

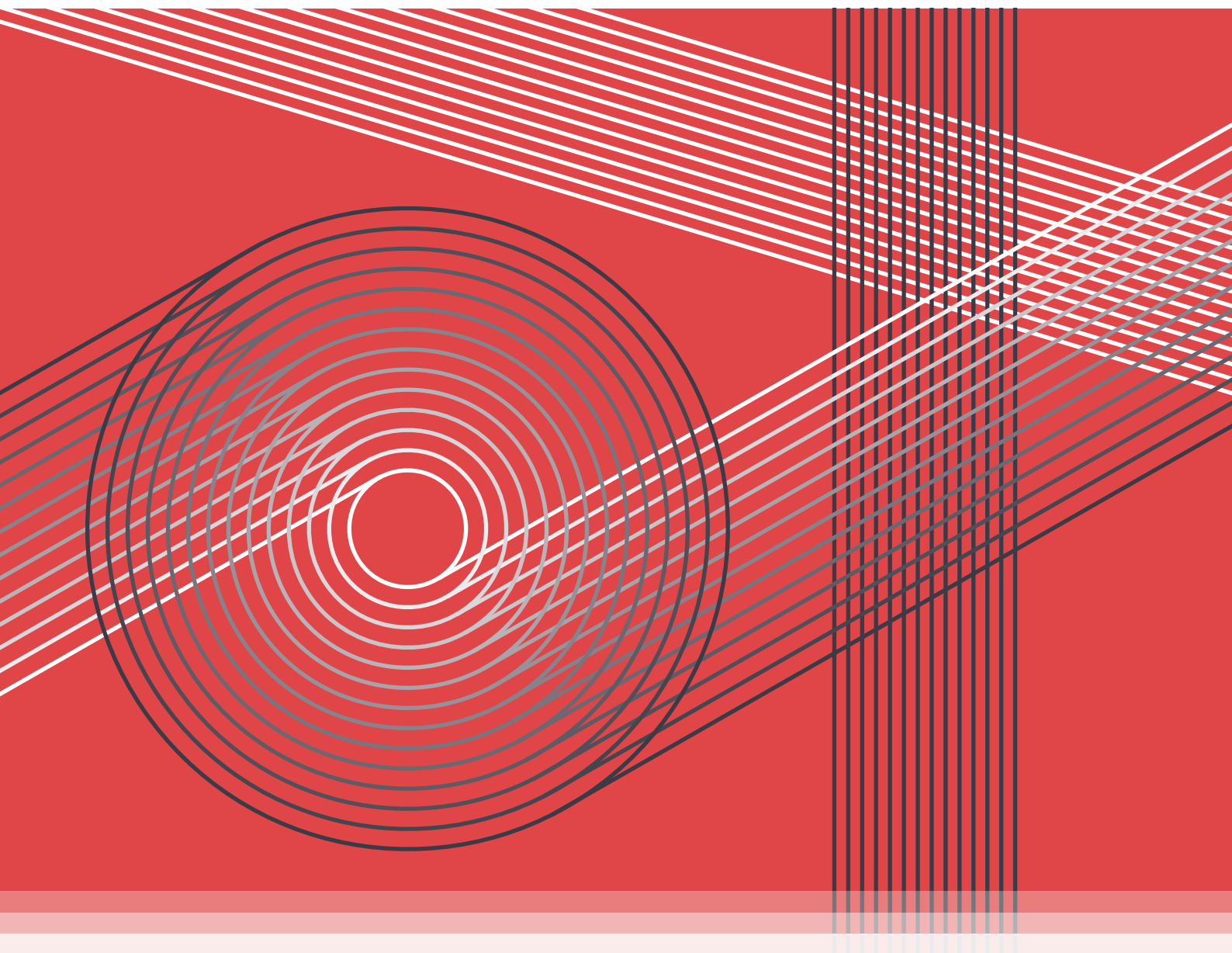
HPG commissioned report

The Grand Bargain in 2021

An independent review

Victoria Metcalfe-Hough, Wendy Fenton, Patrick Saez and Alexandra Spencer

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Foreword: one year left to achieve our goals

Humanitarian needs are exploding, and our response capacity is stretched to its limit, so we cannot continue with business as usual. We need transformative changes to the way aid is funded and delivered. The Grand Bargain remains a unique tool at our disposal to help us do just that – to help us do a better job at serving people in need.

For the fifth year, ODI has taken stock of our collective and individual progress to make aid more effective and efficient and keep us accountable for realising the commitments we signed up to. I sincerely thank ODI for their analysis and important recommendations, which we will need to take very seriously.

At the last Grand Bargain Annual Meeting in 2021, we agreed that the era of words and seminars in Geneva and capitals is over, and that we urgently needed to act with and for people in need at the operational level. This report shows that change is possible when concrete proposals are elevated at the political level, and that we have achieved concrete outcomes – on cash coordination, some increases in the volume of flexible and multi-year funding, supporting local leadership and strengthening local actors' institutional capacities, and the National Reference Groups being launched.

However, this report documents that we are still far from realising several key Grand Bargain goals: on quality funding, localisation and participation. We are halfway through the Grand Bargain 2.0 iteration, so the next 12 months will be decisive. As we find ourselves in the last stretch of the marathon, let's make it count – I need the support of each one of you to make sure we succeed at improving the quality of the funding we provide or pass through; making aid as local as possible through better partnerships, increasing investments and providing institutional capacity support for local actors; and putting people in need at the centre of our response, by ensuring they have a meaningful influence over the aid they receive.

As you read the report, I hope it will inspire you to take individual action in the coming months, and to join efforts with Grand Bargain peers to make the change even bigger.

Jan Egeland

Grand Bargain Eminent Person and Secretary General, Norwegian Refugee Council

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Acronyms

AAP	Accountability to Affected Populations
A4EP	Alliance for Empowering Partnership
AIR	annual independent review
CAFOD	Catholic Agency for Overseas Development
CALP	Cash Learning Partnership Network
CAR	Central African Republic
CBO	community-based organisation
CCA	Common Country Analysis
CCCM	Camp Coordination Camp Management
CCD	Collaborative Cash Delivery Network
CBPF	Country-based Pooled Fund
CERF	Central Emergency Response Fund
CFLI	Canada Fund for Local Initiatives
CHS	Core Humanitarian Standard
CRS	Catholic Relief Services
CSO	civil society organisation
DAC	Development Assistance Committee
DGECHO	Directorate-General for European Civil Protection and Humanitarian Aid Operations
DI	Development Initiatives
DRC	Democratic Republic of Congo
DREF	Disaster Relief Emergency Fund
ERC	Emergency Relief Coordinator
EU	European Union
FAO	Food and Agriculture Organization
FCDO	Foreign, Commonwealth and Development Office
FoGG	Friends of Gender Group
FTS	Financial Tracking Service
GHD	Good Humanitarian Donorship
GHO	Global Humanitarian Overview
GPPI	Global Public Policy Institute
GRFC	Global Report on Food Crises
GTS	Ground Truth Solutions
HCA	Humanitarian Crisis Analysis
HCT	Humanitarian Country Team
HDPN	Humanitarian Development Peace Nexus

