country, all funds received from the CBPFs are tightly earmarked.
    4. Restricted Resources – Contributions by donors that are intended to be as flexible as core resources but exclude a small number of countries, themes, or specific activities. This sub-category is different from ‘humanitarian-restricted resources’, which only refers to when donors lightly earmark their funding to the humanitarian operations of a dual-mandated agency. Funding with any further restrictions falls under the sub-category ‘restricted resources’.

Source: Workstream 7+8 (2020)

The same group of donors (larger and smaller) are continuing – year on year – to increase the volume of quality funding they provide. This includes multi-year, flexible core funding for the UN and RCRCM as well as incremental increases in the use of programme-based approaches for select INGOs. It also includes pooled funds, which continue to be a preferred channel for the majority of donors to provide quality funding. The combined contributions to CERF and CBPFs reached a record level in 2022 of \$2.0 billion, with an increasing proportion of multi-year contributions (Table 1). The CERF received the fourth-highest level of contributions since its creation. There was also an increase in the number of donor states contributing, from 54 in 2021 to 58 in 2022, and 17 increased their contributions from 2021 (OCHA, 2023: 8). CBPFs reached the highest level of contribution ever at \$1.3 billion, and made total allocations of \$1.2 billion. These pooled funds have been used to support emergency needs and to help drive system-wide progress in key areas including localisation, Accountability to Affected Populations (AAP), cash and voucher assistance (CVA), gender equality and, in relation to the CERF, anticipatory action (OCHA, 2023). While they are not a panacea to the funding and operational challenges facing the humanitarian system, they are effectively helping to set standards not just in the quality of funding, but also in how that funding creates an enabling environment for aid organisations to deliver responses that are more localised, in which affected people have more influence, and which are more reactive to changing needs,

as well as holding grant recipient organisations to account for delivering in this regard. As many donors articulated during interviews, the function of the CERF and CBPFs as strategic funding tools, as well as the high levels of transparency and outcome results reporting they offer, are key factors behind many donors' preference for using them to channel their funding.

Driving change in donor institutions has long been challenging and progress has often been slower than their staff and partners would like. However, it is clear from interviews with donor signatories and reflecting on the data reported that the political momentum being built through the Grand Bargain continues to have an impact. A number of donors explained during interviews that the discussions on multi-year funding held in the Quality Funding caucus in 2022 were helpful in pushing arguments internally to allocate more funding as multi-year (see Box 4). Given the lag-time in allocations, it is not possible to make any correlations between these specific discussions or the outcome document from this caucus and the increase in multi-year funding allocations in 2022. But it is clear from interviews with donors that the political pressure exerted through the Grand Bargain to provide more quality funding – multi-year and/or flexible – has had some impact and several donors expected increased progress in future, including as a direct result of the caucus.

Corresponding quantitative data provided by UN signatories and the RCRCM signatories on what they received also indicated a positive upward trend, with organisations in these two constituencies reporting positive increases in the volume, and in some cases the percentage, of quality funding they received. There is appreciation from these organisations for the uplift in multi-year funding from institutional donors but concern about a lack of corresponding increases in flexible funding as a percentage of their overall funding, with several providing specific statistics to the research team to show how restricted much of the funding they receive from some of the larger donors remains. Data from INGOs is very incomplete (only 12 reported any data on the multi-year funding they receive and only three reported any data on flexible funding), and thus it is not possible to identify specific trends in relation to funds received by INGOs. The reasons given by INGOs as to why they do not/cannot report data vary, but this lack of transparency undermines collective INGO advocacy efforts on quality funding.

Quantitative data on how much quality funding is passed down from the larger international aid organisations to smaller international and local and national partners is also very incomplete: only six aid organisation signatories reported quantitative data on onward allocation of multi-year and/or flexible funding to downstream partners (only Care International, Christian Aid, Save the Children and ZOA reported quantitative data for multi-year *and* flexible funding they passed on to downstream partners). However, even those that were able to provide some information (qualitative or quantitative) indicated that most of this is not passed down with the same multi-year and/or flexible quality with which it is received. In this regard, the same arguments were put forward as in previous years – that quality funding was received in too small a proportion to be able to pass down, that it is difficult for larger international organisations to track exactly which funding from which donor was passed down (particularly when these are provided by the donor as 'core funds'), and that funding to downstream partners is generally targeted at programme-specific objectives, and thus by definition is more time-bound and/or more restricted in its use.



A key call from aid organisation signatories over the years has been for donors to provide a ‘critical mass’ of quality funding, by which they mean a step increase that would enable allocation of funds based on need, rather than other strategic considerations, and enable significant improvements in the efficiency and effectiveness of humanitarian response at institutional and system levels. This was integrated in the language of Enabling Priority 1, as indicated above. But aside from the 30% global target for flexible funding included in Commitment 8.2 and 8.5 under the original framework, there has been no substantive discussion more broadly on what proportion of funding would need to be multi-year and/or flexible in order to enable such changes. Some donors set themselves a target of 30% for multi-year funding – echoing that already agreed in relation to flexible funding. Taking that as a reasonable target, 12 donors (Australia, Belgium, Denmark, Germany, Ireland, Luxembourg, the Netherlands, New Zealand, Norway, Slovenia, Sweden and the UK) reported meeting or exceeding that figure for both multi-year *and* flexible funding (these two types of funding are calculated separately rather than funding that is both multi-year and flexible). How much this adds up to in terms of a global figure is not entirely clear given the paucity of data available, but it would seem reasonable to assume that further progress from two of the largest donors, EU/DG ECHO and the US, particularly in relation to flexible funding, will be critical to reaching a global figure of 30% of funding that is multi-year and 30% that is flexible.

### 2.1.2 Barriers to progress

The barriers to further, speedier progress on greater provision and more equitable distribution of quality funding across the humanitarian system remain much the same as in previous years. Those donors that have not traditionally provided much multi-year and, particularly, flexible funding continue to face cultural, policy and administrative challenges in changing practices – this particularly affects EU/DG ECHO and the US, two of the largest donors, but a number of smaller donors explained how difficult it is to shift long-established ways of working. Several of these donors also explained that the political pressure generated by the Grand Bargain – and particularly through the 2.0 framework – is informing institutional dialogue and creating internal pressure for change. They called for this pressure to be maintained, noting that it will take time to bear fruit.

A number of donors highlighted during interviews that their internal deliberations are not helped by what they consider inadequate reporting by many recipient organisations on how they have used to greater impact the quality funding they have received, and/or that recipient organisations provide little detail at the proposal stage on how multi-year or flexible funding would enable better programme outcomes than more short-term, restricted funding. Several donors said that they receive little ‘real time’ information from aid organisations in relation to specific programmes, and instead tend to hear the same generalised arguments, past examples or evidence which is not always sufficient to persuade parliamentary bodies or other stakeholders to take what they consider (rightly or wrongly) to be the extra risks associated with longer-term and more flexible funding.

Several donors also flagged during interviews and in their reports a concern that their efforts to provide flexible funding at country level are not being credited because this type of funding does not fall under the definition of softly earmarked funding in the Grand Bargain (see Box 5). While there

was no call to reopen this definition, concerns were expressed, including by some aid organisations, that failure to give credit for country-level flexible funding is contradictory given the country-based appeals that donors are asked to respond to by the IASC, and that this lack of recognition or credit may potentially discourage them from providing this kind of funding, which for INGOs is the most flexible many can get from institutional donors.

The failure of ‘intermediaries’ – first-line recipients – to provide more comprehensive data on what quality funding they pass down to partners with the same/similar terms is causing frustration among donors and undermining their willingness to provide more of these funds. For some donors this frustration is exacerbated by what they see as little if any progress by the larger UN aid organisations in providing more visibility for the quality funding they do provide. There were discussions of donor requirements on ‘visibility’ as part of the Quality Funding caucus, facilitated by ICVA, and the aid organisations that participated stated during interviews that they had gained a better awareness of why donors need more visibility of the funding they provide. But aid organisations consider that there is still insufficient clarity on the expectations of specific donors and consequently the conversation remains at a stalemate.

As noted, there has been little substantive cross-constituency discussion on quantifying a critical mass of quality funds – despite previous recommendations on this from ODI and calls within the Quality Funding caucus. Absent clarity on this, there is no concrete target for the signatories to work towards and against which they can accurately measure their collective progress. However, even if they were to agree on a collective global target, this would also require a step change in efforts to track finances across the system. Data-reporting systems have improved. FTS has made important changes over the past year to simplify reporting into the service, better present financial data and analysis, and more accurately track funding to national and local organisations (as per the Grand Bargain definitions), and it notes that it is able to track more funding overall. But both donors and recipient aid organisations need to fully utilise FTS and/or IATI, providing far more comprehensive, timely and accurate data on their finances than is currently the case.

In conclusion, the data available for this AIR process strongly indicates that there is more humanitarian funding in the system overall and, importantly, that there is more *quality* funding in volume and percentage terms – at least based on donor, UN and RCRM data. It is also clear that the Grand Bargain continues to have a positive impact on donor behaviour in this regard. Donors have been generous, but unmet needs remain substantial and the disparities in which crises receive funding are stark. Addressing these overarching issues may be considered by some as beyond the original remit of the Grand Bargain in word if not spirit, but certainly an increased provision of funding that is multi-year and/or flexible would go some way to addressing the negative consequences of the overall funding gap by allowing more funding to be allocated between crises based on assessed needs, and to be used with more sustainable impact. However, the same long-standing barriers to speedier progress in providing more quality funding remain, including a lack of confidence among donors in UN agencies relating to a lack of – or at least a perceived lack of – transparency over how and how much funding is allocated onwards, and long-standing challenges that many donors face in justifying provision of quality funding to their parliamentary bodies. All signatories will need to increase their collective political engagement to unlock these barriers.

A priority focus in this regard should be addressing the barriers to more flexible funding: signatories could take advantage of the momentum already built around multi-year funding in the Quality Funding caucus in 2022 to push for corresponding progress on unearmarked and softly earmarked funding, which in turn could enable substantive progress in other areas including localisation and participation.

### 2.1.3 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**

#### **Status:**

- 21 institutional donors reported that they provided multi-year funding in 2022.
- 14 (Australia, Belgium, Canada, Denmark, Germany, Ireland, Luxembourg, New Zealand, Norway, Slovenia, Sweden, the Netherlands, the UK, the US) of these reported that more than 30% of their funding in 2022 was multi-year.
- 10 (Australia, Canada, Czech Republic, Germany, Italy, New Zealand, Norway, Spain, Sweden and the US (PRM)) reported having increased the percentage of multi-year funding compared to 2021.
- 10 aid organisation signatories (Care International, Christian Aid, DanChurchAid, Islamic Relief Worldwide, Mercy Corps, Save the Children, Trocaire, UNHCR, UNICEF and ZOA) provided quantitative data on pass down of multi-year funding they receive.

### Donors

The data provided in the self-reports indicates a positive, upward trend in the provision of multi-year funding across the donor group. Past AIRs have highlighted the importance of increases in both volume and percentage terms by the largest donors, and data is generally positive in this regard for 2022.

In terms of the three largest donors, Germany led the way with a substantial increase in the volume and the percentage of multi-year funding it provides – from €1.6 billion and 62% of its humanitarian funding in 2021 to €2.5 billion and 75% of their humanitarian funding in 2022. The US also performed well, increasing from \$1.1 billion or 8% in 2021 to \$1.6 billion or 9% in 2022. This included increases in both US PRM and USAID/BHA: 89% of US PRM funding to NGOs was multi-year in 2022 (\$423 million), compared to 59% in 2018, and USAID/BHA provided over \$1.2 billion in multi-year humanitarian funds – an 86% increase from 2021. EU/DG ECHO reported that the percentage of multi-year funding remained

static at 9%, but that there was a decrease in volume from €127 million in 2021 to €111 million in 2022.<sup>7</sup> They did however reiterate their commitment under the Quality Funding caucus to increase multi-year allocations by 30% in 2023, compared with 2021 (see Box 4). By end-2022, EU/DG ECHO had taken action to support progress towards this goal through an internal guidance note and briefings for staff and a factsheet for partners to encourage them to propose multi-year projects.

Other donors have increased provision of more predictable funding, making fundamental changes to their institutional structures to enable this. Australia increased its multi-year funding from 67% in 2021 to 78% in 2022; Norway increased its multi-year funding from 40% in 2021 to 65% in 2022, including a 10% increase in multi-year funding to NGO partners; Sida doubled its multi-year funding in percentage terms between 2021 and 2022 (from 5% to 10% of its overall humanitarian funding); Italy almost doubled its multi-year funding in volume terms from €44 million in 2021 to €74 million in 2022; and Spain reported that it is expanding its four-year funding partnerships with INGOs, increasing both the number of INGOs that benefit and the amount of multi-year funding they receive. Ireland increased the volume of its multi-year funding by 12% between 2021 and 2022, although, due to large contributions for Ukraine and the Horn of Africa, it now accounts for 45% of its overall humanitarian funding, down from 51% in 2021. The volume increase is part of a strategic approach which has involved the development in 2022 of the Ireland Civil Society Programme (ICSP). To be implemented from 2023, the ICSP will consolidate €500 million of humanitarian and development funding into five-year frameworks with key NGO partners.

A corresponding positive trend is identifiable from data on funds received as reported by UN and RCRCM signatories in the self-reports. UNICEF reported that its multi-year humanitarian funding from institutional donors more than doubled in absolute volume, from \$423 million in 2021 to \$1.1 billion in 2022, rising from 14% of their overall humanitarian funding in 2021 to 23% in 2022. UNHCR also saw an increase in both volume and percentage terms, from \$575 million in 2021 or 10%, to \$618 million in 2022 or 11%, which it attributes to high levels of funding for its Ukraine response. OCHA saw an incremental increase in the volume of institutional funding it received that is multi-year – from \$111 million in 2020 to \$113 million in 2021 and \$120 million in 2022, but the percentage remained broadly static. OCHA reported a significant uplift in multi-year funding to CBPFs – rising to 34% in 2022 from 14% in 2021. Smaller UN signatories also reported increases: the Food and Agriculture Organization (FAO) reported that its multi-year funding had increased 2.5 times between 2021 and 2022 to \$338 million and the World Health Organization (WHO) reported a three-fold increase in multi-year funding to \$96 million or 7% in 2022, from \$40 million or 5% in 2021. WFP reported a \$258 million increase in multi-year funding to \$2.9 billion, but noted that this represented a decrease from 28% in 2021, to 21% of its overall humanitarian funding in 2022. ICRC similarly reported an increase in volume terms to CHF 349 million in 2022 (a 17% increase in volume) but a slight decrease in overall percentage terms. Where the percentage had decreased or remained static, most donors and recipient organisations considered that this was not necessarily reflective of a longer-term trend. For example, the UN Population Fund (UNFPA) reported a decrease in multi-year funding in

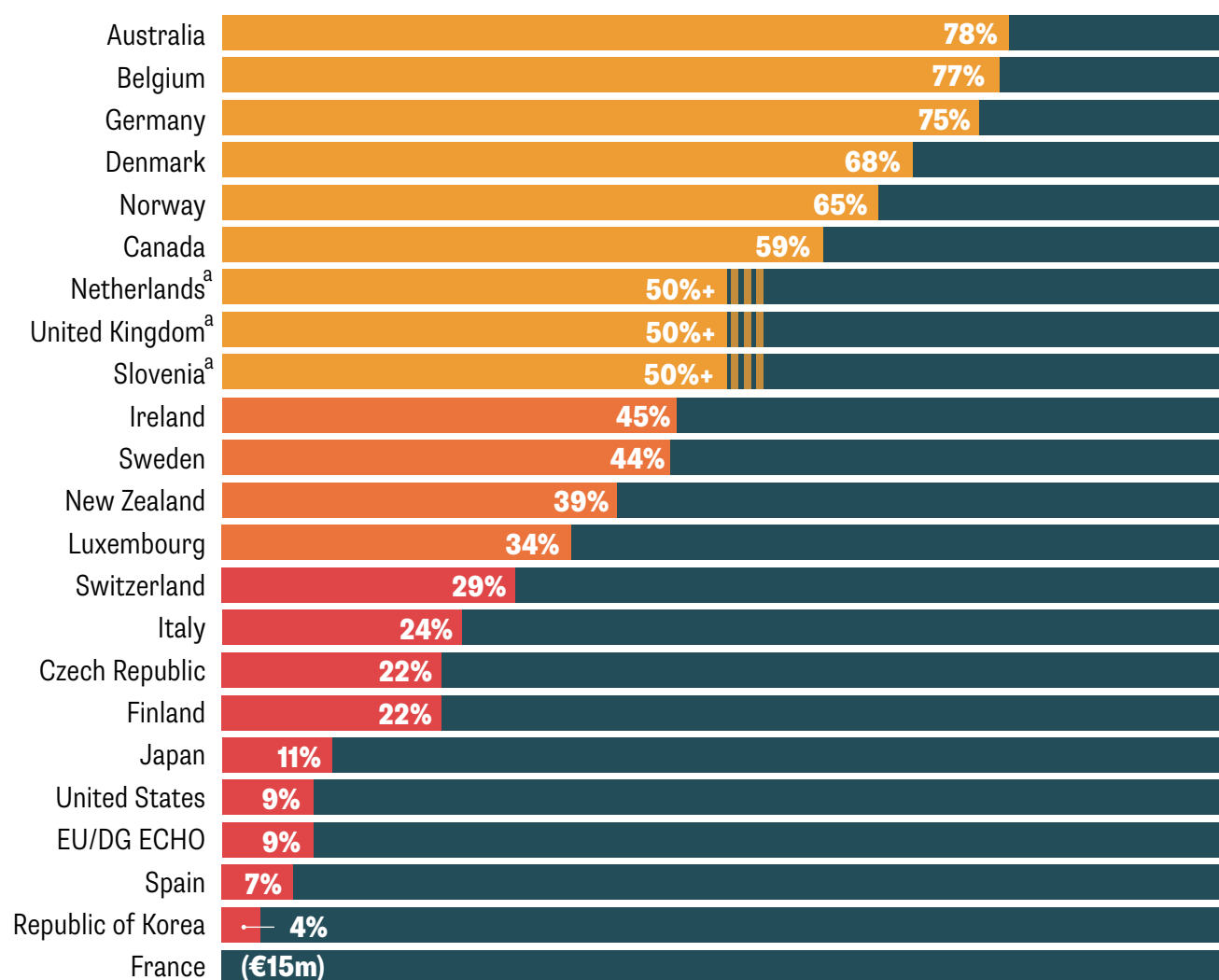
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7 The figures reported are indicative. They are compiled through a new DG ECHO reporting tool (still undergoing trial and testing) and are based on information shared by DG ECHO partners.

both volume and percentage terms in 2022 compared to 2021. But it believed this to be related to a large increase in short-term funding for the crises in Ukraine and Afghanistan, which meant that, overall, its humanitarian funding reached record levels.

As noted earlier, it is not possible to discern trends in relation to INGOs because of the limited data provided by this group. However, of those that did report data several indicated that their multi-year funding had increased in 2022 compared to 2021: IRC and the Danish Refugee Council (DRC) both indicated that they had seen substantial increases in multi-year funding from institutional donors, from 16% in 2021 to 26% in 2022 for IRC, and an 8% increase for DRC to 29% in 2022.

**Figure 2** Donors that reported the percentage of funding they provide that is multi-year



Note: (a): 'majority'.

Source: Signatory self-reports

## 54 HPG commissioned report

**Table 1** Annual contributions (US\$m) to and allocations by CERF and CBPFs, 2016-2022

	CERF			CBPFs			Total		
	Contributions	Allocations	% spent	Contributions	Allocations	% spent	Contributions	Allocations	% spent
2016	426	439	103%	709	719	101%	1,135	1,158	102%
2017	515	418	81%	833	698	84%	1,347	1,116	83%
2018	555	501	90%	950	837	88%	1,505	1,337	89%
2019	831	539	65%	946	1,028	109%	1,777	1,567	88%
2020	624	848	136%	863	913	106%	1,488	1,761	118%
2021	638	548	86%	1,134	1,029	91%	1,773	1,577	89%
2022	612	735	120%	1,337	1,219	91%	1,949	1,954	100%

Source: UNCERF, UNCBPF

### Aid organisations

It remains unclear how much of the multi-year funding aid organisations receive is passed down to other partners. Only 10 aid organisation signatories reported any quantitative data on the multi-year funds they passed down, including two UN agencies (UNHCR and UNICEF), eight INGOs (Care International, Christian Aid, DanChurchAid, Islamic Relief Worldwide, Mercy Corps, Save the Children, Trocaire and ZOA). Only one of these – UNHCR – confirmed that the funds (1.6% of its total 2022 partnership expenditure) were passed down within the framework of multi-year agreements with its partners. OCHA reported that the Revised Global Guidelines for CBPFs, finalised in December 2022, now allow CBPFs to fund projects up to a maximum duration of 24 months, and this will start to be implemented in 2023. World Vision International reported that it passes down multi-year funding utilising private donations it received, and this seems likely the case for other large INGOs that receive a large proportion of private funding. DRC reported that it has been able to pass on multi-year funding to local and national partners as part of its Flash Project under the Sahel Regional Fund (SRF).

