

The Enhanced Quality Funding Workstream (7&8) Statement: Moving Forward on the Grand Bargain Quality Funding Agenda in 2021 and Beyond

As the Grand Bargain moves from its fourth to its fifth year anniversary, quality funding continues to feature as a priority, a key element, and a fundamental enabler of a more efficient and effective humanitarian response. Through the Grand Bargain, important progress has been made in deepening our understanding of and the importance of predictable and flexible humanitarian funding. As noted in the 2020 Annual Independent Report, this has translated into an increasing number of donors scaling up their multi-year and flexible funding, particularly within the context of the COVID-19 pandemic.

Yet, barriers and challenges remain that hinder the transformative potential of quality humanitarian funding. The volumes currently provided fall well short of the critical mass required to drive change. Divergent opinions continue to exist between UN Agencies, donors, and NGOs on the practical implications of cascading quality funding to frontline responders, and more crucially to local and national responders including local women's and women's rights organizations. There still exists a lack of forward progress on addressing donor accountability and visibility concerns. Addressing these remaining challenges, collectively as the Grand Bargain community, is crucial to advancing the quality funding agenda and realizing the gains envisaged by the architects of the original commitments.

Through this statement, the co-conveners of the *Enhanced Quality Funding Workstream (7&8)* would like to provide a brief overview of progress and what we, as co-conveners, see as priorities and concrete actions for the year ahead, drawing from the various research initiatives and the Quality Funding Roundtable Discussion attended by signatories in June 2020.

Current Progress

Over the past year, workstream 7&8 has sought to develop a more nuanced understanding of the opportunities and challenges with quality humanitarian funding. To this end, the co-conveners of this workstream have initiated a structured dialogue to generate momentum on this issue, and have undertaken a series of research initiatives and internal studies. A snapshot of the workstream's key activities thus far can be found below.

- In September 2019, the co-conveners co-hosted a *Progress Acceleration Workshop* to identify concrete actions to take forward the Quality Funding Agenda. Discussions from this workshop informed our workstream's activities over the past year.
- Our workstream strove to clarify the definitions of multi-year and flexible funding within the self-reporting process through a *Definitions Guidance Summary*, developed by Canada and Sweden.
- Our workstream contributed to *building the evidence base* on quality funding through several research initiatives. The ICRC recently released an internal report on the benefits of flexible funding. NRC, in collaboration with Development Initiatives (DI), led the development of a "picnic basket" of best quality funding practices for scale-up and a policy brief identifying workable solutions and ways to increase quality funding beyond the Grand Bargain commitments.
- Our workstream also looked at *identifying institutional constraints to tracking and passing on quality funding to implementing partners*. In this regard, UNICEF recently completed an internal scoping exercise to better understand the bottlenecks to cascading quality funding beyond first-level recipients to local and national responders.

Looking at 2021 and Beyond

Looking forward, our workstream will seek to build on the research undertaken thus far and focus on the following priorities. To that end, our workstream also proposes the following concrete actions to take each of these priorities forward:

- **Encourage further progress on the provision of flexible funding as per the commitments and address donor accountability and visibility concerns.** This includes increased progress on commitments regarding improved reporting, increased transparency and visibility, and a collective discussion on the issue of trust and risk. This is a particularly important priority in light of the increasingly difficult domestic political conditions in a number of donor countries and in what looks to be a more constrained funding environment in 2021.

Action for 2021: By mid-2021, our workstream will encourage donors to provide flexible funding as per their commitments and organize structured dialogues, both at the technical and political level, with a key group of interested signatories including the workstream co-conveners of 1, 9, and 4, to discuss and clarify what donors require to maintain accountability and improve reporting and how humanitarian organizations can support this endeavour.

- **Expand the scope of quality funding.** Beyond the original commitments, our workstream proposes a more holistic understanding of quality funding – one that seeks to enhance the predictability, flexibility, and timeliness of all types of humanitarian funding, including earmarked and tightly earmarked funding, and one that is context-based, focusing more on outcomes than inputs.

Action for 2021: By mid-2021, our workstream will organize technical-level and political-level discussions, as well as produce a short guidance note, to outline the details on how to practically apply this expanded concept of quality funding and ensure buy-in from key signatories, drawing from the NRC-DI research and the policy brief.

- **Accelerate what works** by encouraging all signatories to increase flexibility across all types of funding agreements, provide a critical mass of quality predictable funding, and scale up the quality funding tools that have proven to enable principled, timely, needs based, and gender-responsive humanitarian responses.

Action for 2021: By mid-2021, and building on the research catalogue of best practices by NRC and DI and the ICRC case studies, our workstream will aim to bring together a key group of interested signatories from all constituencies, at both the technical and political level, and work together with the IASC Results Group 5 to discuss and agree on a concrete list of conditions that in practice enable predictability, flexibility, and timeliness of funding.

- **Address the barriers to cascading quality funding to front-line responders.** Quality funding is not reaching front-line responders, including local and national responders and local women’s organizations, in any meaningful amount. Since the COVID-19 pandemic however, there has been progress on this issue. Within the work of the IASC Results Group 5, several UN Agencies and NGOs have increased funding flexibility, and simplified processes in response to the pandemic, to ensure that flexible measures are cascaded through the humanitarian system, including to local and national actors. It is important to safeguard the gains that have been made, and further clarify the expectations and challenges of passing on quality funding, as well as the impediments along the transaction chain; all of which requires a dedicated discussion.

Action for 2021: By mid-2021, and building on the research by UNICEF, our workstream will bring together a key group of interested signatories to discuss the barriers as well as how to develop clear metrics and targets to track and measure quality funding cascaded to local and

national responders, including local women's organizations. To that end, our workstream will reach out to the Localization Workstream and the Friends of Gender Group.