HNO	Humanitarian Needs Overview
HPC	Humanitarian Programme Cycle
HPP	Humanitarian Programme Plan
HQAI	Humanitarian Quality Assurance Initiative
HRP	Humanitarian Response Plan
HTF	Humanitarian Thematic Fund
IASC	Inter-Agency Standing Committee
IATI	International Aid Transparency Initiative
ICPR	Integrated Conflict Prevention and Resilience
ICRC	International Committee of the Red Cross
ICVA	International Council of Voluntary Agencies
IDPs	internally displaced persons
IFRC	International Federation of Red Cross and Red Crescent Societies
IGAD	Intergovernmental Authority on Development
ILO	International Labour Organization
INGO	international non-governmental organisation
IOM	International Organisation for Migration
IRC	International Rescue Committee
ICSP	Ireland Civil Society Partnership
JIAF	Joint Intersectoral Analysis Framework
JIAG	Joint Intersectoral Analysis Group
MDPA	Multi-dimensional Poverty Analysis
MFA	Ministry of Foreign Affairs
MOPAN	Multilateral Organisation Performance Assessment Network
MPR	multi-partner review
MSNA	Multi-sectoral Needs Assessment
NDICI-FE	Neighbourhood, Development and International Cooperation Instrument
NEAR	Network for Empowered Aid Response
NGO	non-governmental organisation
NRC	Norwegian Refugee Council
NRGs	National Reference Groups
NSIA	National Society Investment Alliance
OCHA	Office for the Coordination of Humanitarian Affairs
OECD-DAC	Organisation for Economic Cooperation and Development–Development Assistance Committee
PiN	Population in Need
PMU	Project Management Unit
PRM	US State Department Bureau of Population, Refugees, and Migration
PSEA	Protection from Sexual Exploitation and Abuse

RC/HC	Resident and Humanitarian Coordinator
RCRCM	Red Cross and Red Crescent Movement
RG	Results Group
RRAs	Risk and Resilience Assessments
RRF	Rapid Response Facility
SCHR	Steering Committee for Humanitarian Response
SCLR	survivor- and community-led response
SDC	Swiss Agency for Development and Cooperation
SEA	Sexual Exploitation and Abuse
SPIAC-B	Social Protection Inter-Agency Coordination Board
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UN CCA	United Nations Common Country Analyses
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations Refugee Agency
UNICEF	United Nations Children’s Emergency Fund
UNOPS	United Nations Office for Project Services
UN PP	United Nations Partner Portal
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSDCF	United Nations Sustainable Development Cooperation Framework
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US	United States of America
USAID	US Agency for International Development
USAID/BHA	USAID Bureau for Humanitarian Assistance
WAG	Women’s and Girl’s Advisory Group
WLOs	women-led organisations
WFP	World Food Programme
WHO	World Health Organization
WROs	women’s rights organisations
WHS	World Humanitarian Summit
WVI	World Vision International

Executive summary

The year 2021 was one of transition for the Grand Bargain and its signatories, with a shift to a more focused, more streamlined framework aimed at speeding up progress towards the forum's original goals of more efficient and effective humanitarian action. This transition was driven both by what had been achieved under the Grand Bargain framework from 2016, and by lessons identified from the previous five years on how to maximise the outcomes of this multistakeholder forum. The original Grand Bargain framework was intentionally comprehensive, reflecting the complexity of the aid system itself. But in practice the sheer breadth of its scope proved problematic, and even the largest signatories had been unable to engage in more than a few of the 10 thematic areas. These pressures culminated in agreement at the 2021 annual meeting on a revised framework that focused on a narrower set of collective priorities. This new 'Grand Bargain 2.0' focused on two mutually reinforcing 'enabling priorities': quality funding and localisation/participation. The new framework also provided for the establishment of caucuses intended to transcend technical dialogue and focus on negotiating political action to unblock challenges or identify trade-offs among different signatories. Four workstreams were continued through 2021 to support and inform political dialogue and action: workstream 1 (greater transparency), workstream 5 (joint needs assessment and analysis), workstream 6 (a participation revolution) and workstream 9 (simplified and harmonised reporting).

This sixth Annual Independent Review (AIR) of the Grand Bargain, commissioned by the Facilitation Group, analyses the progress achieved and challenges faced by signatories against the commitments during 2021. Data collated for the review evidences continued consensus among signatories that the Grand Bargain is an important – if not the only – multistakeholder vehicle for change at institutional, constituency and system levels; that there is consensus among signatories on quality funding and localisation as key enablers of a more efficient and effective humanitarian response; and that incremental progress continues to be made by the signatories against these two priorities. The data also shows that further clarification is required on how signatories can work most effectively together to advance these two priorities, and how progress can be more effectively measured; that the signatories need to urgently step up their investments to address the political and cultural barriers to system-wide change in these areas; and that greater direction is required from the governance structures of the Grand Bargain to help concentrate political efforts towards addressing those barriers. Given that the current phase of the Grand Bargain is scheduled to end in June 2023, action in these areas is required urgently in order to achieve substantive progress by that date.

The research team reviewed 62 signatory and seven workstream co-convenor self-reports; conducted semi-structured interviews with 52 signatories and seven workstream co-convenors; undertook a review of publicly available literature; reviewed surveys by the Network for Empowered Aid Response (NEAR) and the Alliance for Empowering Partnership (A4EP) of local actors within their networks; and reviewed data from field perception surveys conducted by Ground Truth Solutions (GTS). As the 2022 AIR process got under way, armed conflict broke out in Ukraine following the Russian invasion. This had

a direct impact on this year's research process, with many staff in signatory organisations redeployed to the emergency response. The Ukraine crisis also presents an opportunity to reflect on how the commitments made by signatories under the Grand Bargain are being applied in practice.

Quality funding and localisation/participation – the 'enabling priorities'

Quality funding

The vast majority of signatories reiterated that quality funding should be the key priority of the Grand Bargain, and welcomed the decision to elevate it to an enabling priority. As in past years, it is difficult to determine accurately what progress has been made in relation to quality funding due to the paucity of comparable data. However, what data is available suggests that making quality funding an 'enabling priority' has as yet had limited impact in terms of a substantive increase in the *proportion* of quality funding available. The data reported by donors and recipient aid organisations suggests that there has been some increase in the absolute volume of quality funding provided by donors in 2021, but that it has not kept pace with increases in global humanitarian requirements. Data reported also suggests that what quality funding is available from government donors is not allocated equitably across actors, with multilateral organisations receiving the lion's share and local actors reporting that they receive little if any quality humanitarian funding. In terms of the corresponding commitments made by recipient organisations, there is no evidence in the self-reports to suggest progress in aid organisations passing down the flexible or multi-year funds they receive to their implementing partners.

Efforts to increase the provision and distribution of quality funding have continued to be stymied by long-standing challenges. Some donors continue to face legal and administrative constraints on provision of multi-year and/or flexible funding, but there are also concerns across the wider group of donors about long-standing practices of recipient organisations, including contradictions inherent in organisations' fundraising practices (i.e. annual, country-specific appeals) and their demand for more multi-year and flexible funding; what some donors consider to be insufficient efforts to increase the visibility of donor contributions; inadequate transparency of and accountability for funds received; and a failure by some larger aid organisations to cascade quality funding to frontline, particularly local, responders.