Most aid organisation signatories continue to state that they do not or cannot track the onward allocation of funds given as multi-year, including whether these funds were passed onwards also as multi-year. This is due to the diversity in how, when and against what objectives multi-year funding is provided by donors. Several aid organisation signatories explained that they still cannot pass down multi-year funding at all due to administrative rules precluding passing on funding that is not already in their own accounts, though there are internal discussions in some cases as to how this might become possible in future.

This core commitment also requires an increase in multi-year planning by aid organisation signatories, but there is no specific indicator on this and limited information was reported. UNICEF and UNHCR reported that they continue to work towards their institutional goals regarding standardising multi-year planning even in emergencies. There were five multi-year Humanitarian Response Plans in 2022: Haiti, Honduras–Guatemala–Salvador, Mali, Syria and Venezuela. The connection between multi-year planning

and availability of multi-year funding has been highlighted by some donors, including during the Quality Funding caucus discussions, with a clear request for partners to submit multi-year plans and proposals more proactively, thereby assisting donor colleagues in showing that there is demand for such funding and enabling them to better make the case internally to allocate funds in this way. At least one donor explained that some partners wrongly assume that they cannot apply for multi-year funding and therefore do not submit proposals for multi-year strategies and programmes.

### **Core commitment 8.2 and 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.**

#### **All signatories – individual action – target of 30% by 2020**

##### **Status:**

- 14 donors (Australia, Belgium, Denmark, Finland, Germany, Ireland, Luxembourg, New Zealand, Norway, Slovenia, Sweden, Switzerland, the Netherlands, the UK) reported that they provided at least 30% of their humanitarian aid as unearmarked or softly earmarked in 2022.
- 8 donors (Denmark, EU/DG ECHO, Germany, Ireland, Italy, Republic of Korea, Sweden, Switzerland) reported an increase in volume and five (Denmark, Czech Republic, Germany, Italy, New Zealand and the US (PRM)) reported increases in percentage. Two donors (Denmark and Germany) reported increases in volume and percentage.
- 4 aid organisations (Care International, Christian Aid, Save the Children and ZOA) provided quantitative data on the pass down of flexible funding that they receive.

## **Donors**

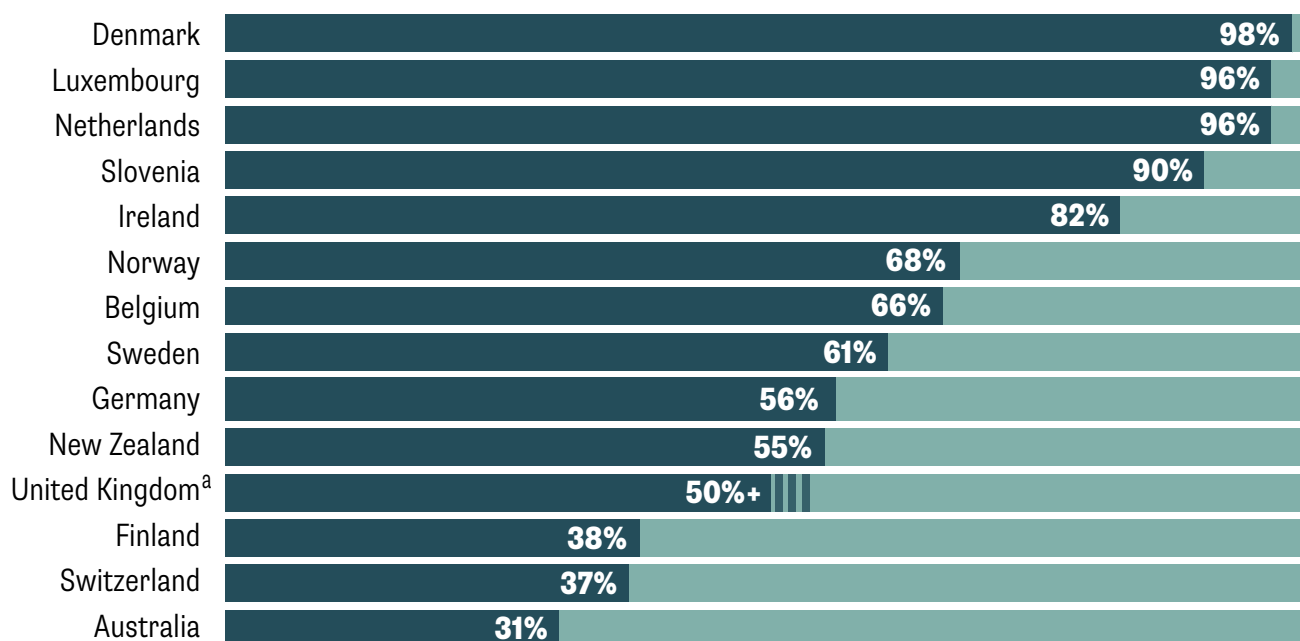
The data included in self-reports is not comprehensive since not all donors provided both volumes and percentages for 2021 and 2022. But the data that was provided indicates that the majority of donors have increased the volume and in some cases also the percentage of flexible funding they provide. Progress among the top three donors was mixed. Germany reported substantial increases in both the volume and percentage of funding that was flexible (41% vs 56%, €1.1 billion vs €1.9 billion). For the US, USAID/BHA reported a decrease in percentage and volume of flexible funding but there was a slight increase in percentage terms from US PRM, from 17% to 19% in 2022. EU/DG ECHO reported that it doubled its contribution to CBPFs from €4 million to €8 million, which is significant for them in policy terms, but this type of funding remained a very small percentage of its overall funding in 2022. Several donors reported that they had not yet reached the 30% target but had increased their flexible



contributions substantially: Italy increased its flexible funding by 35% compared to 2021, accounting for 18% of their total humanitarian budget in 2022; and Canada increased its flexible funding to 29% in 2022, compared to 19% in 2016. At least 8 donor signatories reported that they had increased the volume of flexible funding, but the percentage of funding that was flexible had decreased due to the provision of additional earmarked funding for crises in 2022 including Ukraine.

Some of the increases reported by donor signatories appear to be in soft rather than unearmarked funding (Figure 3), but there is insufficient breakdown in data reported to make a clear determination in this regard.

**Figure 3** Donors that reported meeting or exceeding the 30% target for funding that is unearmarked or softly earmarked



Note: (a): 'majority'.

Source: Signatory self-reports

Data from some of the largest aid organisations also indicates an increase in flexible funding in 2022, compared to 2021. UNICEF reported that its flexible funding more than doubled in volume between 2021 and 2022, from \$410 million in 2021 to \$928 million in 2022, representing 24% of overall humanitarian funds received. WFP reported an increase in both the volume and the percentage of flexible funding received in 2022, from 8% of overall funds in 2021 to 9% in 2022, reaching \$1.3 billion. UNHCR reported a substantial increase in the volume (\$1.7 billion in 2021 to \$2.4 billion in 2022) and the percentage of softly earmarked funding (20% to 28% in 2022), although there was a slight decrease in the percentage of unearmarked funds (15% to 13% in 2022). ICRC reported an increase in the overall volume of flexible funding (from CHF 655 million in 2021 to CHF 730 million in 2022) but a slight



decrease in percentage terms, from 33% of their overall funding in 2021 to 30% in 2022. They received volume increases in both categories of flexible funding (unearmarked and softly earmarked), but this represented a decrease in the percentage of unearmarked funding (from 23% to 19% in 2022) and the percentage of softly earmarked funding was static at 11%. OCHA reported a decrease in the volume and percentage of its institutional funding received as flexible between 2022 (\$175 million – 61%) and 2021 (\$188 million – 66%), but in volume terms this was still an increase over 2020, when it received \$161 million (61%) in unearmarked and softly earmarked funding.

These multilaterals recognised with appreciation the increase in the volume of flexible funding provided by some donors. But several also noted that a significant amount of the flexible funding they received was from private donations rather than institutional donors. UNHCR provided a more detailed breakdown of its funding data to illustrate this point. In 2022, 41% of its unearmarked income came from private donations, and the increase in softly earmarked funding it received in 2022 was largely driven by donations from the private sector, which it reported had doubled to \$1.2 billion in 2022 from \$625 million in 2021, largely related to donations for its Ukraine response. Similarly, UNICEF reported that 92% of their flexible funding in 2022 was from private sector donations. Flexible funding from institutional donors did increase – from \$59 million to \$77 million – but this was a small proportion of the overall volume of flexible funding UNICEF received in 2022. In order to move the dialogue on flexible funding forward and identify more accurately where action is needed, recipient aid organisations will need to disaggregate the data on flexible funding they receive to understand what proportion is from institutional donors and what proportion is from other sources.

Smaller UN entities also appeared to have benefited from an uplift in provision of flexible funding: WHO reported that its proportion of flexible funds increased from 7.5% in 2021 to 16% of their humanitarian funding in 2022 (\$56 million rising to \$209 million). Reporting by INGOs on flexible funding received was very limited, as noted earlier, and thus no trends were discernible. However, from the qualitative information provided during interviews, it is reasonable to assume that the majority of INGOs do not receive unearmarked funding equivalent to the core funding their UN partners and ICRC receive from some institutional donors. Notwithstanding the efforts of a small group of donors (including Ireland, Denmark, Norway and Sweden) to develop programme-based partnership agreements, most INGOs still receive little softly earmarked funding from institutional donors.

The qualitative data available from self-reports and interviews with signatories evidences a continuing preference among donors to provide flexible funding through pooled funds, with record contributions to CERF and CBPFs combined in 2022. Australia, Canada, EU/DG ECHO, Germany, Ireland, Norway and Switzerland all highlighted their contributions through these pooled funds in 2022, with Canada reporting that its contributions to CBPFs had risen 16-fold since 2016. There was also continuing interest in institutional pooled funds: WHO, UNFPA, FAO and IFRC all reported increased contributions to their institutional pooled funds in 2022. Contributions to UNFPA's Humanitarian Thematic Fund increased from \$12 million in 2021 to \$45 million in 2022, and FAO's Special Fund for Emergency and Rehabilitation Activities (SFERA) doubled to \$28 million between 2021 and 2022. With contributions

to SFERA from Australia, Belgium, Canada, Norway, the Republic of Korea and Sweden, FAO was able to launch rapid responses to large-scale crises, enabling immediate procurement and delivery of time-sensitive inputs in 19 countries, including in Ukraine.

Whilst the trend based on self-reporting is generally positive in regard to at least some increase in the volume of flexible funding provided by institutional donors, there are concerns from recipient aid organisations that they have yet to receive a ‘critical mass’ of flexible funding from institutional donors that would allow them to distribute their assistance and services based on need, rather than donor priorities. The data is too incomplete to provide a clear analysis, but it seems unlikely that the 30% global target for flexible funding has been met at this point, particularly given the limited progress by the US and EU/DG ECHO as two of the largest humanitarian donors.

Beyond unearmarked or softly earmarked funding, many donors are also providing other types of flexibility. UNRWA highlights that some donors have allowed it to use grants towards emergency or regular budgets, which has enabled it to continue minimum operations without disruption, and maintain cash flow across both budgets to account for surges in demand and delays in receipt of other pledges. For their part, some donors expressed concern at what they consider a lack of appreciation or credit for other flexibilities they offer in many funding streams – e.g. the Grand Bargain definitions of unearmarked and softly earmarked funding do not capture flexibilities which permit rolling over from year to year, shifting across budget lines to enable programme adaptations, or other adjustments to funding. This was not a request to reopen the definitions agreed under Workstream 7 and 8 in 2020, but rather a call for these additional flexibilities to be recognised in cross-constituency dialogues, and for them to be promoted among donors as at least interim measures while they continue to work towards addressing barriers to provision of more unearmarked or softly earmarked funding.

The barriers to donors providing more flexible funding remain largely the same as in past years. Some donors – the US in particular – will simply be unable in the short to medium term to increase further the proportion of flexible funding they provide due to parliamentary bodies and or public expectations as to how funding is provided. Even for those able to provide flexible funding, there was a call for more information in real-time on what (additional) impact their flexible funding was having, to strengthen institutional arguments for more of this kind of funding.

### Aid organisations

How much of the flexible funding aid organisation signatories received is passed on with the same flexibility is not clear due to the limited data reported. Only four provided quantitative data: Care International more than doubled the percentage of unearmarked or softly earmarked funding it passed on to local and national partners in 2022, from 24% in 2021 to 55% in 2022; Christian Aid passed down 44% of its humanitarian partner grants as flexible funding; Save the Children passed on 9% as flexible funding in addition to funding from the pilot windows for local and national actors under its Humanitarian Fund, an internal flexible and unrestricted pooled fund mechanism; and ZOA reported that it was not able to pass down any of the flexible funding it received. As with multi-year funding,

the majority of aid organisations reported that they do not or cannot track onward allocation of flexible funding. Many aid organisation signatories also highlighted that the nature of the way frontline responders work meant unearmarked or softly earmarked funding has to be allocated towards specific programming objectives and thus is no longer considered 'flexible' under the Grand Bargain definitions. However, efforts by first-line recipient organisations continue (as part of an IASC-wide approach launched during the Covid-19 response) to expand flexibilities within their contracts with downstream partners, including shifting funding across budget categories to enable (limited) adaptations as needed. OCHA, for example, highlighted that CERF grant recipients can move up to 15% of direct project costs between budget headings without CERF approval, and minor changes to project scope do not require a formal revision request. CBPFs have slightly more flexibility with up to 20% of funding moveable between budget categories without prior approval. UNICEF allows up to 20% flexibility at the activity level without approval. They also now use a 'Letter for Start-up Funding' to enable transfer of cash and programme supplies to downstream partners for up to three months while a simplified programme document is concluded. There has also been important progress by many international aid organisation signatories in regard to provision of overhead costs to local and national actors, as discussed below (see Section 2.2).

One of the key barriers to provision of more flexible funding by a few key donors has been frustration over what they consider limited efforts of some international aid organisations to give more visibility to how donor funds are spent and with what impact. The issue was raised during the Quality Funding caucus in 2022 and was a key action point for recipient organisations in the caucus outcome document (see Box 4). This was an important dialogue according to those signatories involved, from both donor and UN groups. But several donors indicated during interviews that they have not yet seen results in terms of increased action from some UN signatories. For their part, a number of UN signatories reported what they consider increased efforts to be more transparent and provide more visibility to the flexible funding they receive from donors. UNHCR is providing an annual report on flexible funding as well as monthly updates and is leading an interagency working group for UN entities to exchange and share practices in regard to increasing the visibility of donors' flexible contributions. WFP has begun issuing reports on flexible contributions from donors. WHO has moved to monthly updates on allocation of flexible funding through its Programme Budget web portal. The International Organization for Migration (IOM) published an annual report on use of unearmarked funding detailing how this type of funding has enabled improvements in its internal governance systems, and highlighted such contributions during its regular governing body meetings. But it was clear from interviews with key donors that there is a need for further dialogue with the UN group in particular to clarify expectations on visibility and ensure that appropriate compromises can be reached.

## 2.2 Localisation

Enabling Priority 2 was defined in the Grand Bargain 2.0 framework as ‘greater support is provided for the leadership, delivery and capacity of local and national responders and the participation of affected communities in addressing humanitarian needs’ (Grand Bargain Secretariat, 2021b). Although the language of Enabling Priority 2 integrates both localisation and participation, the research team and the majority of signatories consider them to be two separate, though linked, areas of work. This is reflected in the analysis below.

### 2.2.1 Overall progress

Signatories across all constituency groups consider the Grand Bargain to have been an effective mechanism for driving change in policy and practice on localisation across the humanitarian system. Certainly, it remained a high-profile agenda within the Grand Bargain, and more broadly across the humanitarian system, in 2022. Many signatories articulated that the ‘successes’ thus far achieved under the Grand Bargain stemmed in part from a more coordinated or at least more mutually reinforcing approach to localisation with the IASC and other forums (e.g. the Core Humanitarian Standard (CHS)), as well as the elevation of this theme to an Enabling Priority. Exactly how much change has been achieved, however, varies, with progress towards supporting local and national actors’ leadership of humanitarian response and their institutional capacities, but very limited change in relation to their direct access to international humanitarian funding.

There have been some significant policy shifts from some signatories: Christian Aid took an institutional decision in 2022 to phase out all direct implementation programmes by 2024, meaning thereafter 100% of programming will be delivered by local and national partners. WHO has developed a new localisation strategy that not only aims to standardise approaches across the organisation but – in a significant policy shift – also elevates partnerships with local and national civil society actors alongside its more traditional partnerships with local and national government actors. InterAction launched a Diversity, Equity and Inclusion (DEI) Compact that aims to develop a culture among its membership that empowers local and national actors to lead on decision-making and shifts power to under-represented or marginalised groups: by end-2022, 77 NGOs had signed the Compact, including seven Grand Bargain signatories.<sup>8</sup> Following a pilot in 2021, UNHCR rolled out in 2022 its new simplified grant agreement specifically designed to enable direct funding for local organisations led by displaced and stateless persons, with a reduced reporting burden enabling them to focus on delivering community-level advocacy, protection and assistance services. There were a number of targeted programmes of support to strengthen local and national partners’ institutional capacities, as outlined below, addressing the key priority highlighted by NEAR members in last year’s and this year’s survey (21% of respondents to this year’s survey and 26% in last year’s stated that strengthening local/national NGOs’ capacities should be a priority for the Grand Bargain going forward).

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8 For a full list, see [www.interaction.org/the-dei-compact-ingo-commitments-toward-greater-diversity-equity-and-inclusion/compact-signatories/](http://www.interaction.org/the-dei-compact-ingo-commitments-toward-greater-diversity-equity-and-inclusion/compact-signatories/).

Donors, too, have shown strong commitment to localisation through both policy-setting and practical support to aid organisation partners. The US PRM launched its first Equity and Inclusion strategic framework, with accompanying increases in dedicated human resources, aimed (among other elements) at embedding a localisation approach across its operations. USAID launched an agency-wide Local Capacity Strengthening Policy, establishing a principled approach to ensuring that leadership and capacity-strengthening investments take a local systems approach and align with local priorities. EU/ DG ECHO developed a Guidance Note on Promoting Equitable Partnerships with Local Responders in Humanitarian Settings in 2022, published in March 2023. The guidance seeks to further translate the Grand Bargain commitment into practice, with concrete commitments on support to empower local and national actors in humanitarian response, including through more efficient funding mechanisms. Localisation is a key component of New Zealand's new Disaster Response Partnership mechanism.

But progress towards the target of providing 25% of funding to local/national actors as directly as possible appears to have been very limited, with FTS data suggesting a further decline in the percentage of funding provided for coordinated appeals reaching local actors (data is for first level recipients only), and the self-reports for this AIR evidencing only a minor increase in the number of signatories having met that target institutionally. Exactly how much funding is being provided to local/national actors directly or via one intermediary (as defined by Workstream 2) is almost impossible to ascertain because the majority of signatories are still not fully reporting how much of their funding flows to local/national actors – either through the Grand Bargain self-reports or to FTS or IATI. However, there is growing momentum among signatories to provide targeted support to local/national actors to access international funding directly, with some promising results reported in this AIR and in previous years (see subsection 2.2.3 below). This appears to have had impact, with 19% of respondents in the NEAR survey of local and national actors asserting that the Grand Bargain has increased local and national actors' access to international funding. However, a significant scaling up of this access to funding, particularly to quality funding, remains a critical element without which it will be impossible to realise the broader ethical and practical benefits of a more localised response.

Progress relating to support for local and national actors' leadership of and meaningful influence over international humanitarian coordination was generally positive, though as many signatories pointed out there is still much work to be done. At global level, there has been a sea-change since 2020 in terms of the influence local and national actors have exerted over the Grand Bargain decision-making processes, with clear evidence of influence of NEAR and A4EP in the governance structures of the Grand Bargain and on substantive themes, including the future iteration of this mechanism (see Section 1). At country level, engagement with and even awareness of the Grand Bargain among local and national actors remain more limited. In a survey of its members conducted by NEAR to support the research for this AIR, 71% of respondents stated that they were familiar with the Grand Bargain, but only 49% said they referred to it in their discussions with donors and/or international organisations – slightly lower than in last year's survey. It is perhaps not surprising that there has been no major increase in awareness of or engagement with the Grand Bargain by local and national actors, given that the main mechanism through which this was expected to be addressed – the NRGs – had not been widely rolled out in 2022.