Most international aid organisation signatories assert that the complex pattern of when and how they receive funding from multiple donors and the still small proportion of quality funds that they receive overall (if they receive any at all from institutional donors) means they cannot automatically pass any degree of flexibility or predictability down the chain. As a constituency, aid organisations also argue that they have already made efforts to increase the transparency of their expenditures through the International Aid Transparency Initiative (IATI) and/or other data systems, and that they have improved the quality and granularity of their reporting.

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More broadly, there are also challenges in relation to the lack of consistent, comprehensive quantitative data, with many signatories still not reporting their funding data. There has also been limited focus on other ‘properties’ of humanitarian funding, including timeliness and predictability, and little appetite among signatories to take the lead in addressing some of the political barriers to more quality funding. With continued entrenched policy positions by both donors and aid organisations, it has been difficult to build the trust required to make breakthroughs on policy. A more frank and transparent dialogue is thus required between all constituency groups to broker an appropriate compromise that benefits all actors in the chain. The establishment of the quality funding caucus offers a new opportunity in this regard. To succeed, however, the caucus will need to set out a clearer objective strategy for expanding the provision and more equitable distribution of quality funding across the system, draw more clearly on the substantive technical work that has been done over the last six years by the workstream and adopt a sequential approach to agreeing compromises on the barriers to quality funding. Most critically, the caucus will need to secure high-level political commitment towards genuine changes in the funding practices of both the providers and the recipients of humanitarian funding. The caucus aside, there are concerns that, following the closure of the workstream by its co-conveners (Canada, the International Committee of the Red Cross (ICRC), the Norwegian Refugee Council (NRC), the Office for the Coordination of Humanitarian Affairs (OCHA), Sweden and the United Nations Children’s Emergency Fund) and following the closure by the Inter-Agency Standing Committee (IASC) of its Results Group 5 on humanitarian financing, there is now no multistakeholder forum for the technical dialogue on quality funding that many signatories believe is still necessary to support political-level action.

Localisation

Localisation was high on the political agenda of the international humanitarian system throughout 2021, but the extent to which this political interest has translated into fundamental changes in practice remains varied. There has been increasing momentum on supporting local leadership capacities in 2021, and a growing interest and practice in relation to provision of minimum overhead costs to local actors as one way to support their institutional development. But there has also been a substantial drop in funding reaching local actors directly. Agreement was reached for local actors to have a seat on the Facilitation Group, and aid organisations have made efforts to empower local leadership at country level, including in Humanitarian Country Teams (HCTs) and national and sub-national clusters, through the workstream 2 Country Dialogues. The forthcoming National Reference Groups – conceptualised as part of the 2.0 framework but not yet established – may also offer an opportunity to empower local government and civil society actors to lead local responses. However, there was little progress in terms of increasing provision of funding to local actors as directly as possible, and the volume of funding provided directly to local actors halved between 2021 and 2020. There seems agreement among many local actors that the Grand Bargain is an important opportunity to push for increased localisation of aid responses, as evidenced in NEAR’s membership survey. But overall, progress against localisation objectives at the institutional and system levels remains slow, with increasing frustration among local actors that changes in practice by their international partners are still taking too long.

Progress is being stymied by a range of factors, including the gap between policy commitments of international partners to support local actors and the practical and financial support actually being made available to them. The caucus on intermediaries established in the last quarter of 2021 could, in theory, be used to resolve some of the problems identified by workstream 2, such as in relation to stepping up capacity-building support and/or increasing the flow of funds to local actors via intermediaries, but participants have so far failed to agree on a clear focus or objective.

Participation

Addressing the failure to ask crisis-affected people what they want and how to provide it has been an enduring challenge for the humanitarian sector. Thus, the integration of participation in enabling priority 2 is itself an important step because it has elevated the issue to the highest level of priority among Grand Bargain signatories. However, it is not clear from information available that efforts to elevate participation as a system-wide priority have as yet had any substantive impact in shifting ways of working.

Self-reports detailed much activity on participation (or on Accountability to Affected Populations (AAP)) in 2021. However, the overwhelming focus of such activity was – as in previous years – on the establishment of mechanisms to receive feedback and manage complaints about aid programmes and on measures to prevent and respond to Sexual Exploitation and Abuse (SEA). There is scant evidence on how aid organisations are using that feedback to inform programming decisions, or how the views of affected populations are factored in from the outset of a programme or project design phase. There are some important positive examples, including as documented in this and previous AIRs, but these are as yet too small-scale to have a broader impact, with seeming reluctance by donors to support, and by other aid organisations to replicate or adapt, such programming approaches.

Overall, progress in relation to the participation revolution remained very limited in 2021. This was echoed in the latest round of perception surveys by GTS, which found that most recipients of aid still do not think that humanitarian aid meets their main needs, that they feel unable to participate in decision-making about the aid they receive, feel uninformed about available assistance and are unclear how aid is targeted to those most in need.

Progress against other core commitments

Progress in other areas of the Grand Bargain was mixed in 2021. There were some important developments in relation to some of the other commitments, including at collective level. Key achievements include agreement on a model for predictable coordination of cash assistance programmes (commitment 3.5), increased publication of humanitarian funding data to the IATI standard (commitment 1.1), improvements to the joint intersectoral analysis framework (core commitment 5.1), and an ongoing system-wide effort to enhance collaboration between humanitarian, development and peace actors. But long-standing, largely political, challenges continued to obstruct progress in other areas, including on reducing duplication and management costs and in reaching a critical mass of signatories using the harmonised narrative reporting template for non-governmental organisation (NGO) partners.

Increase transparency

There was some shift in approach in 2021 towards greater transparency on funding data. Following consultations between the co-conveners (the Netherlands and the World Bank) and participating signatories, the workstream moved from an exclusive focus on getting signatories to publish data to the IATI standard to a wider understanding of how to ensure greater transparency in the humanitarian system, reflecting the concerns many signatories have regarding using IATI as the main data standard. Over the year there was an incremental increase in the number of signatories publishing some humanitarian funding data to the IATI standard, and, to a lesser extent, in relation to the core commitment to 'use' IATI data. It is not clear, however, exactly how many signatories are publishing consistently across all of their humanitarian funding data. On interoperability between IATI and the Financial Tracking Service (FTS), little progress seems to have been made since the pilots were concluded in 2020, and the majority of signatories are still using FTS and other data tools to inform their analysis and/or decision-making processes.

Increase the use and coordination of cash programming

Cash programming remained a key focus of the Grand Bargain signatories throughout 2021. A political-level caucus was established and led by the Eminent Person in late 2021 with the aim of negotiating a predictable model for cash coordination. Despite an array of challenges the caucus was successful in agreeing on a model that was subsequently endorsed by the IASC Principals in March 2022. In addition, many United Nations (UN) agencies and NGOs continued to expand their use of cash and voucher assistance, with a clear shift to more systematic use across multiple programming objectives. The Donor Cash Forum has been driving common donor approaches at country level and on policy priorities, including ensuring joint positioning and representation in the cash coordination caucus.

The workstream was officially closed in September 2021 following consultation between the co-conveners (the United Kingdom and the World Food Programme) and participating signatories, with sub-groups that remained relevant moving to other forums including the Cash Learning Partnership (CALP) Network and the Social Protection Inter-Agency Coordination Board (SPIAC-B).

While the Grand Bargain has never been the principal driver of progress on cash programming across the humanitarian system, over the last six years it has played an important role in supporting and consolidating a system-wide shift to greater use of this type of assistance across a broad range of objectives. There is however a general consensus among signatories that the approach taken to phase out the technical discussions from the Grand Bargain structure and to use this mechanism to address the outstanding issue of coordination has been appropriate and effective.

Reduce duplication and management costs

There is no evidence of collective progress on this theme in 2021, and very limited information on activities undertaken by signatories individually. The workstream was closed in mid-year and, while the co-conveners (Japan and the UN Refugee Agency (UNHCR)) recommended this issue be elevated to the

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political level, it has essentially been dropped from the Grand Bargain agenda. This is unfortunate given the importance of some of the issues originally situated under this workstream to the Grand Bargain's overarching goals, and its two enabling priorities under the 2.0 framework, and it will be important not to lose entirely the work that has been done in this area since 2016. In particular, signatories should consider how to integrate at least some of the original commitments in caucus discussions on quality funding.

Improve joint and impartial needs assessments

Momentum was retained on joint needs assessment and analysis throughout 2021, with the continued focus of the co-conveners (the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) and OCHA) and a core group of signatories on improving the Joint Intersectoral Analysis Framework (JIAF). There was an evolution in approach in response to what have been challenging technical and operational discussions on the framework, and more recent adaptations made to the JIAF approach and to its governance structures have been welcomed, helping build confidence and a more collaborative spirit among the signatories involved that has enabled them to make substantive progress towards a revised JIAF version 2.0. Challenges remain, however, including how to ensure the framework can be used to analyse needs in a way that reflects the specificities of different sectoral areas.

Harmonise and simplify reporting requirements

The workstream continued under the new framework but the co-conveners (Germany and the International Council of Voluntary Agencies (ICVA)) reported that there was much less activity in 2021 than in previous years. The co-conveners' efforts principally focused on advocacy to encourage uptake of the 8+3 narrative reporting template among constituency groups. There was an incremental increase in 2021 in the number of signatories using the template fully or partially for their civil society partners. But there is still not a critical mass of signatories using the template for downstream partners and thus the efficiency savings that widespread use of the template can bring for individual partners and across the system are still not being realised. The value of the template is clear, but there remains a lack of political will to prioritise its use.

Enhance engagement between humanitarian and development actors

Following the closure of the workstream on this theme in 2018 there has been no specific strategy within the Grand Bargain for advancing collaboration between humanitarian and development (and peace) actors. However, the platform still provides an opportunity for signatories to both reflect on their work in this area and, in theory at least, consider how other areas of action under the Grand Bargain framework can enable more effective nexus approaches. This was reflected in the reporting for 2021, with signatories continuing to highlight progress including in anticipatory action, durable solutions for displaced persons, integration of humanitarian cash in social protection systems and strengthening local capacities and systems. The self-reports and interviews indicate a growing institutional and collective interest in and understanding of the *triple* nexus, specifically how humanitarian action contributes to sustainable peace.

Gender and the Grand Bargain

Gender equality and women's empowerment is a key area where the Grand Bargain has helped drive progress across the international humanitarian system. Reflecting this, the Friends of Gender Group (FoGG) sought to influence the development of the Grand Bargain 2.0 framework to ensure the explicit inclusion of gender in the enabling objectives and outcome pillars. The FoGG was very successful in this regard, with gender equality and women's empowerment clearly integrated throughout the framework document endorsed by signatories at the 2021 annual meeting. In the second half of the year there was, however, a clear loss of momentum on ensuring that gender equality remains a key priority, and there seems to have been a breakdown in the relationship between the FoGG and the Facilitation Group.

Risk and the Grand Bargain

In January 2021, the Netherlands and the ICRC sought to reinvigorate dialogue on risk within the Grand Bargain through holding an expert meeting and publishing a statement highlighting the key actions needed to shift towards greater risk-sharing. The two signatories worked with InterAction to identify ways to encourage a new approach to risk management in humanitarian action, including establishing a new platform bringing together risk experts and signatory focal points to develop a framework to improve risk acceptance and enable risk-sharing; identify and share good practice and learning; and inform political discussions on localisation and quality funding. This new platform convened in the first quarter of 2022. There remains significant interest in the risk agenda among signatories, and many are engaged in a range of risk-management activities. However, many signatories are still trying to understand the different elements of risk management, including risk-sharing, and how they can work together in this area.

Conclusions and recommendations

At their annual meeting in June 2021, the Grand Bargain signatories agreed on a more focused and more streamlined framework. Since then, however, momentum has dissipated, and concrete progress on implementing the new framework, including transitioning to the caucus model, has been much slower than anticipated (see Figure 1). These delays in adapting structures, clarifying concepts and identifying champions from among the signatories to lead political dialogue has had a direct impact on collective efforts to achieve the two enabling priorities, and collective progress on some of the other areas of the Grand Bargain's original framework basically ground to a halt in the latter half of 2021.

In terms of the enabling priorities, there may be some incremental increase in the volume of quality funding across the system, but it is still not keeping pace with growing needs and not being equitably distributed across aid organisations, particularly those working most directly with crisis-affected people. There were increased efforts to strengthen local capacities, including to enable local actors' access to and influence over international decision-making forums, with for example the two local actor networks that are signatories to the Grand Bargain now able to exert greater influence at global level. But the significant decrease in 2021 in the volume and percentage of funds provided directly to

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local governmental and non-governmental actors is concerning, and data on funding provided via one intermediary is so sparse as to render useful analysis impossible. This lack of data is directly related to the ongoing failure of many aid organisations to track and/or report the funding they pass on. The evidence in relation to participation does not indicate any specific progress in this area: although aid organisations continue to report on investments in communicating with affected populations, this tends to be a one-way conversation. Despite rhetoric around a ‘participation revolution’, the failure to make any concrete progress poses a serious reputational risk for the Grand Bargain signatories.

Agreement in the cash coordination caucus on a model for more predictable coordination of cash and voucher assistance is the most visible outcome of the last 12 months of the Grand Bargain, but signatories will need to achieve much more in the succeeding 12 months if their investments in the new framework are to be worthwhile. That said, the success of the cash coordination process demonstrates that the caucus model can deliver: that targeted, high-level negotiations can break through some of the political barriers that have stymied progress in the Grand Bargain. Signatories now need to apply that same energy, sense of urgency and clear focus to quality funding, localisation and participation in order to make similar gains.

Looking ahead, a number of measures need to be taken urgently in order for the signatories to have any chance of making further substantive progress against the goals of the Grand Bargain by mid-2023. Failure now to quickly rebuild the political momentum of the first half of 2021 will jeopardise gains won to date through this mechanism and fall far short of the Grand Bargain’s real potential to drive change.