Beyond the Grand Bargain structures, there seems to have been some progress in relation to facilitating participation in and increasing influence over international humanitarian coordination structures. In the IASC, local and national actors have been appointed to the Strategic Advisory Groups (SAGs) of the Global Protection Cluster's Gender-based Violence and Child Protection Areas of Responsibility (AORs) and the Global WASH Cluster. But at country level, progress has been less straightforward. Statistics on local and national actors' participation in and leadership of clusters at country level are not available yet for 2022. But the 2021 data indicates at least a slight increase in the percentage of clusters at sub-national level that are led or co-led by local and national actors, an increase in participation of local actors in the SAGs of national clusters and an increase in participation in Inter-Cluster Coordination Groups (ICCGs). Performance of individual clusters and structures varied. UNICEF reported that 86% of WASH cluster SAGs at country level have representation from local and national actors. WHO reported that, of 20 health clusters that responded to a 2022 survey, only one (the Turkey–Syria cross-border health cluster) reported that it had a national NGO as co-coordinator. OCHA reported that local and national actors participated in all CBPF advisory boards (i.e. country-level bodies) and that there had been an increase in local and national actor participation in CBPF strategic review committees, offering opportunities for local actors to influence decisions on allocations from CBPFs – a key development agreed in the Pooled Fund Working Group. The ICRC reported on the development of the RCRCM's new Movement Coordination for Collective Impact framework, which asserts that National Societies should assume the role of 'convener' of all RCRCM partners in crises that require scaled-up coordination. Overall, such efforts are having some, though still limited, impact, with only 14% of respondents to the NEAR survey asserting that the Grand Bargain has improved local actors' participation in country-level leadership and decision-making, and 10% believing this to be the case in relation to global-level leadership and decision-making.

Collective efforts towards a more localised response were concentrated in a number of structures under the Grand Bargain, including Workstream 2 and caucuses. The Intermediaries caucus sought to tackle a number of issues relating to more equal partnerships with local and national actors, and although there was much frustration from many signatories during the process, it does seem to have had influence on signatory policy and practice (see Box 3). A number of donors explained during interviews that they were using the outcome document to help guide or inform institutional positions and policies. The caucus on Localisation Funding, launched at the 2022 Annual Meeting, focused on funding to local and national actors in the first instance, and by March 2023 had made good progress in clarifying methodologies for tracking funding to local and national actors and requiring participating signatories to develop roadmaps to spur speedier progress in increasing the flow of funds to local and national actors (see Box 1). The coordination model agreed in the Cash Coordination caucus is based on the concept of co-leadership by local and national actors and there have been efforts to implement this in practice, as discussed in Section 3.2, including with representation of two local organisations in the Cash Advisory Group, supported by A4EP (see Box 2). The Quality Funding caucus discussions included reference to local and national actors, with a clear commitment in the outcome document for cascading funding to local and national actors and a requirement to include evidence in funding proposals of quality partnerships with local actors (Quality Funding caucus, 2022b). The outcome document also highlighted the importance of promoting the visibility of local partners' actions and results.



Throughout 2022 Workstream 2 continued to function, with Denmark assuming the co-convenor role alongside IFRC after Switzerland stepped back from the role it had played since the establishment of the workstream in 2016/17. The co-convenors focused on encouraging donor-partner dialogues on expectations regarding localisation, although they reported that there was less uptake of their offer of support to bilateral discussions than they had hoped. There was some effort to strengthen functional links with the Intermediaries and Localisation caucuses and also with the IASC Task Force 5 on Localisation (co-chaired by NEAR, UNICEF and the Titi Foundation). However, it was not clear to some signatories involved in all of these processes what the specific added value of the workstream is at this juncture. There was recognition that it has over the years played a major role in driving progress within the Grand Bargain and across the system, but some signatories believe that, in an effort to reduce duplication and maximise collective efforts, the workstream should now be integrated into IASC Task Force 5, with the caveat that the task force will need to be more inclusive and welcoming of local and national actors in particular, as well as donors.

Notwithstanding this progress, there remain some glaring gaps and missed opportunities to advance the localisation agenda. As highlighted in successive AIRs, a small number of signatories are undertaking innovative programmes to build the capacities of local and national actors to access donor funding directly – such as Catholic Relief Services' (CRS's) US (USAID/BHA)-funded humanitarian capacity-strengthening project EMPOWER, which has successfully enabled access for local and national actors to US government and other international funding (see sub-section 2.2.3 below), and the Catholic Agency for Overseas Development's (CAFOD's) and Oxfam's support to local and national partners to directly access donor government funds. But it seems clear that this kind of approach, with the evidence of impact available, could be far more widely scaled up in collaborations between other aid organisations and donor signatories.

Throughout the AIR process the research team sought to gather information on the degree to which signatories are implementing the localisation agenda in their response to the conflict in Ukraine. Information provided by signatories indicates some positive examples of supporting or empowering local leadership, including the designation of the Ukrainian Red Cross (URC) as co-lead of the Cash Working Group, the targeted use of the CBPF to support local organisations, Save the Children's onward allocation of funds to local and national actors to respond (rather than undertaking the response themselves), and Action Aid's focus on partnerships with 38 local women-, minority- and youth-led organisations in Ukraine and refugee-hosting countries. Several signatories highlighted how challenging it was to implement a more localised response in the initial days after the Russian invasion due to the displacement of local and national partners. Several also highlighted that, overall, there were missed opportunities to capitalise and build on the significant local and national capacities that existed in this context, or to empower them to take more of a lead. There were specific practical obstacles to local NGO engagement in some coordination mechanisms. For example, the Cash Working Group, although co-led by the URC, reportedly required participants to join in person at a certain point, which by default excluded many local organisations that were located in other areas of the country and unable to travel.

### 2.2.2 Remaining challenges

There is clearly much work still to be done to deliver on the original ambitions of the Grand Bargain to ensure crisis responses are ‘as local as possible, as international as necessary’. The factors limiting speedier progress are varied, but essentially the profound shift envisaged requires a massive change in culture, operating modalities and roles, as well as a redistribution of power and influence. Entrenched practices are underpinned by legislative, administrative and policy frameworks that take time to change, in some cases requiring simultaneous effort from donors and aid organisations alike, for example in moving away from a risk-transfer to a risk-sharing approach.

Although there remain concerns, particularly among local and national actors themselves, that some international aid actors are unwilling to shift the power dynamic, research for the AIRs in recent years suggests that this reluctance to change may be lessening. There is growing emphasis on moving forward, with even some of the (self-described) risk-averse organisations explaining during interviews that they were internally pushing for the administrative changes necessary to enable more equitable partnerships.

One of the particular challenges to further progress at operational level is the lack of donor coherence in incentivising international aid organisation partners to change, both in regard to creating an ‘enabling’ environment wherein aid organisations can operate more flexibly (with more flexible and predictable funding and a more risk-tolerant approach from donors) in support of their local and national partners *and* in conditioning funding on progress against localisation objectives. On the former, it is clear that it is difficult for some international partners to push back on donor and public pressure for them to be visible in new crises in favour of assuming more of a backstopping or support role to local and national actors. At least one signatory pointed to experiences in the Ukraine crisis in this regard, highlighting that some INGOs did consider carefully what role they could play in relation to the extensive local and national capacities in Ukraine but ended up, under donor and public pressure, establishing a more visible presence in the country.

In terms of the latter, some donors, including Australia, Denmark, EU/DG ECHO, Ireland, the Netherlands and the UK, have been or are beginning to incentivise more equitable partnerships through their funding leverage (for example, prioritising proposals that channel a significant amount of funding to local/national partners) with at least some of their international partners. But differing approaches across the donor group, with some donors not having any specific position at all, are not conducive to exerting the collective pressure on aid organisations necessary to ensure system-wide improvements in tracking pass-down of funding, sharing overhead costs, or streamlining reporting requirements for local/national partners. Recent research by Development Initiatives (DI) and UNICEF echoed this point, finding that most of the donors they consulted did not have a policy position in regard to their international partners passing down overhead costs to local and national partners (DI, 2023). Although a number of these international partners are making progress on this aspect of localisation, relying on their political will alone is unlikely to enable a system-wide shift on this or other objectives. A coherent approach from donors to reaching the 25% target of funding for local and national actors is particularly important at this juncture. As indicated below, progress has been limited and, absent a stronger, more coherent push



from donors, this is unlikely to change. The lack of progress remains a serious reputational risk for the Grand Bargain and the wider international humanitarian community – as highlighted in previous AIRs. Recognising this, the Eminent Person led the Localisation caucus with the aim of securing progress towards the 25% target (Localisation caucus, 2022a). Building on the momentum this caucus has created, it will be critical that signatories move quickly to start realising an uplift in the volumes and percentage of funding (including quality funding) that local/national actors receive.

### 2.2.3 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**

#### **Status:**

- 25 signatories including 11 donors (Canada, Czech Republic, EU/DG ECHO, Finland, Ireland, Luxembourg, New Zealand, Republic of Korea, Slovenia, Switzerland, US (USAID/BHA)) and 14 aid organisations (OCHA, UN Women, UNFPA, UNHCR, Action Aid, CAFOD, CRS, Christian Aid, Danish Refugee Council, Islamic Relief Worldwide, Oxfam, Syria Relief, ZOA, ICRC) provided some information in response to the indicator but only 15 (Action Aid, Czech Republic, CRS, Christian Aid, ICRC, Islamic Relief Worldwide, Luxembourg, New Zealand, Slovenia, Switzerland, the US, UNFPA, UNHCR, UN Women, ZOA) reported quantitative data relevant to the indicator.

A larger number of signatories reported quantitative data against the indicator than in previous years though it was still a small proportion of all signatories. CRS reported that 69% of all its humanitarian projects included local and national partner institutional capacity strengthening as a core component; UNFPA reported that 61% of workplans signed with local and national partners incorporate at least one element of capacity strengthening; Oxfam reported that the vast majority of its multi-year programmes with local and national partners include capacity strengthening; the ICRC reported that 62% of its multi-year partnership frameworks with National Societies include a multi-year capacity-strengthening component; Luxembourg reported that approximately 50% of its funding agreements include multi-year institutional capacity-strengthening support for local and national partners; and Switzerland reported that 29% of its funding for local and national actors includes institutional development.

Qualitative information provided suggests some common themes under this core commitment, namely support for local/national partners' engagement in international humanitarian coordination

structures, provision of overhead costs to local and national partners and, to a lesser degree, support to enable them to access donor funding directly. In terms of supporting engagement in international humanitarian coordination structures, IOM reported on its support to the governments of Indonesia and Ethiopia to assume leadership of and develop national roadmaps for camp coordination and camp management. ICVA has continued its support to national NGO forums to improve their access to humanitarian coordination architectures at country level. In 2022, this included a leadership workshop in Geneva that encouraged peer learning and included briefings on humanitarian finance and the Grand Bargain. OCHA, UN Women and UNFPA all reported on the use of a three-year CERF block grant – provided via the two UN agencies – to strengthen the capacities, knowledge and skills of WROs and WLOs to engage in humanitarian coordination mechanisms.

Momentum has been building on the issue of providing overhead costs to local/national partners in both the IASC and the Grand Bargain for several years, driven by the recognition that overhead costs are essential to enable the ‘efficient, effective and safe running of [any] organisation’ (IASC, 2022a) and that the common failure to provide overheads to local and national partners was ‘unfair and at odds with commitments to support institutional development and capacity strengthening’ (ibid.). As several signatories highlighted during interviews, the combined political push in the Grand Bargain (in the AIRs, in the Annual Meeting, in Workstream 2 and in the Localisation and Intermediaries caucuses) and the technical work in the IASC (for example, collation of good practices by DI, UNICEF and Oxfam) has been highly effective in securing change in policy and practice on this issue. Echoing the IASC’s position set out in its new *Guidance on the Provision of Overheads to Local and National Partners* (published in November 2022), signatories’ self-reports and interviews showed a strong commitment to institutional change in this area: 11 aid organisation signatories (Christian Aid, CRS, DRC, IOM, NRC, OCHA, Oxfam, Trocaire, UNHCR, UNICEF, WFP) reported on new, upcoming or existing policies on provision of overhead costs. Christian Aid has an Indirect Overheads Policy under which it splits equally the overheads it receives from upstream donors with its local and national partners, and it provides overhead costs to local and national partners of 10% on projects funded by Christian Aid supporter income. Improved tracking and investment have seen the provision of overhead costs to local partners increase from £260,000 in financial year 2021–2022 to an estimated £1.3 million in financial year 2022–2023. UNICEF and IOM have either completed or are in the process of instituting policies to standardise provision of overhead costs to local and national partners at a minimum of 7%. OCHA reported that the revised CBPF global guidelines provide for ‘programme support costs’ (PSC) (up to 7%) for sub-partners, specifying that they should be covered within the PSC for the whole project, which should be shared fairly between the partner and the sub-partner(s) in line with the stipulations of the Grant Agreement.

In addition to overhead costs, there have also been efforts to streamline and reduce bureaucracy for local and national partners, such as that reported by World Vision International (WVI); UNICEF and UNHCR’s simplified local partner grant agreement frameworks; and the expansion of the UN Partner Portal, which has streamlined partnership arrangements (applications, due diligence and reporting) for local and national actors with seven UN entities (see Section 3.3).

Several signatories reported on their efforts to support local and national partners', including local WROs/WLOs', access to international funding. Both CAFOD and CRS have set institutional indicators on the amount of funding directly secured by local and national partners as a result of their support. Through its EMPOWER project in Latin America (now in its fifth year), CRS supported local and national partners to submit 38 proposals for international humanitarian funding (including from the US – USAID/BHA) in 2022, with a total of \$15 million approved and awarded – a 100% success rate. The project continues to expand geographically, and as of 2023 will be operational across three continents. The CERF block grant via UN Women and UNFPA exceeded its target of 30% of the project funds allocated to WRO/WLOs, reaching 40% based on preliminary reporting prior to the conclusion of the three-year project in 2023. As highlighted in past AIRs, the RCRCM's National Society Investment Alliance (NSIA) fund is used to build National Societies' capacities, including to mobilise their own funds, with various examples of positive returns on the investments. In 2022, the fund allocated a record CHF 5.4 million to 20 National Societies, aimed at strengthening their capacities in various organisational areas such as resource mobilisation, branch development and other income-generating activities. The Ukraine Red Cross, which had been a recipient of 'accelerator' funding through this mechanism, used its newly enhanced capacities for fundraising to mobilise public funds itself to support its response to the conflict. In a related effort, EU/DG ECHO reported on a pilot programmatic partnership with IFRC, 'Accelerating local action in humanitarian and health crises', which brings together Red Cross and Red Crescent National Societies across 24 countries and allows Host National Societies to manage 70% of programme country budgets. The multi-year nature of the programme reportedly enables Host National Societies to recruit higher-skilled individuals, ensure capacity strengthening and support coordination. Australia reported on its support to the Australian Red Cross to move from being a project manager to an enabler and supporter of local and national partners' responses.

### **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.**

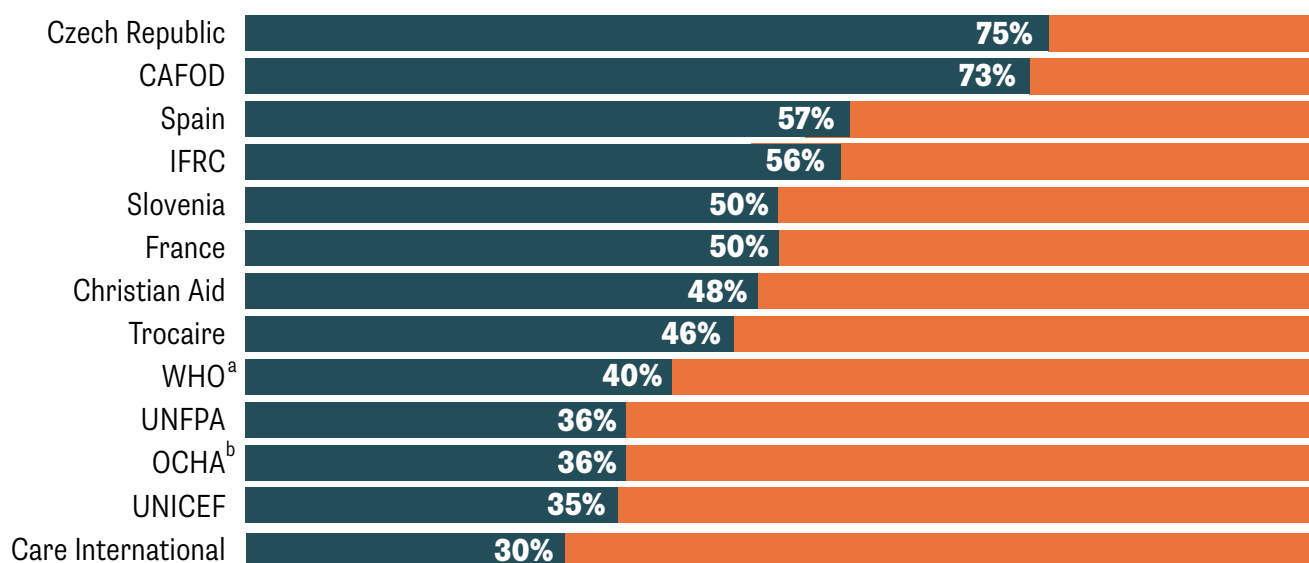
#### **All signatories – individual action – 25% by 2020**

##### **Status:**

- 13 signatories, including four donors (Czech Republic, France, Slovenia, Spain), nine aid organisations (Care International, CAFOD, Christian Aid, IFRC, OCHA, UNFPA, UNICEF, WHO, Trocaire) reported that they had met or exceeded the 25% target in 2022 (Figure 4).
- 6 signatories (Care International, Czech Republic, Germany, OCHA, Oxfam and UNICEF) reported data on the percentage of funding they passed down to local/national WROs/WLOs.
- FTS data shows that in 2022 the volume of funding to local and national actors increased from \$689 million to \$725 million, but decreased in percentage terms to 1.8% of global funds, from 2.3% in 2021 and 3.4% in 2020.

There was a slight increase in the number of signatories that reported meeting the target of 25% of their humanitarian funding being provided to local and national actors as directly as possible in 2022, compared with 2021 (13, compared with 12). Several signatories highlighted that they did not meet the percentage target or had seen a decrease in percentage terms, but these are not per se indicative of a negative trend. In WFP's case the percentage decreased from 24% in 2021 to 21% in 2022, but the volume increased to a record \$3 billion from \$2.3 billion in 2021 and \$2.2 billion in 2020. For UNHCR the percentage dropped to 24% from 28% in 2021 due to both a reclassification exercise to ensure it was using a methodology more in line with the Grand Bargain definitions and an increase in direct delivery relating to the Ukraine response, but this still equated to \$850 million. For Oxfam, the drop in percentage and volume terms in the funding it passes down to local and national partners between 2021 and 2022 (from 20% to 15% and €40 million to €24 million) was specifically attributable to the phase-out of some responses and the confederation exiting some countries. Trocaire highlighted that the funding it passes down to local/national partners includes pre-positioned funding paid in advance and direct and indirect costs and has flexibility between budget lines to respond to contextual changes/needs.

**Figure 4** Signatories that reported meeting the 25% target of funding provided to local/national actors directly or via one intermediary



Note: (a) Not including Pan American Health Organization (PAHO) data; (b) CBPFs only

Source: Signatory self-reports

Several aid organisation signatories reported that their overall figure did not reflect the variation in funding for local and national partners in specific contexts. For Care International the overall figure remained at 30%, but this rose to 60% of their humanitarian funding in the Ukraine response (including Ukraine, Moldova, Romania and Poland). UNICEF reported that 79% of its country offices (compared to 53% in 2021) met or exceeded the 25% target of funding to local and national partners. Some aid

organisation signatories, such as FAO, recognised that the proportion of funding they pass on is low, but explained that they are in the process of changing institutional practices to both better track and increase such funds.

Beyond bilateral efforts, there has also been concerted progress to ensure greater access for local and national actors to international funding through coordination mechanisms. OCHA reported that the revised Global Guidelines for the CBPFs now specifically assert that localisation is the second aim of the funds. Allocations to local and national actors in 2022 totalled \$440 million including \$344 million directly, an increase compared to 2021, when \$355 million was allocated overall, including \$268 million directly, reflecting an upward trajectory since 2019. Although the overall percentage funds provided directly and via one intermediary has dropped slightly, from 38% in 2021 to 36% in 2022, the percentage of funds provided directly to local and national actors increased from 27% to 28% in 2022. In 2022, NEAR launched the Change Fund – a fund supported by the Hilton Foundation and managed by local and national NGO leaders (as members of NEAR), with full decision-making on allocations that provide flexible, quick-release funding, including overhead costs, to grantees. By end-2022, the fund had disbursed \$1.8 million to 12 local organisations in 10 countries.

Several donors, including Finland, Ireland and Switzerland, stated that they provided funding to CBPFs specifically as a way to channel funds to local and national actors. But in general, most donors were unable to report their own figures for funding passed to local/national partners directly or via one intermediary – mainly because they rely on their international partners for the latter and few of them provided such data. Five donors were able to report some data on how much funding they provide directly and/or via one intermediary to local and national actors. USAID/BHA provided \$111 million directly to local/national actors. Although still only 1% of USAID/BHA funding in 2022, this represented a 110% increase in volume compared with 2021. Italy increased its support to local/national actors by 53%, from €27 million in 2021 to €43 million in 2022 – 14% of their overall humanitarian funding. Based on partners' self-reporting, Sida estimated that some 12% of its funding was allocated onwards to local/national actors. New Zealand reported that over 80% of the funding it provides to New Zealand INGOs was passed on to local and national partners. Switzerland reported that 4% of its funding was provided directly to local and national actors in 2022. This represented a slight increase in percentage from 3% in 2021, but the absolute volume more than doubled from CHF 13 million in 2021 to CHF 29 million in 2022.

Only five signatories (the Czech Republic, Germany, OCHA, Oxfam and UNICEF) reported quantitative data on the percentage of funding they pass to local and national WROs/WLOs. This reflects the ongoing challenge in tracking funding to this category of local and national actors, as discussed in Section 3.7.

This data from the self-reporting suggests an ongoing positive trend but is not sufficiently comprehensive to be definitive. Similarly, the data reported through the FTS by humanitarian actors in general, including those not signatories to the Grand Bargain, is not considered complete since FTS is also a voluntary reporting mechanism. There have been some system-wide technical and political efforts to address the paucity of data on this issue. OCHA's FTS team has sought to improve the tracking system of funds to local and national actors with a reclassification of over 12,000

organisations in the Humanitarian Programme Cycle (HPC) database, and the IATI technical team has developed guidance notes on organisation identifiers to enable better tracking of funding to local and national actors through this system. The Intermediaries caucus concluded with a renewed commitment by participating signatories to allocate funding onwards, with greater transparency of reporting (Intermediaries caucus, 2022). Building on this, the Localisation caucus specifically focussed on addressing the barriers to better tracking of funding to local actors (see Box 1). The outcome document agreed in March 2023 reiterated the importance of measuring funding based on agreed definitions, of reporting all funding to local and national actors through FTS and/or IATI and called on participating signatories to develop, by end-2023, institutional ‘roadmaps’ for when and how they will reach the 25% target (Localisation caucus, 2023).

Discussions with participating signatories highlighted lack of incentives, rather than any technical challenges, as the main barrier to better tracking of onward allocations to local and national partners. Those aid organisations that do not track or report on this have repeatedly highlighted concerns that shifting financial systems to accommodate this is too costly or problematic. When part of a confederated structure, this becomes even more complex given the different financial systems being used. But the 25% target has been in place since the commencement of the Grand Bargain seven years ago, and it is therefore hard to consider such explanations credible, not least given the progress that many other aid organisation signatories (large and small) have made in reporting their data.

This lack of incentives is fuelled by the lack of donor coherence in terms of requiring better tracking. As highlighted during the Funding for Localisation caucus discussions and in the interviews for this AIR, although the majority of donors would like to see international partners report on the funding they pass down to local and national actors only a few (including Australia, Denmark, Germany, the Netherlands and the UK) actually require or ask for such data, and some of those that do do not or are not able to apply the same requirement to all their international partners. In discussions with some UN signatories that receive large amounts of core funding, it is clear that it is challenging to provide data on what proportion of a specific donor’s grant was passed down to a local/national actor. But interviews with donors indicate that this is not always what is needed, and that some would be satisfied with more comprehensive reporting by their international partners on the amount of funding they receive from all donors that is passed onwards. This echoes the approach some donors have already taken, citing in their self-reports their contributions to CBPFs together with how much of all CBPF funds were passed onwards to local/national actors.

## 2.3 Participation

### 2.3.1 Overall progress

The self-reporting for 2022 provided limited information on individual signatory actions under this theme, in part because the core commitment is a collective action against which OCHA is responsible for reporting on behalf of the wider aid community. But the narrative reports and interviews indicate that participation remains an important agenda item at the institutional level and across the system. The ERC has repeatedly highlighted that AAP is a strategic priority, including during his presentation at the 2022 Grand Bargain Annual Meeting, and it is at the core of his new Flagship Initiative, which started to take shape at the end of 2022 (Grand Bargain Secretariat, 2022b; see for example OCHA, 2023; Alexander, 2023). AAP is also a declared priority in the IASC with a dedicated Task Force, workplan and regular dialogue undertaken among the Principals and other IASC structures. UNHCR reported on the December 2022 launch of a new Advisory Board on meaningful engagement with organisations led by forcibly displaced and stateless persons, which aims to ensure that refugees, internally displaced and stateless persons have a clear channel for engaging with and influencing the strategic decision-making processes of the organisation. In UNRWA, the participation/AAP agenda is being led by the Commissioner General, signifying the importance attached to this theme across the organisation. Several donors, including Ireland, highlighted in self-reports that participation (together with localisation) is a key element in their decision-making processes on allocation of funding, or that they have formalised expectations that their partners will prioritise participation of affected people in their programming approaches.

From the information available in self-reports and from interviews, it is also evident that individual signatories have continued to invest in enhancing capacities, tools and mechanisms to improve their engagement with and participation of affected people. The US PRM reported that its new Equity and Inclusion strategic framework is accompanied by expansion of in-house capacity and investments from senior leadership to support implementation, with a view to embedding participation and localisation as default ways of working across the institution. Norway and Switzerland have continued to provide financial support to Ground Truth Solutions (GTS) to facilitate its work capturing affected people's perceptions of the aid they receive, to inform design of aid strategies and programmes. DRC reported on its new Inter-Regional Accountability Working Group, intended to assist the organisation in realising the nine commitments under the CHS by encouraging sharing of learning and good practices. Many NGOs referenced their certification under the CHS as a tool to hold them to account for their commitments under that framework and the Grand Bargain on participation. Some have set themselves performance indicators or other methodologies to track their own progress. Christian Aid reported that it is working with other member organisations of the UK-based Disasters Emergency Committee (DEC) to pilot its inclusivity dashboard, which aims to track the participation of committees affected by crises in the humanitarian response in India, Afghanistan and Ukraine. Save the Children has rolled out an improved Accountability and Participation key performance indicator to be reported on across all country offices quarterly.



There remained, however, limited examples provided in self-reporting or upon request during interviews showing how affected people have been afforded influence over or helped drive programme design and planning. Exceptions include Christian Aid, the ICRC and UNHCR. Christian Aid reported on the expansion of its flagship survivor- and community-led response (sclr) projects in Lebanon, East Africa and Ukraine, through which survivors themselves decide how 70% of project funds are used. They also noted that, though still slow, there appears to be growing interest among other aid organisations in this kind of approach, in part spurred by the crisis in Ukraine, and the increased focus on group cash transfers. The ICRC highlighted its Prevention of Sexual Violence programme in Ethiopia, which involved working with survivors to understand stigma around gender-based violence (GBV), which it wanted the ICRC to help address. The programme provided training to community influencers, who conducted awareness-raising sessions in their communities and tracked changes in stigmatising behaviours. UNHCR reported on its new simplified grant agreement and the Refugee-led Innovation Fund, both of which enable grassroots organisations led by displaced and stateless persons to access financial, administrative and other support to design and implement their own responses.

In terms of collective efforts, Workstream 6 remained open throughout 2022 with monthly meetings of interested signatories on the workplan the co-conveners (the US and SCHR) had developed for the year. However, it is unclear what the specific added value is for this mechanism given the overlap in substance and to a degree membership with IASC Task Force 2 on AAP (co-led by CHS, IFRC and WFP). Certainly, concerns were expressed by several signatories during interviews that this was an unnecessary duplication of effort which could be addressed through integration of the broader membership (particularly donors and local/national actors) of the workstream into the Task Force 2.

There has been some effort to integrate participation in the political negotiations and discussions across the Grand Bargain, including the caucuses. The Cash Coordination caucus outcome document emphasises the importance of a ‘people-centred’ approach; the Quality Funding caucus outcome document recommends that applications for multi-year frameworks include evidence of how affected people have influenced design of programming and what longer-term outcomes will be achieved; and the Intermediaries caucus outcome document reiterates the shared responsibility between upstream and downstream partners to ensure participation of affected people in decision-making processes (Cash Coordination caucus, 2022a; Quality Funding caucus, 2022b; Intermediaries caucus, 2022). In the recent proposal on the future of the Grand Bargain, the Facilitation Group highlighted participation as a standalone objective, not embedded in Enabling Priority 2 as it has been under the 2.0 Framework, and political momentum is building with the Eminent Person planning a high-level roundtable on this theme with the ERC in June 2023 (Grand Bargain Secretariat, 2023a).

So what does all this add up to? Clearly there has been much investment institutionally and across the system by aid organisation signatories in improving their communication with affected people to ensure transparency and a degree of ‘accountability’. The self-reports this year again highlight investments in complaints and feedback mechanisms, including increased emphasis on providing responses. There has been targeted engagement by the IASC with Humanitarian Coordinators (HCs) and HCT leadership to re-emphasise the critical importance of engaging with affected people in all



elements of the HPC process (see Section 2.3.2). There is a growing emphasis on a more ‘people-centred’ approach in policy dialogue across the humanitarian sector and in Grand Bargain dialogues on other issues. But, in terms of increasing the actual influence that affected people have in the design, planning and delivery of aid at country level (in strategies and/or programmes/projects), there is as yet no evidence of a substantive shift in practice on the ground to deliver ‘an accountable humanitarian response, where decision-making power is in the hands of those affected by crisis’ as asserted by the IASC (IASC, 2022b). Added to this, once again the perception surveys by GTS show no fundamental improvement in how people feel about the aid they receive and how they receive it (GTS, 2023: see Box 6). Similar research by REACH echoed these findings. Its 2022 study in South Sudan found that satisfaction with aid and awareness of complaints and feedback mechanisms was low, and that trust in aid organisations was undermined by failure to act on needs and preferences articulated by affected people in consultations with aid organisations (REACH, 2023).

Despite the volume of funding, including quality funding, in Ukraine, many of the long-standing failings around participation appear to have been repeated. According to the results of a GTS survey and focus group discussions in the country in September–December 2022, 73% of people surveyed expected to be asked about their needs by aid organisations before any aid was provided, but only 40% said they had actually been consulted. Sixty-one per cent of respondents felt uninformed about aid or services and highlighted a lack of coordinated engagement and information-sharing. Almost half – 47% – of respondents stated that they found accessing aid challenging, with clear indications that the digitisation of aid was proving problematic for older and other vulnerable groups. The survey results also indicated the need for a more dynamic, localised response more connected with communities and thus better able to identify and adapt to changing needs (GTS, 2023).

As highlighted in last year’s AIR, it is particularly disappointing that there has been no apparent increase in donor investments in targeted programming like the sclr approach, particularly when there is evidence of how effective and cost-efficient such approaches are (see for example Corbett et al., 2021). Christian Aid reported that, together with other members of the Act Alliance including DanChurchAid, it spent \$7.8 million in 2022 on sclr programmes, but that the majority of these funds were publicly raised (including from DEC) or from private foundations. Aside from ongoing contributions from Ireland and Denmark, there still seems little interest from donor signatories in sclr approaches.

Investments continue to be made by donors and aid organisations alike in diagnosing the problem and identifying the barriers to more people-centred approaches but, as at least one signatory pointed out, these are already well known. Thus, the main emphasis should be on investing in scaling up programming approaches that have been proven or can be expected to afford far greater influence to affected people. From the evidence available, this kind of investment is still woefully lacking.

### 2.3.2 Remaining challenges

As indicated above, the barriers or challenges to implementing more people-centred approaches are generally well known, having been highlighted in other research as well as in past AIRs and by

Workstream 6 in its own analysis from 2020. They include several overlapping factors, some of which are more challenging to address than others. First, like localisation, the nature of the transformation envisaged is huge and shifting entrenched cultures and ways of working will take time. It is not surprising that most of the investment by aid organisations has been in improving communication to affected people and enhancing complaints mechanisms – this is far easier than making the much more fundamental shift the participation revolution requires. Second, there are genuine practical obstacles in complex crises relating to access, security, cultural norms and the position of de jure and de facto authorities. These all make it much more difficult for aid organisations to engage with and enable affected people to participate directly and in a meaningful way in aid decisions. Third, coordination among aid actors is essential to enable strategic-level engagement with affected people (as reflected in the core commitment under this theme) but it is also critical at programme/project level to enable sharing of good practice, ensure consistency and minimise duplication of effort. But inter-agency competition has been a long-term barrier to coordination among aid organisations on all issues including this one, and the siloed nature of the aid architecture continues to distance aid processes from the people aid organisations are trying to support.

Fourth, it is clear from successive AIR processes that there is no lack of tools, frameworks and guidance on how to institute a more people-centred approach, from the IASC's draft collective framework for AAP to institutional guidance on participatory approaches. But 'socialising' these tools, ensuring that staff at all levels from leadership to programme are aware of and use existing guidance, seems slow and/or ineffective. For example, efforts to roll out the IASC's framework for collective AAP to ensure that HCTs understand what actions they are expected to take, or how concretely they can enable more influence of affected people in their decision-making processes, were limited in 2022 – a much more robust socialisation effort will be required to embed this tool across all HCTs. Tools and guidance alone are not enough to ensure country-level staff understand how to integrate the key principles of the participation revolution in their responses – sharing of practice examples will be critical to help them navigate the challenges.

Lastly, as indicated in the previous AIR, the most significant challenge – as previously identified by the workstream co-conveners – is the lack of incentives. It is clear, given the decades-long debate on participatory approaches, and more recently on AAP within the IASC and the participation revolution in the Grand Bargain, that the ethical and moral arguments for working in this way are not on their own sufficient incentives for change. Pragmatically speaking, the real power lies with institutional donors as providers of a large proportion of humanitarian funding. However, again as is the case with localisation, their approaches have been inconsistent and uncoordinated, and some do not have a strong position on participation. Aid organisation signatories highlighted during interviews that donors need to come together to create an 'enabling environment' through the provision of more flexible and predictable funding that allows aid organisations to design, and adapt existing, programmes *with* not just *for* affected people, and to hold those aid organisations more accountable for using that better-quality funding to make good on their commitments to give affected people more influence over aid strategies and programmes. Without more coherent, coordinated and sustained action from donors, aid organisations are unlikely to make the fundamental shifts in operational practice required.

### 2.3.3 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.

#### **Status:**

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

Analysis provided by OCHA indicates that there has been little if any improvement in how HCTs integrate affected people's priorities in Humanitarian Needs Overviews (HNOs). In the multi-stakeholder quality-scoring process for HNOs in 2022, the indicator on participation and community engagement ('HNO presents which humanitarian needs affected people and/or their representatives consider a priority') was rated as one of the lowest-scoring indicators across HCTs. However, six HCTs (Burundi, CAR, Iraq, Libya, Nigeria and Syria) scored top marks against this indicator, having demonstrated all of the relevant criteria in their 2022 HNO including that 'information is collected directly from communities rather than only via their representatives or sectoral experts'; 'explains how information from communities was analysed and references how complaint and feedback mechanisms were used'; 'makes explicit whether there are differences between priorities expressed by different parts of the community'; and 'identifies the information needs and communication preferences of affected communities' (OCHA, 2021).

There has been some effort to enhance awareness and capacities in HCTs to integrate AAP in their responses, with the IASC setting this as a priority for 2022 as outlined in the workplan for IASC Task Force 2 and supported at the political level by the Principals' April 2022 statement. The statement emphasised the importance of a collective approach through HCs, HCTs and clusters, and reflected much of the priorities highlighted in the 2021 AIR, including the need for annual reporting on the perceptions of affected people. In implementing this high-level public commitment, the IASC Task

Force 2 has been supporting HCTs to operationalise the IASC Collective AAP framework and other tools and guidance, including with support from donors; the US, for example, helped to resource development of several collective AAP Action Plans and testing of the AAP Results Tracker.

The Task Force together with OCHA led three workshops in 2022 with country-level leadership in Bangladesh, Ethiopia and Lebanon (following on from a similar workshop in Gaziantep, Turkey, in late 2021). Bringing together the HC, heads of HCT member organisations, cluster lead agencies and donors, the workshops, which involved preparatory consultations with affected people, aimed to enhance leadership on AAP and develop country-specific collective actions plans to integrate AAP (IASC, 2022c). In Gaziantep, the Humanitarian Liaison Group has developed an Action Plan for Change and agreed a set of common standards for engagement with communities by HCT members. Work is under way within the Task Force, supported by IOM, to develop online training modules and resource materials for HCs and HCT members. Complementing these efforts and in support of the challenges around funding for AAP approaches, the revision of the CBPF Global Guidelines finalised in December 2022 set out requirements on participation of affected people in project design including that ‘monitoring and reporting must include (i) the assessment of the level of participation and access to information and methods to provide feedback’ (OCHA, 2022: 16). There were also several positive examples of CBPFs supporting AAP in 2022 including in Yemen and Afghanistan.

### **Box 6 ‘Listening is not enough’: Ground Truth Solutions Global Analysis 2022 – a summary**

OCHA commissioned Ground Truth Solutions to provide a multi-country analysis that explored the perceptions of affected communities. The analysis drew on results of surveys conducted from the last quarter of 2021 to the last quarter of 2022 in 10 crisis contexts: Afghanistan, Burkina Faso, Chad, the Central African Republic, the Democratic Republic of Congo, Haiti, Nigeria, Somalia, Syria and Ukraine. Almost 13,000 people in affected communities were surveyed.

People want to determine the assistance they receive, but do not think they can. Those surveyed in the Democratic Republic of Congo and the Central African Republic are on the lowest end of the scale, with only 36% believing that they can influence the humanitarian response in their area, though the vast majority (94% and 80%, respectively) think it is important that people in their community have a say in how aid is provided. Meaningful engagement with communities – where people’s input influences decisions – is critically lacking, but even basic consultations seem to be missing. In four out of six contexts, fewer than half of those surveyed think their community was consulted about aid. A man in Hodan, Somalia, receiving CVA assistance explained, ‘The community should be part of discussions before the project starts. As a beneficiary, we should be able to ask them questions. Also, when the project is done, we should be able to sit with them and tell them what was good and what wasn’t.’

Because crisis-affected communities are largely left out of the decision-making process, some people feel like they do not have a right to have a say. ‘No, we don’t have [the right to make decisions about aid] because community organisations tend to minimise the role of youth’, explained a young man in Les Cayes, Haiti. This sentiment is leading many people to feel like they are on a lower status than humanitarians, heightening the already skewed and degrading power dynamics at play in humanitarian assistance. A woman in Logone Oriental, Chad, said, ‘It’s at their level only. Nobody knows how it’s going.’

When people have no voice and no power to determine the assistance they receive, it is unsurprising that most respondents think the aid received did not meet their basic needs: in Chad, only 8% of aid recipients surveyed felt that humanitarian assistance addressed their essential needs.

Less than half of those surveyed felt that the aid received enables them to live without assistance in future. People, especially those living in protracted crises, are fed up with short-term solutions and find such assistance to be patriarchal: ‘[Humanitarians] always try to assist us when we are in a crisis. They are like our parents, the parents of the affected people, so a parent cannot let their child suffer without helping them. And a parent who has means would always think about the future of their child,’ shared a woman in Moyen Chari, Chad. Communities know that aid providers have a specific mandate to support people’s urgent and basic needs, but this short-term vision tends to perpetuate their sense of instability. Calls for better programming – one that requires humanitarians to work in close collaboration with development actors – is constant and consistent across crisis contexts where people were surveyed. A man in Pouytenga, Burkina Faso stated, ‘Nobody can help someone to be self-sufficient. But if they have income-generating activities, it is better than income, it is better than aid. The one who helps you will get tired one day. But if you have an [income-generating] activity, it can go ahead. If not, the day the person who helps you abandons you, that’s the day you will fail too.’