Recommendations

Increasing the provision and ensuring more equitable distribution of quality funding

With one year remaining of the Grand Bargain 2.0 process, progress towards achieving an increase in and more equitable distribution of quality funding needs to be urgently stepped up. To refocus minds, ODI recommends a short ‘chapeau’ document on quality funding be rapidly developed, negotiated and agreed between signatory groups. Drawing on existing commitments and actions taken, the chapeau should set out the priority actions that each signatory group will take, with relevant targets to be achieved by mid-2023. Key elements should include:

1. A mutual high-level political commitment by donors to provide multi-year funding and recipient aid organisations to engage in multi-year planning/budgeting and programming as the *default* approach in protracted crises.
2. A requirement for all international signatories to take steps to meet the original target of 25% of their humanitarian funding provided to local actors directly *and/or* through one intermediary by June 2023, with those unable to meet the target explaining how they support local actors in other ways (e.g. with in-kind support and/or enabling their direct access to international funding).
3. A requirement for first-line recipient organisations to ensure by June 2023 that they are able to track and report (to FTS and/or IATI) how much funding they pass to local actors directly and via one intermediary, and how much multi-year and/or flexible funding they pass onwards to downstream partners (international or local).

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4. Concrete action from donors to improve the flexibility, predictability and timeliness of the funding they provide to first-level recipient organisations.
5. An agreement between key donors and recipient organisations on standards to enhance the visibility of quality funding provided.
6. A requirement for all donors and international aid organisation signatories to roll out the 8+3 narrative reporting template to all downstream NGO partners.
7. Concrete action from donors and aid organisations to scale up the use of pooled funds.
8. Concrete action from international signatories to enable more direct access for local actors to international donors, both in relation to funding and for strategic-level discussions.

Supporting local leadership and enhancing institutional capacities

Signatories should commit to stepping up the provision of institutional capacity support for local actors. Actions should include:

1. Agreeing on and implementing a collective commitment to provide a minimum percentage of overhead costs to local partners.
2. Scaling up the provision of financial support to local actors for mentoring, capacity exchange and enhancing due diligence systems.
3. Agreeing with NEAR and A4EP what practical and financial support is required to enable them to sustain their engagement in the Grand Bargain processes and structures.
 - a. Working towards enabling co-leadership/co-chairing of relevant clusters as the preferred arrangement.

Giving affected people meaningful influence over aid provided

Aid organisations and donors must work together to bring about the much promised ‘participation revolution’. Actions should include:

1. Putting in place a mechanism to ensure donors are able to work with and support the IASC in delivering on its prioritisation of accountability to affected populations.
2. Ensuring that appropriate resources are allocated within operational organisations to implement policies and guidance on participation.
3. Ensuring donors provide targeted support to scale up programmes designed/led by beneficiaries.

Enhancing coordination of efforts to maximise multiplier effects

Breaking down long-standing silos and ensuring greater connectivity between the structures of the Grand Bargain 2.0 will require the following actions:

1. The Eminent Person, Facilitation Group and Secretariat need to step up efforts to fully socialise the concepts of the political caucuses and the National Reference Groups among all signatories.
2. The Eminent Person, Facilitation Group and Secretariat need to continue to push signatories – particularly caucus champions and co-conveners – to ensure explicit, functional links are made between the two enabling priorities, and between the enabling priorities and original commitments.

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3. Caucus champions need to ensure that the caucus discussions build on technical work already undertaken in workstreams. This includes identifying barriers and good practice/solutions.
4. Greater functional links need to be secured with other relevant international aid forums – particularly the IASC, the Organisation for Economic Cooperation and Development–Development Assistance Committee (OECD-DAC) and the Good Humanitarian Donorship (GHD) initiative – to ensure that investments in relevant forums are mutually reinforcing.

Strengthening the governance and accountability of the Grand Bargain 2.0

There is a need to strengthen the remaining governance structures of the Grand Bargain to support delivery of the objectives of the new 2.0 framework by June 2023. This should involve:

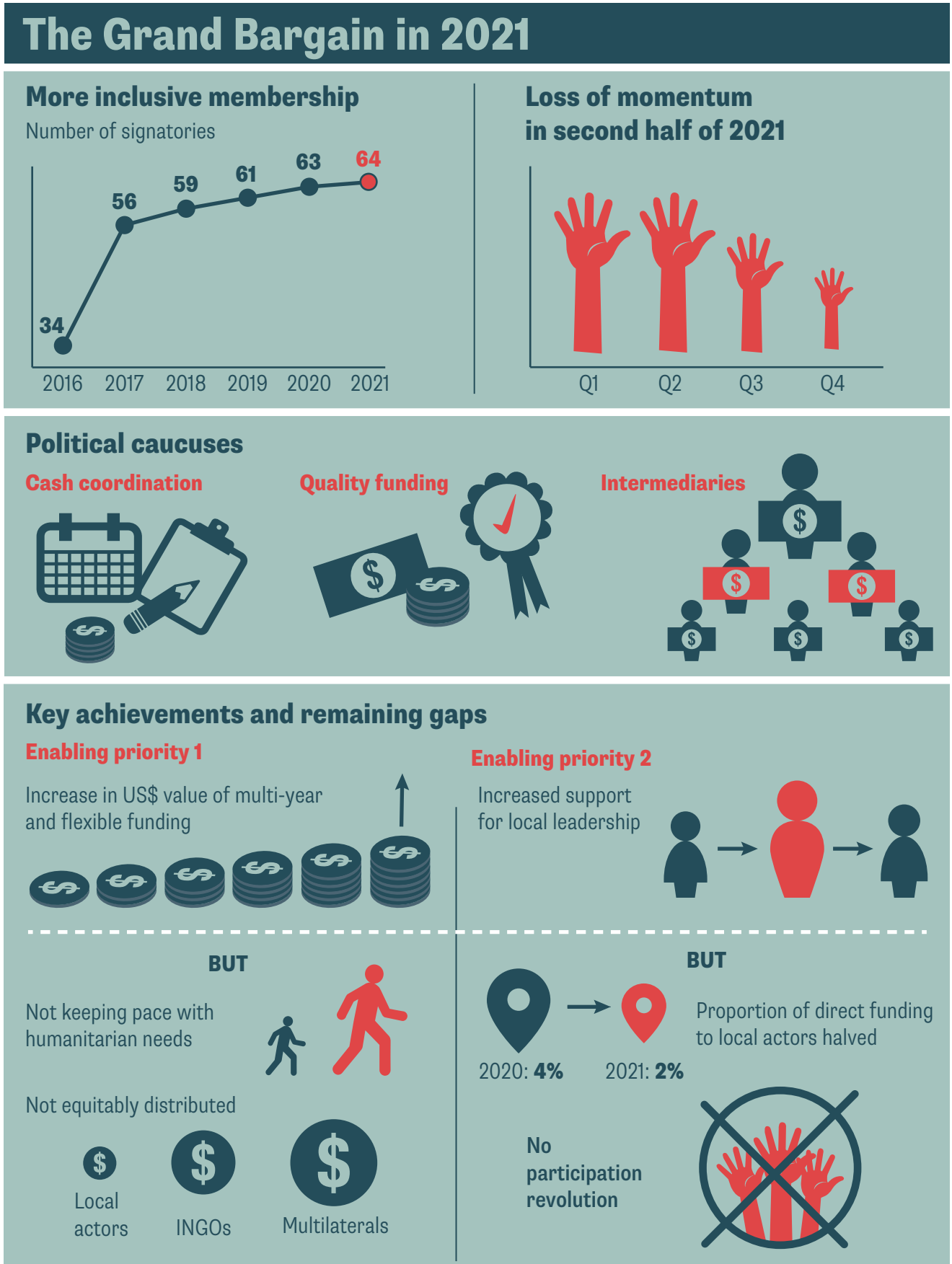
1. Signatories delegating greater authority to the Facilitation Group and Secretariat to assume a more proactive role to help galvanise signatory action, garner and sustain political momentum and consolidate collective progress.
2. Signatories providing the Secretariat with additional resources to scale up their support for the Grand Bargain structures and processes.
3. Ensuring better distribution of tasking between the chair and non-chairs to ensure the Facilitation Group can more proactively and strategically engage in caucuses and workstreams and make links between them.
4. Supporting the Sherpas through more regular meetings to identify gaps or issues that require their intervention and their engagement in caucuses to offer concrete ideas and political support.
5. Sharing the financial burden of sustaining the Grand Bargain structures and processes more equitably between a wider group of signatories.