The surveys evidence a widespread lack of trust in aid actors, fuelled by this failure to consult on aid decisions but also compounded by a perceived lack of transparency: less than half of all respondents knew how aid was targeted and very few knew how aid providers spent their project funding. In Haiti, 98% of respondents said it was important to them that they receive information on how humanitarian funds are spent, but only 2% understood how funds were allocated. Trust in aid providers is also built – or undermined – by whether aid providers keep their commitments. Respondents in Nigeria, for example, stated that when aid arrives when promised, they feel more respected.

Despite these critical issues, aid providers still tend to focus on complaints and feedback mechanisms – reactive systems to collect comments about what went wrong – rather than aiming to set up aid programming in line with people’s needs and preferences from the outset. Yet these complaints and feedback mechanisms are not living up to their ‘accountability’ claims. First, people’s understanding of how to make complaints varies widely across contexts, with most respondents knowing how to submit feedback in Nigeria (94%) and few knowing how to do so in the Central African Republic (36%). And most people are not using them. Only 27% of those surveyed in Nigeria have shared a complaint, the lowest use rate despite the highest knowledge rate across contexts surveyed. While there are a plethora of reasons why people do not share their concerns – especially those who know what channels exist to do so – aid providers should not rely on them as their key means of modifying programming. Rather, proactively involving people in decision-making processes from the start can eliminate the need for people to complain, while also giving them decision-making authority and helping them feel like they have agency over their lives.

Source: GTS, 2023

## Section 3 Progress against other core commitments

### 3.1 Greater transparency

#### 3.1.1 Overall progress and remaining challenges

The self-reporting under this theme indicates a similar pattern as in previous years, namely that a majority of signatories from all constituency groups are reporting some data to the IATI standard but few are actually using data published to this standard for analysis and/or decision-making. All UN agencies and the two RCRCM signatories have continued to enhance their publication to the IATI standard, including publishing data more regularly and with more granularity. Many NGOs are publishing some data to the standard, with some making significant investments to do so. DanChurchAid reported setting up an automated data extraction function which they expect to be completed in 2023, leading to reduced administrative costs relating to financial reporting. But as in past years, most NGOs that publish any data to the standard only publish data that pertains to funding from donors that require use of the standard and/or only data from some country operations or programmes or only certain members within a confederated structure.

Efforts to ensure interoperability between FTS and the IATI standard continued in 2022. FTS is implementing a ‘universal bridge’ that will better automate ingestion of data from IATI publishers (all components to be completed by 2024), and the IATI Secretariat has developed more specific guidance to improve publication of data to the standard. FTS and IATI teams worked together to assess use of the two systems in reporting financial data on the Ukraine response to identify levels of reporting and strengths and weaknesses across the two data systems. This concluded that efforts to upgrade the FTS system have resulted in increased reporting, with improvements in the timeliness, accuracy, comprehensiveness and granularity of data reported. The two teams are also supporting local/national actors to use the two systems, with increased guidance and training made available. This has been a feature of other signatories’ reported actions under this theme, with Action Aid and ZOA, for example, highlighting their efforts to support local/national partners in using the IATI data standard.

The workstream was officially ‘open’ throughout 2022, but it is unclear whether any activities were undertaken by the co-conveners (the Netherlands and the World Bank) during the year.

### **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.

#### **Status:**

- As at 24 April 2023, 52 signatories out of 65 – 80% – were publishing some humanitarian data to the IATI standard.
- 44 signatories – 80% – were publishing more useable humanitarian data (i.e. providing granular v2.02 data).
- There has been a slight increase in signatories publishing traceability information, from 29 (53%) in January 2022 to 31 (53%) in April 2023.

Source: Development Initiatives

In terms of the core commitment, 27 – 13 donors, seven UN, seven NGOs – or 46% of signatories that submitted self-reports reported that they ‘use’ IATI data in some way. This is lower than last year, when the equivalent figure was 51%. Examples provided in the self-reports include using IATI data for comparative analysis of programming across the sector (e.g. IOM), in designing projects (e.g. the World Bank), to better track results and funding (e.g. DRC, UNICEF, WVI), and for analysis and decision-making (the Netherlands, Norway, the UK and the US). There have been some efforts to improve how signatories use IATI published data at system level (as indicated above) and in some institutions. Denmark, for example, highlighted its new version of OpenAid.dk based on data published to the IATI standard.

Overall, however, the actual ‘use’ of IATI published data – through signatories own or others’ data platforms – has not really changed compared to the previous year, with many still explaining that they do not or cannot use IATI data platforms for decision-making in the same way they use FTS. This appears to relate primarily to the quality of the data published to IATI in terms of accuracy, timeliness and comprehensiveness. This limited progress aside, it was evident in the self-reporting that the vast majority of signatories remain committed to transparency of financial data as a core principle of the Grand Bargain and offered a range of examples of how they have sought to improve their institutional performance, from increasing the frequency of publication to IATI to more regular public reporting on finances and activities. ICVA reported that it has stepped up efforts to promote greater data transparency by INGOs through increased reporting and has been working with Workstream 2 to launch an awareness-raising event on financial data reporting.



## 3.2 Increase the use and coordination of cash

### 3.2.1 Overall progress and remaining challenges

Long-standing trends in the increased volume and expanded scope of cash assistance continued in 2022. Signatories continued to treat the provision of cash assistance as an institutional and system-wide priority. For example, Norway reported that the use of cash was a criterion in the vetting process of Norwegian humanitarian partners to enter four-year strategic partnership agreements for 2020–2023. Momentum continues to build regarding cash as the preferred modality unless circumstances preclude it. The revised Global Guidelines for OCHA-managed CBPFs now state that cash should be prioritised across the project portfolio where feasible and appropriate. IFRC reported that cash assistance is now considered a default modality in its Emergency Appeals and Disaster Relief Emergency Funds, and it has set a target of 50% of its assistance to be delivered as cash by 2025. Many signatories reported on increased institutional capacities to deliver cash assistance at scale, such as UNHCR's enhancements to its financial and administrative systems; WFP's updating of its institutional policy on cash-based transfers; and investments in guidance, tools and staff skills-development reported by Care International, Mercy Corps, Oxfam, Save the Children, Trocaire, UNFPA and World Vision International. Donors highlighted institutional investments to support partners in delivering cash assistance: EU/DG ECHO reported on its new Thematic Policy Document 3 on Cash Transfers, which highlights the critical role of local and national partners in cash assistance.

Many aid organisation signatories reported on the breadth and scope of their CVA programming in crisis contexts, including highlighting developments in working with and strengthening the capacities of local and national partners to programme CVA (CRS), more effectively integrating gender in CVA (Action Aid, Care International, Islamic Relief Worldwide), and supporting access to sexual and reproductive healthcare or education (UNFPA, UNICEF). There has been some emphasis on increasing the digitalisation of cash transfers, with a number of signatories including IFRC reporting on efforts in the Ukraine response, including online self-registration, validation and payments. Based on self-reporting, one key area where momentum seems to be building is group cash transfers. Relating to their use of the sclr approach, DanChurchAid (DCA), Christian Aid and Oxfam have been advocating for group cash transfers for community-led initiatives. Oxfam has published a learning document and a factsheet on its 2021–2022 piloting of this approach in Burkina Faso, Lebanon, Poland and South Sudan, highlighting how it seeks to transfer power to affected people, helps bridge sectoral silos and can link with social protection programmes (Oxfam, 2023a; 2023b).

The most prominent output under this theme was agreement on a model for cash coordination reached within the caucus in February 2022 and endorsed by the IASC in March (see Box 2). The model includes establishing a global Cash Advisory Group, led by OCHA (or UNHCR when the topic under discussion relates to a refugee setting) and with participation from three local/national NGOs (Ma'an

Development Center, Dhaka Ahsania Mission, Kenyan Red Cross), the CCD network, the CALP Network, IFRC, IOM, Plan International, UNHCR, UNICEF and WFP, which together will provide support to country-level CWGs through standard-setting and capacity strengthening, advocacy, global monitoring and liaison, and support with resourcing and prioritisation (IASC, 2022d). At country level, CWGs will provide day-to-day coordination of CVA, with OCHA and a local/national actor co-leading in non-refugee settings and UNHCR and a local/national actor co-leading in refugee settings (IASC, 2022e).

There was agreement among signatories that the model was a step forward, and there are high expectations that it will enable more efficient and effective CVA responses. However, during interviews some signatories more closely involved in this area highlighted challenges, particularly regarding the depth of the commitment to and capacities for rolling out the model in practice. Several also highlighted the slow pace of action to transition to this model. Agreement on the implementation plan by the CAG was only reached in September 2022, and although UNHCR reported that the model was being implemented in 36% of the 14 refugee settings identified for roll-out, OCHA reported that, by the end of 2022, the model was in place in only three of 27 non-refugee settings identified for roll-out of the model. There were also concerns about whether OCHA would prioritise institutional resources to ensure deployment of necessary staff to its Country Offices to assume its co-leadership role of CWGs, and local/national actors had sufficient capacity to co-lead with OCHA: several signatories highlighted Ukraine, where the URC had to (temporarily) rely on the British Red Cross to address gaps in their capacities to co-lead the CWG. There were also concerns from a small minority of signatories regarding what they considered a lack of sufficient emphasis on integrating humanitarian cash assistance with national social protection systems. These actors pointed to Ukraine, where they felt that this could have been done earlier and more extensively.

An in-depth analysis of the implementation of the model to date is beyond the scope of this AIR. However, most signatories active in this area felt positive about the model and the progress being made, explaining that, although implementation was slower than hoped, with a number of challenges encountered, this was to be expected given the nature of the change envisaged, and that it would take time to build the capacities required to enable implementation across a range of contexts.

As reflected in the data below, there has been a significant increase in the volume of cash assistance programmed by signatories in 2022. Much, though not all, of this related to the Ukraine crisis response, with a substantial increase also in the provision of cash in Afghanistan and the Horn of Africa relating to food security in particular. Signatories generally felt that the cash response in Ukraine was well coordinated, was treated as a high-level priority with direct engagement of the Resident Coordinator/Humanitarian Coordinator (RC/HC), that systems and capacities at institutional level and across the system were in place to scale up quickly, and that functional links with the national social protection system were made appropriately given the protection and logistical challenges involved. But there were problems too, both those highlighted above and concerns about the exclusion of some local and national actors by a decision to require in-person participation in the CWG, and the unintentional exclusion of some vulnerable groups due to over-reliance on a digitalised system that presented access problems for the elderly and other groups. A number of signatories and experts asserted that

Ukraine should not be understood as a common standard or even a real ‘test’ of the model because too many factors were not replicable elsewhere – including the volume and speed of funding, widespread digitalisation and high levels of local and national civil society and government capacities and systems.

Coordination among donors – so critical to securing agreement on the coordination model in the caucus in 2021 – continued in 2022. The DCF continued its work in eight priority areas: anticipatory action, localisation, links with social protection, inflation, interoperability, cash tracking, challenging environments and coordination. There is a feeling among signatories that donors have stepped back a little in their engagement to allow operational partners to move ahead with implementation of the coordination model. However, given the hurdles to be overcome they will need to keep up both the pressure on and the support to partners to keep implementation on track. This will require coordinated engagement at global level (through regular dialogue between the CAG and the DCF, for example) and at country levels (through regular engagement between donor representatives and the CWGs), particularly to ensure sufficient sustainable capacities are in place within OCHA, and that local and national actors are supported to assume their co-leadership roles.

CVA is not currently prioritised in the Grand Bargain given the conclusion of the Cash Coordination caucus and the closure of the workstream in 2020. This should be recognised as a positive outcome, reflecting that CVA has become fully embedded as a core part of humanitarian response. However, it may still be valuable to ensure CVA is integrated in other thematic priorities under the next iteration of the Grand Bargain, to ensure that the political momentum used to such positive effect over the past seven years can be retained. This could include reflecting the importance of local and national actors’ leadership of cash responses in dialogue on localisation, highlighting the role of cash assistance in supporting the participation revolution, and supporting policy dialogue on the appropriate integration of humanitarian cash assistance with national social protection mechanisms.

### **Core commitment 3.1 and 3.6:**

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

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

**Revised target:** N/A

Use of cash assistance remained a prominent element in self-reporting, with 31 signatories reporting data. Examples include UNICEF, which nearly doubled the total value of cash directly reaching affected people from \$350 million in 2021 to \$629 million in 2022; WFP, which increased its provision of CVA to \$3.3 billion in 2022 (compared to \$2.3 billion in 2021), accounting for 35% of all its assistance; and UNHCR, whose provision of cash assistance increased substantially, from \$670 million in 2021 to \$977 million in 2022. ICRC reported more than trebling the volume of its cash assistance between 2021 and 2022, from CHF 88 million to CHF 308 million. At least seven INGOs reported increases: CRS and IRC reported doubling their CVA between 2021 and 2022, to \$184 million and \$66 million respectively; Save the Children reported a 35% increase in total CVA in 2022 compared to 2021; and NRC increased CVA by 4% over 2021, programming \$98 million in 2022.

At system level, OCHA reported a record level of 16% of CERF funds used for CVA, and a similar increase in use of CBPFs for CVA – 16% in 2022. The World Bank reported a decrease in the overall volume of its cash transfers in 2022 – \$1.6 billion in 2022, compared to \$3.4 billion in 2021, but explained that this was specifically related to the winding down of the social protection programmes put in place in response to the Covid-19 pandemic, and was not indicative of a broader trend.

A detailed analysis of the proportion of cash versus voucher assistance was not possible due to limited disaggregated data: only 19 signatories disaggregated between cash and voucher assistance. Data that was provided suggests that vouchers account for a decreasing proportion of overall CVA – in line with system-wide efforts to expand use of unrestricted or multi-purpose cash. ICRC and IRC reported slight increases in the overall volume of voucher assistance, but that this modality was dwarfed by increases in cash assistance. DCA reported that it had reduced use of vouchers by 30% between 2021 and 2022 as part of a shift towards multipurpose cash. Donors were not able to report specific data on their investments in CVA, relying instead on operational partners to report on their use of donor funds for such assistance.

## 3.3 Reduce duplication and management costs with periodic functional reviews

### 3.3.1 Overall progress and remaining challenges

As in previous years, there was limited reporting under this theme. Most donors that did provide information in their self-reports indicated that they do not undertake individual functional reviews or assessments of partners. Several reported using Multilateral Organisation Performance Assessment Framework (MOPAN) assessments for multilateral partners, with Ireland also highlighting its role in the collaborative donor effort to develop the new MOPAN methodology. Several donors including Finland and Ireland reported on their participation in joint donor field missions. The UN Partner Portal is the main subject of aid organisation signatory reporting, with positive progress reported (see sub-section 3.3.2 below).

No broader coordination effort is discernible among donors or between donors and aid organisation signatories on this theme, with different signatories continuing to pursue their own activities aimed at increasing efficiencies in different areas of humanitarian operations. As recommended in past AIRs, there are opportunities for signatories to integrate commitments under this theme in the Enabling Priorities, such as supporting local and national actors' access to funding by harmonising across a broader group of partners' due diligence procedures and partnership agreements with local and national actors (e.g. drawing on the UN Partner Portal systems and standards).

### 3.3.2 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:** By 2021, six UN agencies adopt the UN partner portal with consequent increase of civil society organisation (CSO)/NGO partners of UN agencies adopting the UN Partner Portal.

**Status:** As at March 2023, six UN agencies and the UN Secretariat, including OCHA, had adopted the UN Partner Portal. Over 28,000 CSO/NGO partners were registered in the portal.

**Target:** Reduction in the number of donor assessments by 2021.

**Status:** There is insufficient data self-reported by donors to identify trends relating to the number of assessments.

Seven UN entities are now using the Portal for their partnerships with civil society organisations (WFP, UNICEF, UNHCR, UNFPA, UN Women, UNDP and the UN Secretariat). IOM and FAO are expected to join in 2023 and WHO is exploring ways to enable its humanitarian component to use the Portal. The number of civil society partners registered in the Portal has increased significantly, from 20,000 in 2021 to 28,000 by end-2022. UNHCR reported that 93% of its civil society partners are now registered on the Portal. Work was also ongoing through 2022 to improve the Portal, including to embed a common definition of WROs/WLOs to enable better identification/tracking of such partnerships. Feedback from both UN and downstream partners continues to be positive in terms of the general efficiencies and opportunities that the Portal offers, with shared due diligence assessments and evaluations and increased access to partnership opportunities, particularly for local and national civil society actors.

Two donors – the UK and EU/DG ECHO – accounted for many of the individual donors’ assessments required of aid organisations (Gaus et al., 2020). In 2022, the UK reported on its ongoing efforts to reduce the reporting burden for multilateral partners. Its new results frameworks have been designed to align with existing institutional reporting frameworks so as to minimise UK-specific results reporting requirements. The UK has also made progress internally in systematising approaches to monitoring, evaluation and reporting requirements for different multilateral partners. EU/DG ECHO has continued to provide a certification procedure for NGOs which a number of its member states rely on for their own partnership arrangements, thereby reducing the need for multiple assessments. They are also involved in discussions with other donors on harmonising aid organisation reporting requirements on the protection from sexual exploitation and abuse.

## 3.4 Improve joint and impartial needs assessments

### 3.4.1 Overall progress

As in the past couple of years, the main collective activity under this theme has taken place in the JIAF Steering Committee, JIAF Advisory Group (JIAG) and Project Management Unit (PMU). Their focus has been on developing and finalising the revised Joint Intersectoral Analysis framework – the JIAF 2.0 – for intersectoral needs analysis used to inform the HNO and by extension the HRP (see Box 7). During interviews, a number of signatories highlighted that this revision has addressed concerns with the previous version and that lessons relating to the development and testing of the first JIAF had been integrated in the revision process. According to several signatories involved, the framework is now simpler to understand, easier to implement, is more transparent and is likely to provide more robust analysis. This has been a cross-constituency effort with a number of key donors, notably Canada, EU/DG ECHO, Italy, Sweden and the US, lending their financial and political support to the aid organisation signatories developing the framework.

The workstream co-conveners (EU/DG ECHO and OCHA) reported during the 2021 AIR process that they wanted to keep the workstream open officially until the revision process had concluded. They felt retaining visibility on this process within the Grand Bargain was helpful in maintaining political momentum to complete the revision of the framework and support its roll-out. Now that this has been largely completed, there seems limited value in retaining the workstream as an official structure under the Grand Bargain. The JIAF coordination structures reportedly work well at both technical and more senior levels. Multi-stakeholder dialogue on this theme has progressively addressed the previous disagreements at technical and political level that characterised this workstream in the first few years of the Grand Bargain. The finalisation of this inter-agency, intersectoral framework in 2022 and its roll-out in 2023 can be seen as a successful output in relation to the objective set out under the Grand Bargain. In terms of the hoped-for outcome, there is broad confidence among the aid organisation and donor signatories most involved that – contingent on an effective roll-out and implementation process throughout 2023 (including OCHA's absorption of the PMU functions from mid-2023) – the JIAF 2.0 should deliver tangible improvements in the quality of analyses produced by HCTs.

### **Box 7 The Joint Intersectoral Analysis Framework (JIAF)**

The JIAF has been designed 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 brings 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 identified needs. The JIAF is being developed by members of the JIAF Methodology Working Group, supported by the JIAF Advisory Group (JAG) – a group comprising experts from 25 UN, NGO, donor and specialist entities, coordinated by OCHA.

Source: [jjaf.info](http://jjaf.info)

Although the JIAF remains the main collective output under this theme, a number of signatories continued to report on other collective efforts to improve the quality of needs analyses. WFP highlighted that the Integrated Food Security Phase Classification (IPC) fed into joint analyses (covering food security, nutrition, health and other wellbeing indicators) in 45 countries in 2022, and that the agency supported efforts to expand the IPC in new countries. EU/DG ECHO, FAO and WFP supported the integration of IPC analysis in the Global Report on Food Crises 2022, and its Mid-Year Update, a collaboration of 15 partners (including seven signatories to the Grand Bargain).<sup>9</sup> IPC analysis informed the IGAD Regional Report on Food Crises and the 2022 Report on Financing Flows and Food Crises. Several signatories highlighted their contributions to joint intersectoral analyses at country level. IOM's Displacement Tracking Matrix (DTM) data was used in 86% of HNOs in 2022, a slight increase on 84% of HNOs in 2021. The World Bank highlighted its contributions to HCT analyses and sharing its more development-focused analyses with partners at country level. Save the Children reported on its efforts to advocate internally for engagement in joint analyses at country level: in the regional response to the Ukraine crisis, it collaborated on a joint assessment with REACH in Romania and with REACH and UNICEF in Poland.

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<sup>9</sup> Partners in the IPC are Action Against Hunger, Care International, Comité Permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel, Joint Research Centre of the European Commission, Famine Early Warning Systems Network (FEWSNET), FAO, Global Food Security Cluster, Global Nutrition Cluster, Inter-governmental Authority on Development (IGAD), Oxfam, Southern African Development Community (SADC), Save the Children, Sistema de la Integración Centroamericana, UNICEF and WFP.



### **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. 75% of HNOs meet at least 80% of the quality criteria
3. 80% of Multi-sectoral Needs Assessments (MSNAs) meet at least 75% of the quality criteria.

#### **Status:**

1. Quality-scoring criteria developed in late 2019/early 2020 and used for the 2020, 2021, 2022 and 2023 Humanitarian Programme Cycle (HPC) processes
2. 78% of HNOs (18/23) for 2022 met at least 80% of the quality-scoring criteria
3. No information reported.

In 2022, the JIAF Steering Committee and Advisory Group focused on finalising the JIAF 2.0, with three cycles of field testing in South Sudan, Niger and Iraq involving extensive field consultations. A number of changes were made to the framework based on feedback during the testing process, including improving interoperability across sectors through use of a common definition of People in Need (PiN) and improvements to the sectoral/intersectoral severity assessment to promote greater coherence. The JIAF 2.0 was endorsed by the Steering Committee in May 2023. There was also a focus on strengthening the capacity of field colleagues to utilise the revised framework. In the last quarter of 2022, the JIAG began rolling out the revised framework across HCTs to facilitate its use for the 2024 HPC process, with an emphasis on ensuring ownership at institutional and country level.

The multi-stakeholder quality-scoring process for HNOs and HRP was undertaken again for the 2022 HPC, using the same criteria as in 2021, and involving members of the HPC Steering Group, Workstream 5 and staff from the UK's Foreign, Commonwealth and Development Office (FCDO). The average score across all 23 HNOs reviewed for the 2022 HPC was 84%, slightly less than the 87% average score for the 2021 HPC, and there was a slight decrease in the percentage of HNOs meeting the threshold of 80% – 78% for 2022, compared with 83% for 2021. According to the stakeholders involved, this was attributable to two HNOs scoring below the minimum threshold of 59% and not representative of a downward trend per se. There were also several high-scoring HCTs, including Burundi (98%), Syria

(97%) and Afghanistan (94%). In terms of analytic standards specifically, 83% of HNOs for 2022 met the indicator ‘key findings and humanitarian consequences reflect intersectoral analysis’, slightly less than the 85% for the 2021 HPC. However, HNOs as a group scored highest in relation to comprehensiveness, specifically in that they ‘clearly described which sub-groups of the population present the most severe humanitarian consequences and needs’, and that ‘analysis and conclusions are based on evidence from various sources and assessments’. The quality-scoring results for the HRPs in 2022 saw an increase in the average score to 83%, from 79% in 2021; and 83% scored above the target threshold, compared to 77% in 2021, indicating greater consistency in the quality of HRPs across crisis contexts.

## 3.5 Harmonise and simplify reporting requirements

### 3.5.1 Overall progress

As at the end of 2022, just over half of all signatories that are grant-giving signatories (including institutional donors, UN entities and INGOs) were using the ‘8+3’ narrative reporting template in some form for their downstream partners. There is – as reported in previous AIRs – confidence among signatories using the template that it is an effective tool to reduce the reporting burden on those downstream partners. However, it is also clear that those benefits will be maximised only when the template is being used at scale by grant-giving signatories. This is not yet the case, based on self-reporting through the AIR process. The UN Partner Portal has embedded the template in its reporting framework and, given the number of civil society partners registered in the Portal by end-2022 (28,000), it could be assumed that this alone constitutes a major step forward in terms of reaching the scale of use necessary to maximise benefits across the system, but there is no specific data available to confirm this.

The co-conveners of Workstream 9 (Germany and ICVA) continue to promote use of the template within their constituencies, which may have led to the slight increase in the number of signatories reporting using it over the course of the year. The workstream remained officially open through 2022, but it has not been active as a collective mechanism, and it is not clear what added value there is in retaining it in name only. That said, there is a need for far greater socialisation of the template across the system to address issues highlighted through the AIR research process. There is still a lack of awareness of the template and/or how to use it among some signatories or staff in signatory institutions: Care International reported that, in an internal survey of its confederation, two-thirds of responding members were not using the template with 60% of those reporting that they were simply not aware of it; Islamic Relief Worldwide reported misunderstandings among downstream partners on how to use the template, with many failing to understand that they do not necessarily have to respond to all questions in the template; and ZOA reported a lack of understanding among some upstream partners that the template can be used for programming/projects that straddle humanitarian and development spheres. IOM reported that it has been promoting use of the template among its partners in non-humanitarian, as well as humanitarian, settings. Increasing awareness of the template is not the job of the co-conveners alone – other signatories also need to step up advocacy with their peers and partners to take up the template, and offer support in making the transition.

Signatories that have committed to using the template also need to ensure that all staff at HQ and country level are aware of and are using it consistently and appropriately with downstream partners. Concerns were expressed during interviews that, in some cases, signatories that have embedded the template in existing reporting frameworks may have done so in such a way as to render it unrecognisable, and as such have not lessened the reporting burden. Lastly, a number of aid

organisation signatories reported during interviews that they are unable to use the template with all of their downstream partners because too many donors still require their own specific formats. This once again highlights the importance of a critical mass of signatories – donors and aid organisations – using the template for all civil society partners. There have been suggestions in recent years that the number of signatories using the template may have peaked. However, clarifying some of the misunderstandings and ensuring more consistent roll-out and peer pressure from those that are committed to its use may yet result in greater uptake. As recommended in the 2021 AIR, integrating calls for use of the template in the political dialogue on the Enabling Priorities could be particularly effective. For example, commitments to use the template with local and national actors could be more explicitly integrated in future dialogue on increasing their access to funding and supporting their institutional capacity.

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

**Status:** As at March 2023, 33 signatories (61%) that have a grant-giving role reported using the template as the reporting standard for agreements with at least some of their civil society partners.

Self-reporting indicates that 33 signatories were using the template for reporting by downstream partners in 2022 (Figure 5), a slight increase from 30 that reported using the template in 2021. There is a similar pattern as in past years, where only some (13, according to self-reports) of those grant-giving signatories are using the template globally for all downstream civil society partners; some are offering it as an optional reporting framework but do not necessarily promote its use, some are still piloting its use with partners and others consider that they have integrated the concept or elements of the template in their existing reporting frameworks and do not intend to take further action. As in past years, a few donors that are not using the template explained that they prefer their partners to use their own reporting format, or that their own reporting format is ‘easier’ or ‘simpler’ for partners to use than the 8+3 template.

**Figure 5** Signatories reporting using some form of the 8+3 narrative reporting template in 2022



Note: Asterisks denote signatories using the 8+3 template for all their civil society partners.  
Source: Signatory self-reports

## 3.6 Enhance engagement between humanitarian and development actors

### 3.6.1 Overall progress

As in previous years, self-reporting on activities and outcomes evidences a range of activity and commitment across signatories to implement a humanitarian–development–peace nexus approach. In the absence of more clearly defined objectives under the Grand Bargain, this diversity of activities makes it challenging to identify trends in relation to substantive progress, at policy or operational levels. But information provided by signatories for the 2022 AIR suggests ongoing progress particularly with strategic-level prioritisation of nexus approaches and momentum to increase funding to support nexus programming.

Progress continues in terms of embedding the concept of the ‘triple’ – not just the ‘double’ – nexus in system-wide and institutional policy. The IASC continued to prioritise efforts towards implementing a nexus approach, with some focus in the Task Force on the Humanitarian-Development Nexus and its links to Peace (Task Force 4) (chaired by Oxfam and UNDP) on mapping of tools and guidance on the triple nexus (led by IOM and WFP), mapping good practices on the role of humanitarian organisations contributing to basic service delivery (led by OCHA and WFP), and developing guidance for Global Cluster Coordinators on integrating a nexus approach (co-led by FAO). Trocaire, DRC, Mercy Corps, Canada, Denmark, Finland, Italy and Luxembourg all reported new institutional strategies, policies or guidance, highlighting their commitments to implementation of a nexus approach. Other signatories reported efforts to build institutional capacity to implement these approaches more consistently across contexts. The Nexus Academy, an output of the UN and OECD-DAC Dialogue run by UNDP, seems to have widespread support in financial, policy and operational terms from donors, UN and RCRCM signatories, with many staff of these signatories having benefited from training provided by the Academy in 2022.

Many donors reported on their efforts to implement the 2019 OECD-DAC Recommendation on the Nexus, with Belgium, the Czech Republic and Japan highlighting examples of their leadership in this regard. Belgium has been co-leading the DAC workstream on country-level coordination on the nexus. The Czech Republic used its six-month presidency of the EU in 2022 to advance practice across EU member states, presenting practical guidance for nexus implementation based on the OECD-DAC Recommendation, leading a donor field mission to Sudan; leading presentations and discussions in EU forums on ramping up humanitarian diplomacy as a way to anticipate and reduce needs; and forging more joined-up dialogue across the EU on fragility and Disaster Risk Reduction (DRR), resulting in development of Council Conclusions on DRR in EU external action. Japan reports that it is utilising its co-sponsorship of the 2nd Global Refugee Forum in December 2023 to advance adoption of a humanitarian–development nexus approach across the aid system.

There appears to be momentum among some donors for blending their humanitarian and development funding mechanisms to better support operational partners, recognising that the traditional siloed approach to funding is not aligned with their multi-dimensional mandates and programmes. Ireland highlights that its five-year ICSP – offering flexible and predictable funding to INGO partners – is explicitly aimed at supporting nexus strategies and programmes. It combines humanitarian and development funding into a single mechanism with one application, Memorandum of Understanding, one institutional focal point and a single streamlined report. It also provides flexibility of up to 20% to shift funds between humanitarian and development objectives as the context dictates. This has been appreciated by NGO partners, with Christian Aid and Trocaire, for example, referencing the value of this approach in their self-reports to the Grand Bargain. Denmark allows allocation of funds to operational partners under a new framework covering both humanitarian and development action. Finland has internal mechanisms to transfer funds flexibly between development and humanitarian portfolios when required by context. Luxembourg has established a new ‘nexus’ budget that accounts for 21% of its overall aid budget. Australia reported that, although it already allows blending of its humanitarian and development funding streams, greater policy alignment is likely under its new international development policy (begun in 2022 and due to be completed in 2023) in terms of risk reduction, prevention, preparedness, resilience and anticipatory action. Other donors also highlighted their support for the latter, including the Netherlands’ support via the START network for locally led anticipatory action. At strategic level, the ERC endorsed four new anticipatory action frameworks for CERF support (for drought in Burkina Faso, Chad and Niger, and for cholera in the DRC), and \$29 million in anticipatory financing was released from the CERF to the DRC, Nepal, Niger and South Sudan (OCHA, 2023). OCHA also reported on exploratory testing of the use of CBPFs for anticipatory action in Ethiopia, Somalia, South Sudan and Yemen.

In operational terms, the self-reporting and interviews suggest that embedding triple nexus approaches at country level is still far from consistent. There is evidence that this is a priority for signatories engaging in forced displacement and/or food security responses, thematic areas where (arguably) humanitarian actors have long adapted their operational approaches in this way. Some signatories reported on institutional and collective efforts to integrate nexus approaches to forced displacement, including capitalising on momentum towards the 2023 Global Refugee Forum. UNHCR highlighted the UN Common Pledge, through which 30 UN Country Teams have committed to refugee inclusion in their analyses and response plans. They also reported on their collaboration with the World Bank, which since 2017 has enabled disbursement of \$3.6 billion to 16 low-income refugee-hosting countries, as well as \$755 million in grants in five middle-income countries.

A number of signatories reported on how they are utilising nexus approaches to address food insecurity at country as well as global levels. The World Bank reported that its IDA20 \$1 billion Crisis Response Window Early Response Financing has to date provided 20 countries with financing to respond to food and nutrition crises. WFP and FAO continue to lead multi-stakeholder responses to emerging food security crises through the Global Network Against Food Crises and through specific multi-year programmes in protracted crisis contexts including Afghanistan, Syria and Somalia. There have also been important developments in terms of enhanced outreach and collaboration with IFIs and other

development actors on prevention and response to food insecurity. FAO is working with the African Development Bank to support its Emergency Food Production Plan, which aims to enhance local cereal production and food security in response to the impact of the conflict in Ukraine on food security in crisis contexts in Africa. A special financing arrangement between the Asian Development Bank (ADB) and the UN (FAO, UNDP, UNICEF and WFP) in Afghanistan has involved a \$405 million contribution towards the UN crisis response in the country aimed at tackling food insecurity and supporting basic health and education services (ADB, 2022; FAO, 2022). UNHCR reported that its engagement with the Islamic Development Bank led to the launch in September 2022 of the Global Islamic Fund for Refugees to support displaced persons in and from Organisation of Islamic Cooperation member countries, as well as the Humanitarian Trust Fund for Afghanistan (IsDB, 2022).

However, overall the information available suggests that there remains a lack of consistency in implementation of the core elements of a nexus approach at country level, including in relation to joint or at least more joined-up humanitarian–development–peace analyses (see below). According to some signatories, this inconsistency is in large part due to inadequate political ownership at the most senior levels of the global, particularly UN, aid system. During interviews, some signatories asserted that a lack of follow-through on commitments to more collaborative ways of working by political leaders in the humanitarian, development and peace spheres is fuelling a reticence among leaders at country level to be more proactive in their strategic and operational collaboration. Recognising this, OCHA and IASC partners continued investments in 2022 in strengthening the capacities of RC/HCs to lead country-level nexus approaches. Discussions at an RC/HC workshop in October 2022 were used to develop a joint OCHA, UN Development Coordination Office (UNDCO), UN Department of Political and Peacebuilding Affairs (UNDPPA) and the UN Peacebuilding Support Office (UNPBSO) strategy for supporting RC/HCs in implementing a nexus approach.

There has been progress in many areas under the triple-nexus approach – including against several of the original commitments under this theme. As indicated in past AIRs, it is not possible to say that the Grand Bargain has been the main driver of progress in these areas. But as many signatories explained during interviews, the original framework has continued to serve as another reminder to donors, UN, RCRCM and NGOs of their commitments to nexus approaches, and thus should be understood as a contributing factor.

There was some effort to integrate nexus principles in the caucus dialogues in 2022. The Cash Coordination caucus outcome document is characterised by an emphasis on local and national leadership, promoting longer-term outcomes for affected people and articulating how humanitarian cash and vouchers assistance should link to social protection mechanisms (Cash Coordination caucus, 2022a). The Quality Funding caucus outcome document referenced, in at least a minimal way, how multi-year funding can support more sustainable outcomes for affected people (Quality Funding caucus, 2022b). But overall, there is a feeling among some signatories – particularly but not only those that have more of a development portfolio – that there have been missed opportunities for the Grand Bargain to play a more prominent role in supporting, encouraging and enabling nexus approaches across the aid system. This has been a disappointment to some UN signatories who saw the



prominence of the nexus in the original commitments and corresponding structures as an important opportunity to consolidate rather than duplicate work that was already ongoing in this area. There were hopes that this could be corrected in the Grand Bargain 2.0 framework, but efforts to integrate the nexus more prominently have not gone far enough, and as a result some UN signatories have or are considering deprioritising their engagement specifically because they see little opportunity to engage on nexus issues within the Grand Bargain structures and dialogues. While it is true of course that work to implement nexus approaches at strategic and operational levels is ongoing in a number of other forums, none of those involve the diversity of actors represented in the Grand Bargain, and thus do not offer the same scope for multi-stakeholder collaboration.

### 3.6.2 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:** 48% of 2023 HRPs included collective outcomes.

At the collective level, progress was made on guidance and frameworks for more joined-up coordination on assessments and planning. The structure and content of the JIAF 2.0 (see Section 3.4) emphasise the need for strengthened humanitarian and development collaboration in needs analysis and planning. Echoing this, the HPC guidance for 2023 encourages systematic consideration in the HNO of needs assessments and other analyses conducted by development and peace partners, and mapping and review of existing development plans to inform the strategic objective and response planning in the HRP.

The number of countries where collective outcomes have been developed increased, with 48% of 2023 HRPs including collective outcomes, compared with 41% of 2022 HRPs and 37% of 2021 HRPs. The HCTs in Cameroon and Somalia offer particularly positive practice, with the nexus and Collective Outcomes robustly integrated in their HRPs, supported by dedicated capacity from UNDP and other HCT members in the former. But overall, progress remains slower than hoped. The World Bank reported that it undertook 13 Risk and Resilience Assessments (RRAs) or updates in 2022: 10 were national RRAs, two were regional RRAs (Horn of Africa and Lake Chad) and one in South Sudan. All were developed in consultation with humanitarian partners at country level.

## 3.7 Gender and the Grand Bargain

A detailed assessment of progress within the Grand Bargain in advancing gender equality and women's empowerment (GEWE) is not possible within the timeframe and budget allocated to this AIR. However, a brief review of the information reported suggests that, while GEWE was perhaps less prominent in Grand Bargain processes and dialogues in the 2.0 framework than in past years, it remained a priority agenda item for signatories at institutional level and across the humanitarian aid system.

All signatories that submitted self-reports in 2022 responded to the question in the narrative report, with the information provided indicating that GEWE continued to be a priority across all constituency groups. IRC established a new Gender, Equality, Diversity and Inclusion Unit with experts working across IRC departments, regional teams and country offices to strengthen its institutional response to GEWE, accompanied by a new three-year institutional plan to hold leaders accountable for delivering specific objectives on GEWE. WFP highlighted the development of a new corporate gender policy and UNRWA created a Women's Advisory Forum to aid integration of gender equality across the organisation. OCHA reported on the first year of implementation of its 2021–2025 Gender Policy and accompanying Action Plan, with implementation support provided to 35 country and regional offices. At system level, UN Women reported that it has been formally invited by the IASC to become an official member (having previously been an observer only), a move which is expected to help ensure that the humanitarian system has systematic representation of gender expertise and access to strategic gender advice.

A more specific theme discernible from the self-reporting by signatories from all constituency groups, as well as reporting from the FoGG, related to efforts in 2022 to identify and empower local and national WROs/WLOs with a view to promoting women's meaningful participation in leadership in humanitarian decision-making.

Several mapping exercises were undertaken to identify and enable targeted support to WROs/WLOs: OCHA, together with UNFPA and UN Women, mapped WROs/WLOs engaged in humanitarian action in Sudan, and undertook a similar exercise in Afghanistan, Burkina Faso, Niger, Somalia and South Sudan. DCA has mapped WRO/WLO capacities in Uganda.

Empowerment of local and national WROs/WLOs focused on increasing their access to funding and supporting their participation in and influence over decision-making processes at global and country levels. As highlighted by members of the FoGG, WROs/WLOs face different and often additional challenges in accessing humanitarian funding, relating to their lack of access to humanitarian coordination mechanisms and difficulties meeting eligibility requirements, as well as a range of broader protection risks facing women and girls. There were targeted efforts to address these challenges including channelling funding to local and national WROs/WLOs through OCHA-managed pooled funds. CERF has been set a specific global target to channel 30% of its funds for GBV responses to local and national WROs/WLOs, and a special allocation was made by the Ukraine CBPF to local and national WROs/WLOs. UNHCR reported on its efforts to promote WRO/WLO access to funding through prioritising this category of organisation in its 2022 NGO Innovation Award. However, there remains

a broader challenge relating to lack of data or efforts to track funding to WROs/WLOs across the humanitarian system. Only five signatories reported quantitative data against the optional indicators for core commitment 2.4 on the volume or percentage of funding they provide to local WROs/WLOs: the Czech Republic reported that 40% of its funding for local and national actors was provided to WROs/WLOs; OCHA reported that \$139 million from the CBPFs was allocated to WROs/WLOs and that OCHA Country Offices worked with WRO/WLOs to build their capacities both to access such funding and to participate in the funds' governance mechanisms; Oxfam reported that 16% of the total funds it transferred to local and national partners went to WROs/WLOs; UNICEF reported that 7% of its humanitarian funding was transferred to WROs/WLOs in 2022; and Care International reported that an estimated 2% of its humanitarian funding was passed to WROs/WLOs in 2022. DanChurchAid reported that it has set a new target of 8% of all humanitarian funding to be transferred to local and national WROs/WLOs by 2026, and would be establishing a baseline in 2023.

There were efforts in 2022 to address the lack of data. The Gender Reference Group in the IASC has developed a common definition of WROs/WLOs that will, once formally endorsed in 2023, be integrated in the FTS and the UN Partner Portal to aid tracking of partnerships with and funding to WROs/WLOs. OCHA upgraded the FTS to better track funding for GBV-related programming (in collaboration with the Global Protection Cluster GBV AOR) in order to identify progress and gaps in funding for GBV-related activities, with a Global Sectors page created to illustrate the data captured. The FTS system has also been enhanced to enable better tracking of gender-related programming by local and national actors.