Simplifying monitoring and reporting to better track progress

Six years into the Grand Bargain process, tracking of progress by the collective of signatories remains a major challenge. Overcoming this challenge will require:

1. The Facilitation Group, the Eminent Person, Secretariat, caucus champions and remaining co-conveners to work together to simplify the current set of indicators used in the self-report process.
2. Concurrently, there should be a high-level political push from the Eminent Person to those signatories that do not currently track or report data requested under the Grand Bargain (e.g. funding to local actors) to adapt their systems to enable them to do so.
3. Finally, with a view to sustaining momentum into the final year of the Grand Bargain 2.0 framework, it would be valuable to conduct a light review of the response to the conflict in Ukraine in the second half of 2022.

Figure 1 The Grand Bargain in 2021



Introduction

The Grand Bargain in 2021

The year 2021 was one of transition for the Grand Bargain and its signatories, with their adoption of a strategic shift towards a narrower set of objectives and related adjustments to structures and ways of working. This transition was driven both by what had been achieved to date in the various thematic areas of the original Grand Bargain framework from 2016, and by lessons identified from the previous five years on how to maximise the outcomes of this multistakeholder forum. The transition process – both its conceptualisation and its implementation – also took place against the backdrop of massive pressures on the international aid system, including the ongoing Covid-19 pandemic and the Taliban takeover in Afghanistan in the last quarter of the year.

Amidst all of this, the data collated for this Annual Independent Review (AIR) evidences continued consensus among signatories that the Grand Bargain is an important – if not the only – multi-stakeholder vehicle for change at institutional, constituency and system levels; that there is consensus among signatories on quality funding and localisation as key enablers of a more efficient and effective humanitarian response; and that incremental progress continues to be made by the signatories – collectively and individually – against these two priorities. But the data also shows that further clarification is required on how signatories can work most effectively together to advance these two priorities, and how progress can be more effectively measured; that the signatories need to urgently step up their investments to address the remaining political and cultural barriers to system-wide change in these areas; and that greater direction is required from the governance structures of the Grand Bargain to help concentrate political efforts towards addressing those barriers. Given that the current phase of the Grand Bargain is scheduled to end in June 2023, action in these areas is required urgently in order to achieve substantive progress by that date.

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, 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 included a voluntary annual reporting mechanism, supported by an annual independent review, in order to monitor progress against those commitments.

In the fifth AIR, published in June 2021, ODI provided analysis of the progress made and challenges faced by signatories in delivering on the Grand Bargain commitments in 2020. It also provided a longer-term overview of progress made by the signatories in the five years since the Grand Bargain was established. The fifth AIR found that important technical and political progress had been made over the five years in four substantive areas – cash assistance, localisation, joint needs analysis and harmonised reporting. It also

found that important progress had been made in advancing gender equality and women's empowerment as a key component of the Grand Bargain – despite this issue not having been integrated into the original commitments. However, the report also highlighted that many of the original ambitions of the Grand Bargain had not been achieved at the five-year mark, particularly in relation to ensuring greater transparency and reducing duplication and management costs, and that the participation revolution set out by the original signatories was far from being realised. Progress on quality funding – a key priority for all signatories – was more mixed. Signatories struggled to generate political momentum to substantially expand the provision and flow of quality funding across the system. But there had been progress in areas that could be considered 'building blocks' for the transformation of humanitarian funding, including collation of a strong body of evidence on the benefits of more predictable and flexible funding, agreement on the key principles that underpin quality funding and the documentation of good practices. The research team concluded that, despite the heavy burden placed on signatories in relation to reporting, the investments required to sustain engagement at different levels across so many different thematic areas and the political and technical challenges to be overcome in order to make progress, signatories continued to view the Grand Bargain as a critical vehicle for institutional and system-wide change.

This sixth AIR of the Grand Bargain was commissioned by the Facilitation Group, currently comprising the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), Germany, the International Committee of the Red Cross (ICRC), the International Council of Voluntary Agencies (ICVA), the Network for Empowered Aid Response (NEAR), the Office for the Coordination of Humanitarian Affairs (OCHA), and the United Nations Refugee Agency (UNHCR), on behalf of the now-64 signatories.¹ Overall guidance was provided by the Eminent Person, Minister for Foreign Trade and Development Cooperation Sigrid Kaag of the Netherlands until June 2021, and Secretary General of the Norwegian Refugee Council Jan Egeland from June 2021 onwards. The purpose of this AIR is to analyse the progress achieved and challenges faced by signatories against the commitments during 2021.

Methodology

To ensure consistency and comparability with past AIRs, ODI used the same methodology as for each of the 2018–2021 reports, which was adapted by ODI from the original methodology developed by the Global Public Policy Institute (GPPi) for the first AIR. This included reviewing 62 signatory and seven workstream co-convenor self-reports submitted by the agreed deadline of 1 March 2022;² semi-structured interviews with 52 signatories (16/26 donors; 12/13 UN agencies; 22/22 non-governmental organisations (NGOs) and NGO networks; 2/2 RCRCM) and seven workstream co-convenors that submitted self-reports by the agreed deadline;^{3,4} a review of publicly available literature; a review of

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- 1 Trocaire and the Danish Refugee Council became signatories to the Grand Bargain in 2021. Médecins du Monde withdrew from the Grand Bargain in 2021.
 - 2 The International Labour Organization (ILO) and Global Communities did not support reports for 2021.
 - 3 ILO were also interviewed although they did not submit a self-report for 2021.
 - 4 Australia and the World Bank submitted written answers to questions submitted by the research team in lieu of an interview.

findings from surveys conducted by NEAR and the Alliance for Empowering Partnership (A4EP) in early 2022 of local actors within their networks; and a review of data from field perception surveys conducted by Ground Truth Solutions (GTS) in eight humanitarian contexts in 2021.⁵ See Appendix 2 for a list of signatories and workstreams that submitted reports and responded to requests for an interview with the research team.