There were some significant developments in facilitating participation and influence of local and national WROs/WLOs in country and global decision-making forums. The Pooled Fund Working Group, co-led by Canada and OCHA in 2021–2022 and by Switzerland and OCHA in 2022–2023, set a new target for inclusion of local and national WROs/WLOs in all CBPF advisory boards (with WROs/WLOs participating in CBPF Advisory Boards in Afghanistan, the Central African Republic, the Democratic Republic of Congo, Jordan, Lebanon, Myanmar, the Occupied Palestinian Territory, Somalia, South Sudan, Sudan, Ukraine and Venezuela, as well as for the Regional Humanitarian Fund for West and Central Africa, by end-2022), and a new target that WROs/WLOs should constitute at least 10% of the local actors receiving training on access to CBPFs. Local and national WROs/WLOs were supported to participate in clusters at country and global level. In Somalia, 20% of local partners in all clusters were local and national WROs/WLOs. In that context and in South Sudan, local and national WROs/WLOs were supported to take on coordination roles in the GBV AOR of the Protection Cluster, with accompanying capacity support (funded by the US and provided by UNFPA in partnership with Trocaire) to ensure their participation goes beyond mere representation, and that they are able to have meaningful influence in this strategic coordination body. The lessons from these two examples will be used to inform similar approaches in other contexts. OCHA supported establishment of the first Women's Advisory Groups to HCTs – in Afghanistan in 2021 and for the Turkey–Syria cross-border operation in 2022 – which comprise women representatives from affected communities and are intended to inform humanitarian decision-making at HCT level.

The FoGG undertook a consultation in 2022 with its members to clarify its main areas of added value, its proposed focus for the remainder of the 2.0 framework period and its transition to WLO co-chairs in mid-2023. The chairs (UN Women and Care International) and individual members continued to engage in various mechanisms and processes of the Grand Bargain to enable integration of GEWE in decision-making processes. Provision of more financial and other support to WROs/WLOs was a particular theme of their advocacy during the year, as evidenced in their collective statement at the 2022 Annual Meeting, support for participation in and an address to that meeting of a WROs/WLO partner from Afghanistan, and their inputs into workstream 2 on localisation and the caucus on funding for localisation. This emphasis on increasing and tracking funding to local/national WROs/WLOs is echoed in the self-reporting from a range of signatories, as discussed above.

The 2021 AIR highlighted that disagreements between the FoGG and the Facilitation Group and Secretariat over ways of working had meant opportunities were missed by the FoGG to engage with and influence decision-making processes at the heart of the Grand Bargain. The chairs of the FoGG sought to remedy this in the latter half of 2022, reaching agreement on new ways of working with the Facilitation Group in early 2023. It is hoped that this will enable a renewed effort to use the Grand Bargain as a vehicle to push for system-wide progress on GEWE.

## 3.8 Risk and the Grand Bargain

As per the previous AIR, it is not possible within the timeframe and budget for the research team to conduct a proper assessment of actions under the Grand Bargain relating to enhancing risk-sharing. In 2022, 64% (38 out of 59) of signatories that submitted self-reports responded to the question in the narrative report. Those signatories that did respond provided a range of information on efforts to adopt or enhance existing approaches to risk-sharing with partners, particularly local and national partners. Examples include supporting local and national partners in improving their security risk management capacities and practices, and efforts to minimise the burden of risk compliance frameworks required by donors. There were also examples of group efforts to coordinate approaches to risk-sharing to further amplify the benefits to local and national partners. CAFOD, Trocaire and four other INGOs have developed an initiative to explore options to align due diligence approaches and pilot Due Diligence Passporting. Still in its scoping phase, the initiative is likely to focus on specific aspects of risk management and promoting a more partnership-based approach. In Somalia, Oxfam has assumed responsibility for managing the compliance risks of a network of eight partners (including local and national actors) focused on delivering nexus programming in an effort to better share the risk burden with downstream partners.

These examples aside, it is clear from the self-reporting that concerns remain, particularly among aid organisation signatories, that there has been too little progress towards a risk-sharing approach particularly in regard to financial risks. A number of aid organisation signatories articulated that too many institutional donors continue to pass these risks down the chain rather than engage in risk-sharing efforts.

Although progress towards a risk-sharing approach remains less than many signatories would like, the volume of information reported arguably reflects a strong cross-constituency awareness and interest in this theme, and in finding solutions to the barriers to more effective risk-sharing. In interviews, the research team sought to canvass signatories' views on the Risk-sharing Platform launched by ICRC, InterAction and the Netherlands in early 2022. Most appreciated the platform and the work that the co-chairs have undertaken to bring together a broad group of stakeholders to share good practices and identify challenges. In 2022, the co-chairs published a case study report and began working towards development of a Risk-sharing Framework, in consultation with participants in the platform, which it is hoped will be concluded later in 2023. Not all signatories had been able to participate in the meetings and some were represented by colleagues whose role was more related to the risk-sharing agenda. There were some concerns about the perceived lack of specificity of objectives for the platform but in general feedback was positive, indicating interest from signatories to pursue this agenda within the framework of the Grand Bargain.

# Section 4 Conclusions and recommendations

## 4.1 Conclusions

The data provided for this AIR demonstrates that there has been important, concrete and measurable progress by signatories towards the Enabling Priorities. Quality funding for multilateral partners has increased in volume and, to a lesser degree, as a proportion of overall funding. Provision of overhead costs to local and national partners is quickly becoming the norm, rather than the exception, enabling them to invest in their own institutional capacities. Targeted support is being provided to help local and national actors increase their influence in international aid coordination structures in their own contexts. The UN Partner Portal is expanding, reducing some of the bureaucracy for the UN's local and national partners. Although data on the overall volume of funding to local and national actors remains problematic, the two main strategic funding tools of the humanitarian system – the CERF and CBPFs – have continued to increase the provision of funding to local and national actors, with the latter according localisation status as a second priority for the first time. Signatories have continued to drive progress in other areas of the Grand Bargain, embedding much of the content of the original framework in ways of working – from increased financial transparency to finalisation of a joint inter-sectoral framework for needs analysis and simplified reporting for downstream partners. Clearly, the concentration of collective effort in a few key areas under the 2.0 framework has not deterred or distracted signatories from making progress elsewhere too.

This is all very welcome given the loss of momentum in the latter half of 2021, with a natural ‘fatigue’ with the Grand Bargain process having set in after six years of this resource-intensive mechanism and the exhaustive discussions on formulating the 2.0 framework. The progress evident in 2022 challenges some of the negative narrative that has grown up around the Grand Bargain among some stakeholders and reinforces its value at a critical juncture as the latest framework period concludes and signatories engage in another round of debate on its future.

What factors have enabled this progress? The leadership of the Eminent Person, backed by a substantive team in NRC, the Facilitation Group and the Secretariat, has been critical to the progress achieved in the last two years. Maintaining pressure on signatories for delivering what they promised, through public advocacy and more private diplomacy, the Eminent Person has been able to use his authority and credibility to broker important political agreements and encourage signatories to continue their efforts to implement the commitments. His leadership has been complemented by that of the other Champions in the caucuses, a model that has been effective in generating political momentum for change in specific areas. The Cash Coordination caucus was particularly successful in

brokering an agreement that is, many believe, beginning to deliver more predictable and sustainable coordination of CVA. The Quality Funding and Intermediaries caucuses arguably faced a tougher challenge to reach a negotiated agreement among participating signatories, and their processes were certainly less straightforward. But their outcome documents have been widely valued and acted upon by signatories, both those that participated and those that did not. Further action is needed by all signatories to capitalise on this momentum and maximise the impact that the successful conclusion of these political dialogues can have in policy and operational terms.

The functional links between the Grand Bargain and the IASC appear to have improved in 2021 and 2022, with the result that the political-level dialogue in the Grand Bargain and the technical/operational work in the IASC Task Forces have been mutually reinforcing in some areas, working together organically to drive progress on provision of overhead costs to local and national actors, on increasing the provision of multi-year funding and even, to a degree, on participation/AAP. There is now a need to quickly capitalise on this experience to further reduce duplication and enhance complementarity between the IASC and the Grand Bargain, and to extend this more collaborative and complementary way of working with other forums and other reform processes to make sure that the substantive *content* of the Grand Bargain – the standards of and targets for good aid practice that it promotes – are embedded in and reinforce other change processes, including the IASC IDP Review, the UN Action Agenda on Durable Solutions, the ERC's Flagship Initiative and the revived Good Humanitarian Donorship Initiative. Finally, it is clear that a majority of signatories continue to see the added value in this mechanism to drive change within their institutions as well as across the system. The prevailing fatigue with the at times slow and cumbersome processes of the Grand Bargain does not appear to have impacted signatories' individual commitment to integrate both the original framework and the more detailed outputs of the caucuses into their institutional policies, standards and operational practice.

These positives notwithstanding, many challenges remain. Political, administrative and legal barriers continue to make it difficult for key donor signatories to expand their provision of unearmarked or even softly earmarked funding as well as direct funding to local and national actors. The political momentum necessary to drive progress towards the Participation Revolution is not yet there, although there is hope for progress in 2023 given the combined efforts of the ERC and the current Eminent Person. The longstanding political and to a lesser degree technical barriers to more comprehensive, timely and granular reporting by signatories of their financial data remains a fundamental problem. This continuing lack of data and reporting makes it harder to identify and address barriers to progress, is fuelling misconceptions about whether the Grand Bargain is delivering, is undermining the spirit of collaboration – the *quid pro quo* – between signatories, and, arguably, is damaging to the credibility of the Grand Bargain more broadly.

What of the future of the Grand Bargain? Consensus has been reached among signatories – begrudgingly for some – that the Grand Bargain should continue in some form. This consensus is based on an agreement that this mechanism remains an important agent of change in key areas, that it still has potential to drive progress on some of its original objectives – quality funding, localisation, participation and the nexus. But there are clear differences of opinion on exactly how the Grand Bargain should



evolve, which objectives it should focus collective efforts towards, how it should adapt structurally to achieve those objectives and what timeframe would be reasonable in which to achieve them. There is appreciation among signatories for the Facilitation Group's efforts to navigate these differences and put forward a proposal for the next iteration of the Grand Bargain. Many recognise that it is not easy to provide a coherent vision for such a diverse set of actors, agendas and priorities, that it is difficult to chart a clear path for this mechanism among the plethora of other (disconnected) change processes currently under way in the aid sector, and that it is challenging to evolve the Grand Bargain to fit what is a very different political landscape to that which prevailed in 2016 when it was first established.

Reflecting on the last seven years of this mechanism, there are some key lessons that could help inform discussions around the future of the Grand Bargain. First, a narrower focus for collective efforts – a smaller number of specific themes or objectives around which there is clear cross-constituency interest and where the Grand Bargain has a comparative advantage or added value – is key to maximising the impact the Grand Bargain can have with limited resources and political capital. Second, clearly articulated milestones or targets are essential to identify whether or to what extent progress is being made, as well as identifying blockages and gaps. Third, strong leadership is necessary to provide a clear, coherent vision and direction for what is now a large, diverse group of aid actors with differing agendas and priorities, and to motivate them to take the individual and collective actions, and reach the political compromises, necessary to make progress towards shared goals. Fourth, ensuring functional links with other technical bodies and change processes is important to reduce duplication of effort and multiply impact. Lastly, a more streamlined structure is essential to reduce process and allow an increased focus on substance. The recommendations set out below are based on these five lessons. They are offered for signatories' consideration as they discuss how to evolve the Grand Bargain to ensure it can best serve their ambitions for reform of the humanitarian system. They are intended to build upon the Facilitation Group's proposal, providing more detailed, in some cases more radical, suggestions in relation to the form, function and format of the Grand Bargain.

In considering these recommendations for action, the authors also encourage the signatories to recall the underlying ambition of the Grand Bargain, namely ensuring that aid responses better serve people affected by crisis and conflict. This goal can only be achieved by the effective functioning of the 'bargain', the quid pro quo, on which this mechanism is based. The quid pro quo concept recognises the responsibility of each signatory towards achieving that goal, and the compromises and trade-offs that need to be made to enable collective progress.



## 4.2 Recommendations

### Recommendation 1: A renewed focus

**The Grand Bargain signatories should focus their collective efforts on four thematic areas or objectives, with clear milestones and/or outputs to be achieved by the proposed deadline of 2026.** This focus of collective effort should not in any way preclude or divert signatories from taking institutional action on the other areas of the original Grand Bargain framework to which they committed upon becoming signatories. Building on the current Enabling Priorities, these four areas for collective focus are as follows:

#### **Quality funding: Signatories should set, and work together to achieve, a specific objective on increasing the volume and proportion of flexible funding.**

This should be based on the definitions of flexible funding developed by the former workstream on Enhanced Quality Funding in 2020 (Workstreams 7 and 8) and draw on the best practice examples already collated. Achieving this objective will necessarily require a range of modalities including bilateral channels and pooled funds (CERF, CBPFs and other types of pooled funds) and flexibilities should extend along the transaction chain from donor institutions to frontline responders. Key milestones/outputs could include:

1. Quantification by aid organisations and donor signatories of the ‘critical mass’ of flexible funding across the humanitarian system that needs to be provided by donor signatories to enable aid organisations to maximise efficiency and effectiveness. A quantitative target should be developed, with a commitment from donor signatories to reach it by a defined deadline and using a range of modalities/channels.
2. A quantifiable increase (with an agreed target) in the provision of flexible funding (including ‘core funds’) by donor signatories to civil society partners (international and local and national NGOs), with donor signatories setting their own institutional targets to incentivise and concretely measure progress.
3. Promotion and expansion by donor signatories of the variety of ‘flexibilities’ that donors can and do offer already in funding agreements (including agreement on a standard minimum percentage of budgetary adjustments allowable without formal permission), particularly as an interim measure for those donor signatories that face long-standing internal constraints on provision of unearmarked/softly earmarked funding.
4. Provision of ‘real-time’ data/analysis by aid organisation signatories in programme/project reporting to their institutional donors on how flexible funding was spent and with what (increased) impact. For civil society partners this analysis can be integrated in the 8+3 reporting template (e.g. Additional Question 1 on value for money/cost-effectiveness). Donor signatories should provide illustrative examples of the kind of information/reporting they need to make the case internally for more flexible funding.

5. Comprehensive tracking and reporting by donor signatories, using agreed definitions and reported to FTS and/or IATI, of the flexible funding they provide, disaggregating data to demonstrate the different channels they use.
6. Comprehensive tracking and reporting by aid organisation signatories, using agreed definitions and reported to FTS and/or IATI, on how much/what proportion of flexible funding they receive from which sources (e.g. institutional donors or private donations) and how much of their flexible funding is allocated onwards to downstream partners with what level of flexibility.

### **Localisation: Signatories should articulate, and work together to achieve, a specific objective to increase funding to and capacities of local and national actors to enable their leadership of the humanitarian response.**

This objective should reflect that empowering local and national leadership necessarily goes beyond allocation of funding, and requires far more coordinated action from donor and international aid organisation signatories. Key milestones/outputs could include:

1. A quantifiable increase (with an agreed collective target for all local/national actors and a secondary target for local/national WROs/WLOs) in the provision of funding as directly as possible to local and national actors in line with the Localisation caucus outcome agreement. This increase should be achieved using varying modalities (e.g. CBPFs, local and national actor-led pooled funds, local and national actor-led consortia, bilateral funding, and funding via one institutional intermediary).
2. Coordinated donor action to incentivise aid organisation signatories' contribution to this target through creating a more enabling environment (political support and provision of more flexible/multi-year funding) and standardising donor reporting requirements on how much funding is allocated onwards to local and national actors. The Donor Cash Forum may offer lessons on coordination that would be useful in this regard.
3. Expand existing positive practices to support strengthened local and national actors' capacities to lead/co-lead responses, specifically:
  - a. Targeted financial and other support provided by donor and aid organisation signatories to local and national actors to help them assume leadership/co-leadership of national and sub-national cluster working groups and cash working groups, as well as enabling them to influence HCTs, ICCGs and other strategic coordination bodies.
  - b. A quantifiable increase in local and national actors' *direct* access to funding from institutional donors. This should be achieved through further simplification and harmonisation of grant application procedures and expansion of existing good practice in capacity-strengthening support from international partners on due diligence standards and institutional systems.
  - c. Adoption by international aid organisation and donor signatories of a common standard for the provision of overhead costs to local and national partners, enabling them to invest in their own capacities.

**‘Participation revolution’: Signatories should elevate this to a standalone priority (rather than it remaining embedded in Enabling Priority 2), articulate and work towards a specific objective focused on giving affected people meaningful influence in the design, planning and delivery of aid responses at strategic and programme/project level.**

The high-level leadership shown by the ERC and the Eminent Person is very important, but the complex nature of this objective requires a combined donor and aid organisation effort – it cannot be driven by or within the IASC alone. Drawing on the original Grand Bargain and other corresponding frameworks (e.g. Principle 7 of the Good Humanitarian Donorship principles;<sup>10</sup> the draft IASC Collective AAP Framework; commitments 4 and 5 of the Core Humanitarian Standard<sup>11</sup>), and focusing on the need for stronger incentives for change (i.e. a more enabling environment and greater accountability). Key milestones/outputs could include:

1. A quantifiable increase (with a collective target if feasible) in investments (from donors and aid organisations) to scale up programmes that support affected people to design and deliver responses to their own needs (e.g. the sclr approach).
2. A quantifiable increase in provision by donors of flexible funding that by default supports aid organisations to better embed all three elements of the AAP concept in strategic and programme-level responses.
3. Adoption of a standard requirement among donor signatories for aid organisation signatories to provide evidence in funding applications of how their projects/programmes have been designed and planned with/influenced by affected people, and a corresponding requirement for reporting on any further adjustments made during implementation in response to feedback from affected people. For civil society partners, this reporting can be undertaken using the 8+3 template, which already includes a question on this.
4. Adoption of a standard requirement (but not a standardised model) for HCTs to put in place mechanisms to enable meaningful influence of affected people in *strategic-level* decision-making processes (through direct engagement/representation wherever feasible and using data collected from affected people) and require evidence of the outputs and outcomes to be reported through the HPC process (as outlined in the draft IASC Collective AAP framework).

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10 ‘Request implementing humanitarian organisations to ensure, to the greatest extent possible, adequate involvement of beneficiaries in the design, implementation, monitoring and evaluation of humanitarian response’ ([www.ghdinitiative.org/ghd/gns/principles-good-practice-of-ghd/principles-good-practice-ghd.html](http://www.ghdinitiative.org/ghd/gns/principles-good-practice-of-ghd/principles-good-practice-ghd.html)).

11 ‘Communities and people affected by crisis know their rights and entitlements, have access to information, and participate in decisions that affect them’ and ‘Communities and people affected by crisis have access to safe and responsive mechanisms to handle complaints’ (<https://corehumanitarianstandard.org/the-standard>).

### **Humanitarian-development-peace nexus: Signatories should elevate the nexus to a priority area of work, articulating and working together to achieve a concrete objective that focuses on the identified added value of the Grand Bargain as a multi-stakeholder political mechanism.**

This objective must be complementary to rather than duplicative of the work of other forums tasked with advancing nexus approaches, including the UN and OECD-DAC dialogue and IASC Task Force 4. One possible objective could be for the Grand Bargain to engage in coordinated outreach (as a forum of five main constituency groups in humanitarian response) to IFIs and other development actors to encourage/broker agreements on their interventions in protracted crises. Specific milestones/outputs could include:

1. Secure commitment from IFIs to expand their (nascent) practice of engagement/investments in protracted crises aimed at supporting prevention and early action. Agreements reached could build on recent investments by the African Development Bank to mitigate the impact of the conflict in Ukraine on food security crises in Africa, and the Asian Development Bank's partnership with UN agencies on food security, health and education in Afghanistan.

#### **Rationale**

These four objectives are proposed for tactical, pragmatic and substantive reasons. The first three are existing priorities and so the recommendations aim to build on the progress made and the political momentum built to date to push signatories further and faster towards realising the original ambitions in these areas. Flexible funding has long been recognised as a key enabler of other objectives under the Grand Bargain, particularly localisation and participation, and the perceived inadequate progress in this area is undermining the confidence of many aid organisation signatories – particularly among the UN group – in the Grand Bargain writ large. Focusing efforts to speed up progress in the provision and distribution of flexible funding would thus enable progress on other substantive priorities, and incentivise increased engagement in other areas of the Grand Bargain from the UN group in particular.