Caveats

There are, as in past years, a number of caveats to the analysis presented in this report. As determined by the Facilitation Group, the primary source of evidence for this review is the signatory self-reports, which are inherently subjective. The timeframe and scope of the review did not allow for detailed interrogation, verification or cross-referencing of information reported. As such, the AIR process should be considered a review, not an evaluation of signatories' performance against the commitments. The greatest challenge to the research, however, remained the lack of comparable and consistent data reported by signatories. Data presented in self-reports varied significantly in quality and consistency and, six years on, reporting against the core commitments remained very inconsistent, with differing interpretations of definitions and some signatories not tracking the data requested. Furthermore, comparing year-on-year data for some indicators does not help in identifying trends due to the inherently dynamic nature of the aid world (e.g. high levels of short-term funding for Afghanistan and the ongoing Covid-19 response had an impact on funding trends in 2021).

The research team sought to mitigate these challenges in several ways. They adjusted for bias in self-reporting by inviting for interview all signatories and workstream co-conveners that submitted reports by the agreed deadline – using the opportunity to interrogate the information provided and obtain clarifications as necessary. Where possible and time allowed, some of the data was also cross-referenced with data available from other sources. Finally, the signatories were provided with an opportunity to review the draft and request any necessary factual corrections before finalisation.

As the 2022 AIR process got under way, armed conflict broke out in Ukraine following the Russian invasion. This had a direct impact on this year's research process, with many staff in signatory organisations redeployed to the emergency response, leaving them with limited time to respond to requests for information. The Ukraine crisis also presents an opportunity to reflect on how the commitments made by signatories under the Grand Bargain are being applied in practice. Although the situation in Ukraine does not fall within the reporting period, the review offers some brief commentary on how the Grand Bargain is proving relevant to the humanitarian response in that context.

⁵ GTS provided both the raw data and a bespoke narrative analysis of its findings to ODI in April 2022. The eight contexts were Bangladesh, Burkina Faso, Central African Republic, Chad, Haiti, Nigeria, Somalia and Iraq. Surveys focused on affected people's perceptions of the general humanitarian response in their context, others focused more narrowly on cash and voucher assistance or the lingering impacts of the Covid-19 pandemic. More information on these surveys can be found at www.groundtruthsolutions.org.

Section 1 The Grand Bargain in transition

1.1 The new Grand Bargain 2.0 framework

1.1.1 The pressure for change

There were a number of pressures for change in the Grand Bargain, with much discussion over several years on how to evolve the mechanism to better serve its identified goals of greater efficiency and effectiveness. The original Grand Bargain framework was intentionally comprehensive, reflecting the complexity of the aid system itself. But in practice the sheer breadth of its scope proved problematic, and even the largest signatories had been unable to engage in more than a few of the 10 thematic areas. In recent years, much of the technical work in key areas had been completed by workstreams and it was increasingly clear to all signatories and stakeholders that the remaining barriers to progress towards the goals of efficiency and effectiveness were political – i.e. political commitment was required from leaders to change long-standing ways of working within their institutions. There has also been mounting pressure from within and outside the group of signatories to translate what are effectively policy commitments agreed by international aid actors at headquarters and in capitals into practical ways of working at crisis level, particularly in regard to increased collaboration with local aid actors.

These pressures culminated in agreement at the 2020 annual meeting among the signatories and the Eminent Person, Minister Sigrid Kaag, on the need for a revised framework that focused on a narrower set of collective priorities, with much of the bureaucracy that had evolved over the previous five years stripped back, and a focus on higher-level political action. This agreement reflected the recommendations made by ODI in successive AIRs. Thus, under the leadership of Eminent Person Kaag, the second half of 2020 and the first half of 2021 was a period of intense consultation and reflection among signatories (with support from ODI and other experts) on how to reshape and refine the original framework and adjust structures and processes in order to deliver on the Grand Bargain's original goals.

1.1.2 Identification of collective priorities

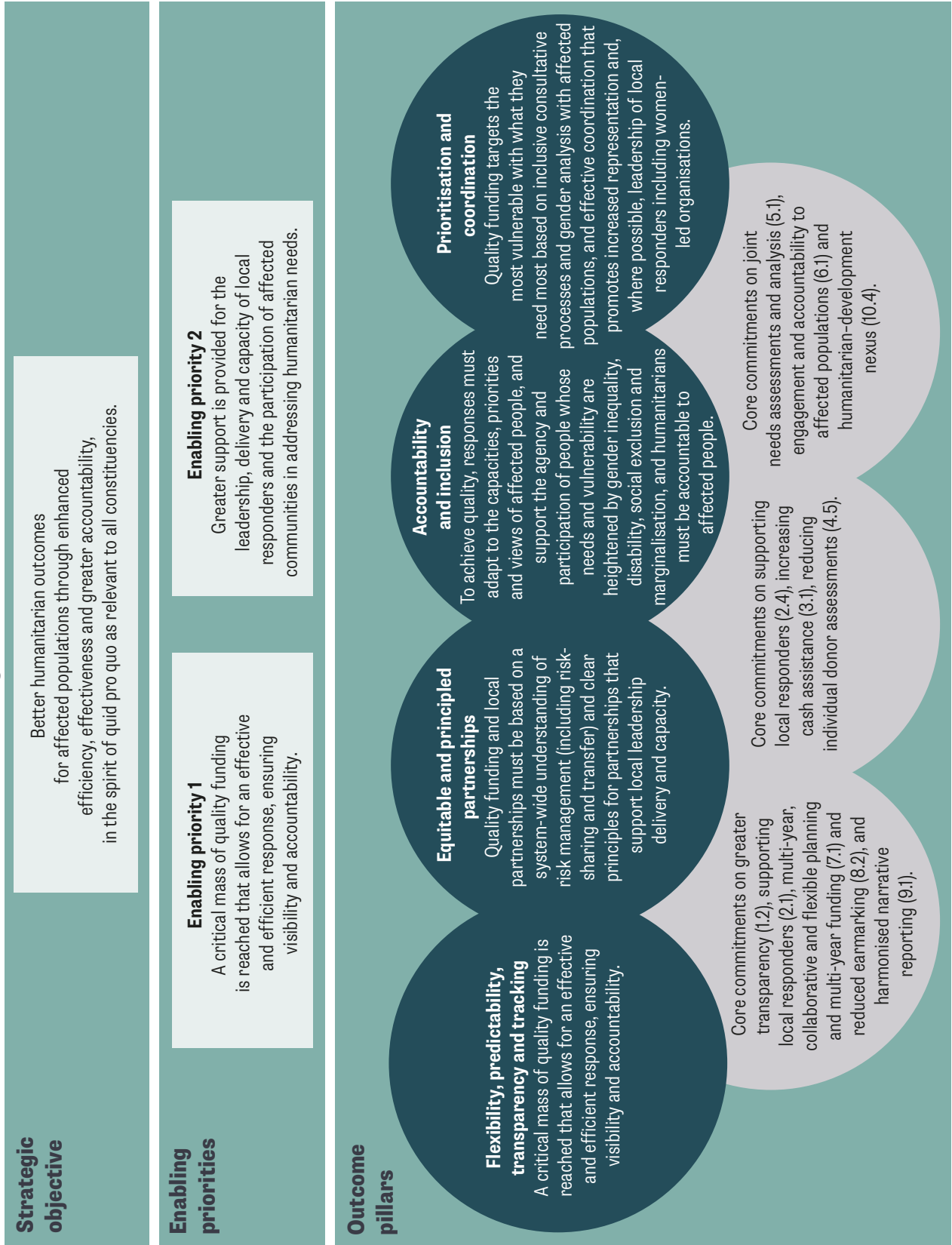
The key proposal for the 'Grand Bargain 2.0' was developed by Eminent Person Kaag and the Facilitation Group Sherpas at a high-level meeting in February 2021. The proposal included narrowing the focus of the Grand Bargain to two 'enabling priorities' drawn from the original commitments, namely quality funding and localisation/participation. This agreement was based on an informed assumption that

these priorities are the main enabling factors for a more efficient and effective aid response: that they have the ‘potential for system-wide transformative impact on the humanitarian eco-system’ (Secretariat, 2021a: 2).