Maintaining political momentum to secure concrete progress on access to funding for, and leadership roles of, local and national actors is clearly an ethical imperative, but it is also critical to the credibility of the Grand Bargain and its signatories among local and national actors whose expectations are understandably high. Capitalising on the current high-level political interest in participation is critical to building the multi-stakeholder action necessary to deliver a response that is more demand than supply driven.

The fourth objective reflects a key issue raised during consultations for this and past AIRs by many signatories, namely the long-standing need for greater and earlier collaboration with development actors in protracted crises. Coordination with development actors is ongoing, but (with the exception of the World Bank) is small-scale and reactive and thus not delivering sufficient gains at the system

level. Focusing political attention on this could address the long-term gaps in aid responses and retain interest in the Grand Bargain among some of the more development-oriented signatories, who have been disappointed by the gradual distancing of this theme from the Grand Bargain's priorities.

All four objectives also reflect issues highlighted by signatories during the AIR research process, and are priorities that all constituency groups have a vested interest in addressing, and around which a cross-constituency consensus to resolve outstanding problems could be more readily built. The nature of these four objectives also means that each can enable progress in the others – they are all mutually reinforcing and combined progress against all of them could deliver the kind of transformation of the humanitarian sector signatories originally envisaged.

### **Recommendation 2: A more defined function**

**Signatories should further consolidate the changes made under the 2.0 framework to narrow the Grand Bargain's remit exclusively to political-level coordination, engagement and negotiation. Specifically:**

**Signatories should close the remaining technical workstreams and more consciously rely on the IASC and/or other relevant forums (e.g. CALP, GHD) to find the technical solutions to key challenges, allowing the Grand Bargain to focus on securing higher-level political solutions.**

To do this effectively, those signatories that are also members of the IASC would need to ensure that its Task Forces are (in line with its own guidance) more welcoming to donors and particularly to local and national actors, ensuring that they can engage as relative equals and have meaningful influence in these technical/operational discussions. Further refining the Grand Bargain's remit as a political mechanism will also mean retaining, and in many cases increasing, the engagement of all the senior leaders of signatory institutions in the caucuses and other political dialogues taking place under the auspices of the Grand Bargain, ensuring that they come together at the highest level to address common priorities.

#### **Rationale**

Reflections from signatories during the AIR process confirm that the Grand Bargain's added value at this juncture is as a body that brings together five constituencies of the humanitarian system to identify and negotiate solutions to the political barriers to a more effective and efficient humanitarian response. Links with the IASC have become more functional than in the earlier years of the Grand Bargain, with the IASC itself having become more focused, inclusive and outcome-oriented in the last two years. As a result, there is now a clearer division of labour between the IASC (technical/operational) and the Grand Bargain (political). There is also widespread fatigue across the humanitarian system relating to the multiplicity of forums covering similar policy and operational issues, with such duplication of effort exhausting limited resources. The consensus therefore among signatories is for the Grand Bargain to

maximise its particular niche added value through defining its function as a largely political mechanism, as a complement to the IASC and other relevant forums that work on similar substantive issues within constituency groups and/or at a mainly technical level.

### **Recommendation 3: A streamlined format and structure**

**To support more focused objectives and a more defined function, the signatories should further streamline the format of the Grand Bargain, making it easier for signatories to engage and reducing the risk that issues get bogged down in process, while ensuring a more sustainable and functional structure of governance and accountability.** Taking the Facilitation Group's proposal as a starting point, the research team recommends the following adaptations:

#### **Replace the current model of a single Eminent Person with 'Champions' for each of the thematic objectives/areas of focus.**

A small core group of 'Champions' (e.g. Principals/Ministers) should be appointed by signatories to lead (on their behalf) on a specific objective for the full three-year period (2023–2026), including to act as the Champion for any future caucuses related to that objective. They should work together in close coordination to ensure provision of a strategic direction – a vision – for the collective of Grand Bargain signatories in the way that the previous Eminent Persons have done, albeit singlehandedly. Champions should be senior individuals that have a declared interest in driving progress in one of the priority objectives of the Grand Bargain, enjoy credibility among their peers to provide such leadership, and are able to commit their institutions to leading by example on the specific objective. This group of Champions should also reflect the diversity of the Grand Bargain signatories, with representation from donors as well as aid organisation groups (e.g. a donor Champion to lead on flexible funding; a UN Champion to lead on the participation revolution; a local/national NGO Champion to lead on localisation). Champions should be supported by a more empowered Secretariat (detailed below) to ensure efforts are well coordinated.

#### **Rationale**

The replacement of the single Eminent Person role aims to spread the burden of leadership and offer a more realistic, pragmatic, sustainable model – one that would enable individual Principals/Ministers to lead on a thematic issue of particular relevance/interest to them, without having to assume the overall burden of leadership of such a large, diverse body of aid actors. The three Eminent Persons to date have each expended extraordinary personal effort and institutional investment in this role and, while a credit to them and their institutions, this is not – as most signatories agree – sustainable in the longer term. From a tactical perspective, a core group of Champions can also exert pressure within their constituency groups for action and facilitate cross-constituency collaboration.

### **Strengthen the authority, remit and capacity of the Secretariat to provide substantive as well as administrative/logistical support to the ‘Champions’, and the wider signatory group.**

The terms of reference of the Secretariat should be expanded to include acting as the substantive as well as administrative support team to the core group of Champions, advising them on formulation of objectives and milestones and tracking signatories’ collective progress towards these; identifying barriers to progress and working with relevant signatories to develop proposed solutions for Champions to take forward; providing day-to-day management of any future caucuses in support of the Champions; supporting coordination among the Champions; and strengthening functional links with other forums to reduce duplication of effort across the humanitarian system, while capitalising on opportunities to maximise impact. Staffing should be increased from two to a maximum of four dedicated staff including more senior leadership commensurate with the nature of the revised terms of reference. This expanded staffing is necessary to replace the role of the six Facilitation Group focal points (see Section 3.3 below) and the substantive teams that have supported successive Eminent Persons. Staffing should reflect the diversity of signatories (including local and national actors), but staff would not formally represent different constituency groups. This is to retain a degree of objectivity and neutrality in supporting political negotiations. Staffing could be provided through a combination of dedicated funding and secondments from signatories, making up a multi-disciplinary team working objectively in support of signatories’ agreed collective priorities.

#### **Rationale**

The Secretariat has been critical to the ongoing work and successes of the Grand Bargain, but it has been constrained by its terms of reference and capacity and thus has been unable to provide substantive support to the signatories, the Facilitation Group or the Eminent Person. To a degree this substantive role has been provided instead by the Facilitation Group focal points and the institutional teams supporting successive Eminent Persons, but as indicated above this approach is not sustainable, and the institutional capacities required are likely one of the barriers to candidates/institutions putting themselves forward for the new Eminent Person role.

### **Reduce the Facilitation Group to the Sherpa level only, replacing the Focal Point level with the more empowered Secretariat.**

The substantive role played by the Focal Points in the Facilitation Group should be assumed instead by the Secretariat, leaving only the Sherpa-level Facilitation Group in place. This senior body should act as advisor to the Champions, representing the perspectives of their constituency groups, their priorities and possible compromises that could be reached in order to achieve progress. Participants in the Sherpa-level Facilitation Group should commit to quarterly meetings with the Champions and Secretariat to support and contribute to their work. They should also, wherever possible, assume a particular role in regard to one of the strategic objectives, actively supporting the relevant Champion in their caucuses or other political dialogues, and demonstrating good practice in their own institutional actions.



### Rationale

The members (institutions and individual staff) of all the Facilitation Groups to date have expended extraordinary resources in this mechanism. But as indicated repeatedly in past AIRs, this model is not conducive to the kind of investment required to provide substantive support to the overall leadership of the Grand Bargain (formerly the Eminent Person and now a proposed core group of Champions) and the wider group of signatories. The Focal Points on the Facilitation Group have repeatedly expressed concerns over the years that they have had to perform this role in addition to their 'day jobs' and almost by default have ended up focusing increasing amounts of time on process rather than providing the substantive direction the signatories need. At the same time, the role of the Sherpa level has not been maximised and they again have played more of a role in process than helping drive substantive progress.

### **Continue to use the caucuses as a mechanism for political negotiations to address barriers to change.**

Caucuses should – as per the guidance developed by the Facilitation Group in 2021 – continue to be time-bound, output-oriented mechanisms addressing specific political barriers to progress on the priority objectives. They should be exclusive in membership but transparent in relation to the negotiations under way and outcomes agreed. The Champions leading each caucus and the Secretariat will need to step up efforts to ensure non-participating signatories are made aware of how they can contribute to the outcomes agreed and how progress towards these outcomes will be tracked (e.g. through the annual reporting process or other mechanisms).

### Rationale

The caucuses have proven effective in driving change, unlocking political barriers to progress. But there has been a lack of awareness among non-participating signatories of how they should act with respect to the caucus outcomes agreed which is impacting, to a degree, their actions to implement them.

### **Establish the Communities of Practice (CoPs) currently proposed by the Facilitation Group only where strictly necessary.**

CoPs should be understood as informal, ad hoc mechanisms and should only be established if considered strictly necessary to complement the IASC Task Forces or other relevant forums (e.g. GHD, OECD-DAC). A CoP may also need to be established to act as a small ad hoc technical team to provide support on a particular issue relevant to a caucus or other political dialogue within the Grand Bargain, where that technical work is not ongoing in another existing forum.

### Rationale

As noted above, the added value of the Grand Bargain is as a political body, but there may be interest from some signatories to establish Communities of Practice to share experience and good practice, or to support the work in individual caucuses.



### Reduce the self-reporting process to ease the burden on signatories while maintaining an annual process for accountability.

The strengthened Secretariat should be tasked to put together a simplified self-reporting process based on a small number of key performance indicators pertaining to the priority objectives (quality funding, localisation, participation revolution, nexus). These key performance indicators must be simple to report against and with data solicited useable in terms of developing an accurate analysis of progress. Reporting on other areas under the original Grand Bargain framework could be optional, allowing signatories to showcase in an accompanying optional narrative self-report or statement their ongoing commitment to and progress on the breadth of issues covered by the original framework of the Grand Bargain. This simplified annual report could be undertaken by the Secretariat, with a more in-depth, independent evaluation in 2026 to determine what progress has been made over the full three-year period.

The Annual Meeting should continue to be held as a key opportunity for signatories to come together to discuss collective progress, identify common challenges and maintain political momentum to address them.

To facilitate improved data collection and ensure signatories act quickly to capitalise on agreements reached at the Annual Meeting, the timeline for the annual self-reporting process and annual meeting should be moved to later in the calendar year. The self-reporting process should be pushed back to May–June, the simplified report published in July–August and the annual meeting held in September/October.

#### Rationale

The self-reporting process has always been seen as a major burden by signatories and the quality and volume of information provided has impacted the quality of the analysis possible in each AIR. Annual self-reporting is essential for holding signatories to account for their commitments, but it must be made simpler, with indicators that are easier to report against. The current timing of the process is not conducive to provision of quality data on which a quality analysis can be developed because many signatories are unable to provide key financial or other data for the previous calendar year by end-March. Additionally, holding the annual meeting in June each year has meant that the momentum built in advance of and at the meeting itself is quickly lost because many signatories break for the summer, and actions agreed are delayed until much later in the year.

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# Appendix 1 Grand Bargain annual independent report: terms of reference

## Overview

Launched by the World Humanitarian Summit in 2016 and providing a unique platform that brings together all humanitarian actors across constituencies, the Grand Bargain contributed decisively to the transformative process of the humanitarian system aiming to achieve better efficiency and effectiveness in the face of the increasing funding gap for humanitarian needs worldwide. The circumstances marked by the Covid-19 pandemic further validated the relevance and strategic importance of the objectives underpinning the Grand Bargain, for example in terms of quality funding and localisation.

The Norwegian Refugee Council (NRC), on behalf of the Grand Bargain Facilitation Group, is seeking an organisation to undertake the 2023 Grand Bargain Annual Independent Report, to support ongoing accountability for the implementation of Grand Bargain commitments. A team of independent researchers will be hired to analyse the information provided in the Grand Bargain Signatories' annual self-reports, further supplemented by individual interviews with the Signatories, workstream co-conveners and other key informants. Based on the findings of the analysis, the independent research team will provide a series of actionable recommendations for maintaining momentum, scaling up progress and impact thus far, and for addressing outstanding challenges. The 2023 report will be released ahead of the Grand Bargain Annual Meeting 2023.

## Objectives

- Assess what actions Signatories have taken against each core commitment in 2022 based on self-reporting by the Signatories, and interviews with Signatories, Co-conveners and caucus Champions.
- Provide an independent and impartial overview of the collective progress the Grand Bargain Signatories made in 2022, both against the core commitments and particularly on the two Enabling Priorities, adopted by the Signatories at the Annual Meeting 2021. Analyse the progress made on the two Enabling Priorities compared to 2020.
- Analyse, within budget, timeframe and data made available to the research team, to which degree the Grand Bargain has stimulated change in efficiency and effectiveness of humanitarian aid.
- Consider the extent to which recommendations of the 2022 Annual Independent Report have been taken up and/or remain relevant.

- Review the implementation of the outcomes agreed by the caucuses on cash coordination, quality funding, role of intermediaries, and funding for localisation.
- Based on the inputs in the narrative self-reporting template, assess within the possibilities of the budget, timeframe and available data, the extent to which cross-cutting issues, including gender and risk sharing, have been considered by the Grand Bargain Signatories.
- **Provide a series of actionable recommendations for maintaining momentum, scaling up progress and impact thus far, and for addressing outstanding challenges. Suggest synergies between initiatives, identify barriers and enablers, highlight good practice and areas which require additional effort.**

### Expected outputs

1. An inception note to articulate overall approach, methodology and data collection, building on and consistent with the 2022 approach.
2. Report on progress of implementation of the Grand Bargain:
  - a. Full report, with a 2-3 page executive summary
  - b. Appendices with details on the findings as necessary and relevant
  - c. Infographic, powerpoint, animated video or other communication tools for broader audience and presentation at the Grand Bargain Annual Meeting
3. Support the presentation and dissemination of the report by the Grand Bargain Facilitation Group, at the Grand Bargain Annual Meeting in June 2023 to ensure the report's reach and impact.

## Timeline

An indicative timeline is laid out in the table below:

Activity	Description	Preliminary timeframe
Contract finalised	Contract signed between NRC and the chosen supplier	1 February 2023
Self-reports available	Self-reports submitted by the Signatories outlining progress in meeting the Grand Bargain commitments, for the chosen supplier to take information from	16 February 2023
Inception note	Short document outlining agreed methodology and data collection, prepared by the chosen supplier	w/c 23 February 2023
Chosen supplier/ Secretariat discussion	Chosen supplier and Secretariat discuss the main Grand Bargain developments and main milestones in 2022	w/c 23 February 2023
Interviews	Interviews with Signatories (also in their roles as workstream Co-conveners or caucus Champions), key informants to complement the information conducted by the chosen supplier	March 2023
Draft final outputs	Draft outline of the report submitted by the chosen supplier to the Facilitation Group	w/c 24 April 2023
Draft report	Draft final report shared with the Signatories for factual review	w/c 8 May 2023
Finalisation	Chosen supplier respond to comments and finalise document	w/c 22 May 2023
Release	Public release of final report	Early June 2023

The timeline will be reviewed and refined with the selected consultant as soon as possible.

## Methodology

The independent experts should propose a methodology that they consider suitable to the scope of work, but it is expected to include the following:

- Desk study:
  - Analysis of self-reports of Grand Bargain signatories and background material
  - Review of monitoring by specific stakeholder initiatives, to be suggested by work stream co-conveners
  - Review of relevant reports
- Interviews with the Signatories (also in their roles as workstream Co-conveners or caucus Champions), Facilitation Group, Eminent Person office, non-Signatory stakeholders as relevant;

### Independence

The annual report is drafted by independent, external experts who do not belong to any of the Grand Bargain Signatory organisations and are not involved directly in any of the Grand Bargain workstreams. Expert team shares draft report with Facilitation Group and Signatories for comments and fact checking. Factual errors and methodological weaknesses and unsubstantiated findings are to be corrected. The conclusions and recommendations represent the opinion of the experts who have the final editing rights.

### Skills and expertise

Suppliers should propose a team of expertise that they feel can deliver the Terms of Reference. However, the team is expected to include at least the following:

- Experience in humanitarian policy, high-level donor and international organisation coordination, understanding of the global humanitarian ecosystem including the Grand Bargain
- Ability to draw on additional technical expertise in relevant workstream topics
- Experience of conducting and managing independent assessments including knowledge of relevant methods and techniques
- Diverse team members that are familiar with the concerns and perspectives of a variety of humanitarian actors, including at the local level
- Graphic designers/publishers for publication (to be defined further towards publication date).

### Management

- Day-to-day and contractual lead:
  - NRC and the Grand Bargain Secretariat
- Grand Bargain Facilitation Group acts as Reference Group which approves expert team, inception note on methodology and final report.
- All Grand Bargain Signatories are invited to comment on draft final report for factual errors.

Payment will be based on the successful completion of deliverables to the required standard.



## Appendix 2 Signatory self-reports received and signatories interviewed

Signatory	Self-report submitted (by 1 March 2023)	Signatory interviewed
<b>Donors</b>		
1 Australia	✓	✓
2 Belgium	✓	✓
3 Bulgaria	X	X
4 Canada	✓	✓
5 Czech Republic	✓	✓
6 Denmark	✓	✓
7 Estonia	X	X
8 European Civil Protection and Humanitarian Aid Operations (DG ECHO)	✓	✓
9 Finland	✓	✓
10 France	✓	✓
11 Germany	✓	✓
12 Ireland	✓	✓
13 Italy	✓	✓
14 Japan	✓	✓
15 Luxembourg	✓	✓
16 Netherlands	✓	✓
17 New Zealand	✓	✓
18 Norway	✓	✓
19 Organisation for Economic Co-operation and Development (OECD)	X	X
20 Republic of Korea	✓	✓
21 Slovenia	✓	*
22 Spain	✓	✓
23 Sweden	✓	✓
24 Switzerland	✓	✓

## 122 HPG commissioned report

Signatory	Self-report submitted (by 1 March 2023)	Signatory interviewed
25 United Kingdom	✓	✓
26 United States of America	✓	✓
<b>TOTAL</b>	<b>23</b>	<b>22</b>

United Nations entities		
1 Food and Agriculture Organization (FAO)	✓	✓
2 International Labour Organization (ILO)	X	X
3 International Organisation for Migration (IOM)	✓	✓
4 Office for the Coordination of Humanitarian Affairs (OCHA)	✓	✓
5 United Nations Children's Fund (UNICEF)	✓	✓
6 United Nations Development Programme (UNDP)	X	✓
7 United Nations Population Fund (UNFPA)	✓	✓
8 United Nations Refugee Agency (UNHCR)	✓	✓
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>11</b>	<b>12</b>

Non-governmental organisations		
1 ActionAid International	✓	✓
2 Alliance for Empowering Partnerships (A4EP)	✓	✓
3 Care International	✓	✓
4 Catholic Agency for Overseas Development (CAFOD)	✓	✓
5 Catholic Relief Services (CRS)	✓	✓
6 Christian Aid	✓	✓
7 DanChurchAid	✓	✓
8 Danish Refugee Council	✓	✓
9 Global Communities	X	X

## 123 HPG commissioned report

Signatory	Self-report submitted (by 1 March 2023)	Signatory interviewed
10 InterAction	✓	✓
11 International Council of Voluntary Agencies (ICVA)	✓	✓
12 International Rescue Committee (IRC)	✓	✓
13 Islamic Relief Worldwide	✓	✓
14 MercyCorps	✓	✓
15 Network for Empowered Aid Response (NEAR)	✓	✓
16 Norwegian Refugee Council (NRC)	✓	✓
17 Oxfam International	✓	✓
18 Relief International	X	X
19 Save the Children	✓	✓
20 Steering Committee for Humanitarian Response (SCHR)	✓	✓
21 Syria Relief	✓	✓
22 Trocaire	✓	✓
23 World Vision International	✓	✓
24 ZOA International	✓	✓
<b>TOTAL</b>	<b>22</b>	<b>22</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>58</b>	<b>58</b>

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



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The Humanitarian Policy Group (HPG) is one of the world's leading teams of independent researchers and communications professionals working on humanitarian issues. It is dedicated to improving humanitarian policy and practice through a combination of high-quality analysis, dialogue and debate.

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**Humanitarian Policy Group**

ODI  
203 Blackfriars Road  
London SE1 8NJ  
United Kingdom

Tel: +44 (0) 20 7922 0300  
Fax: +44 (0) 20 7922 0399  
Email: [hpgadmin@odi.org](mailto:hpgadmin@odi.org)  
Website: [odi.org/hpg](http://odi.org/hpg)

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