The Facilitation Group members led the subsequent consultation process between February and June 2021, working within and across constituencies, with workstreams and at technical, Sherpa and principals’ levels. Substantive advice was provided during this process by ODI and other independent experts. By the annual meeting in June 2021, consensus had been reached among signatories on these two priorities, together with a shared commitment to integrating risk-sharing, gender and the nexus explicitly in the new Grand Bargain 2.0 framework (Figure 2). Recognising the importance of the original set of 51 commitments, the new framework also highlighted the functional links between the two priorities and the remaining core commitments.

The Grand Bargain 2.0 framework re-emphasised the original goals of the Grand Bargain, namely to enhance aid ‘efficiency, effectiveness, and greater accountability’, as a means to securing ‘better humanitarian outcomes’ for crisis-affected people (Secretariat, 2021a: 2). It also highlighted the importance of each constituency delivering on its responsibilities (in the ‘spirit of the quid pro quo’), emphasising the ‘crucial elements of the Grand Bargain without which localisation and quality funding are not possible to achieve’ – namely ‘visibility, risk-sharing, transparency and accountability – including accountability to affected populations’ (ibid.). The framework also aimed to break down the long-standing silos between the different thematic areas of action within the original framework and structures, setting out four ‘outcome pillars’ intended to support a more integrated approach: (1) flexibility, predictability, transparency and tracking; (2) equitable and principled partnerships; (3) accountability and inclusion; and (4) prioritisation and coordination.

Figure 2 Grand Bargain 2.0 framework



1.2 Revised structures and processes

In order to better reflect the narrower focus of the new framework, the signatories agreed to simplify the structures of the Grand Bargain. Agreement was reached at the annual meeting to reduce the number of workstreams, recognising that some had already completed the technical work that was required and no longer had particular value as stand-alone forums for signatory discussion. Signatories also agreed to establish political caucuses as an ad hoc mechanism. The caucuses were not intended to replace the workstreams, but rather to be high-level, time-bound forums tasked specifically with addressing identified political rather than technical barriers to progress on key issues. The Facilitation Group, with support from the Secretariat, issued guidance for signatories on how to manage the process to reduce the number of workstreams and to clarify the concept of political caucuses, and how they were to function and be governed (Secretariat, 2021b and 2021d).

Following Sigrid Kaag's decision to step down, a new Eminent Person was inaugurated at the 2021 annual meeting – Jan Egeland, Secretary General of the Norwegian Refugee Council and a former Emergency Relief Coordinator (ERC). Egeland confirmed his commitment to the enabling priorities agreed at the annual meeting, having worked in close consultation with Minister Kaag on a handover of the role.

1.2.1 Workstreams

Pursuant to guidance provided by the Facilitation Group, the co-conveners of workstreams were asked to submit preliminary proposals for the future of their respective workstreams in March 2021, and then update or revise them further by end-August 2021. All eight workstreams submitted proposals, on the basis of consultation with workstream participants, and these were endorsed in a meeting between the co-conveners and the Facilitation Group in December 2021.

Continuing workstreams

Four workstreams were continued through 2021 – workstream 1 (greater transparency), workstream 5 (joint needs assessment and analysis), workstream 6 (a participation revolution) and workstream 9 (simplified and harmonised reporting) (see Figure 3). Interviews conducted by the ODI research team with signatories indicate that there was some surprise at the decision to continue so many workstreams. Most signatories had expected most workstreams to be closed or transitioned to other forums. All but one (workstream 2 – localisation) of the workstreams that decided to continue were not convened in the latter half of the year, causing some confusion among the wider set of signatories regarding why they have continued, what their purpose is and how they relate to caucuses. This reduced collective activity was due to a number of factors. Some co-conveners have taken time to understand the role the workstream should play under the new Grand Bargain 2.0 framework, or how to relate to the political caucuses; some have had limited capacity and/or were trying to secure replacements for their leadership role (most without success). Whatever the reason, across all the workstreams there was a distinct loss of momentum in the latter half of 2021 and into 2022, with far less activity and progress reported than in the first half of 2021.

Workstream 1 (greater transparency): Following consultation with participating signatories, the co-conveners (the Netherlands and the World Bank) decided to maintain the workstream in an effort to keep political focus on data-driven transparency, as well as to facilitate continuation of some of the technical work that remained outstanding. The co-conveners declared their intention to step down after five years in the roles and have been trying to secure replacements since mid-2021, but with only partial success – A4EP have offered to assume a co-convenor role but no donors have yet come forward to replace the Netherlands.

Workstream 5 (joint needs assessment and analysis): The co-conveners' (DG ECHO and OCHA) decision to retain the workstream was based on an assumption that it would help to maintain the high-level political investments necessary to support ongoing inter-agency technical work to develop the JIAF 2.0. The workstream has not convened, but work continued throughout 2021 in JIAF-related structures.

Workstream 6 (a participation revolution): The co-conveners (the Steering Committee for Humanitarian Response (SCHR) and the United States (US)) decided to retain the workstream largely because participation had been integrated into enabling priority 2 and because continued technical-level discussions were likely to be valuable in pushing progress towards this enabling priority. The workstream was not convened in the latter half of 2021, although the co-conveners carried on discussions with a core group of the most active signatories, including to develop a 'decision-tree' and a workplan for 2022.

Workstream 9 (simplified and harmonised reporting): The co-conveners (Germany and ICVA) decided to retain the workstream in order to keep up the political pressure needed to secure a critical mass of signatories using the '8+3' narrative reporting template. The workstream has not convened since, but the co-conveners have continued to advocate within and across their constituencies for signatories to adopt the template for all downstream NGO partners.

Figure 3 Status of Grand Bargain workstreams

	Status	Transition
Workstream 1 Greater transparency	Continuing	
Workstream 2 More support and funding for local actors	Continuing	
Workstream 3 Increase the coordination and use of cash-based programming	Closed in 2021	Any remaining technical work transferred to other forums (e.g. CALP) + political caucus established on cash coordination
Workstream 4 Reduce duplication and management costs	Closed in 2021	
Workstream 5 Improve joint and impartial needs assessments	Continuing	
Workstream 6 A participation revolution	Continuing	
Workstream 7+8 Enhanced quality funding	Closed in 2021	Political caucus on multi-year funding established
Workstream 9 Harmonise and simplify reporting requirements	Continuing	
Workstream 10 Enhance engagement between humanitarian and development actors	Closed in 2018	Mainstreamed into the remaining workstreams

Closed workstreams

Three workstreams were slated for closure following the discussions in 2021 – workstream 3 (cash assistance), workstream 4 (reduce duplication and management costs) and workstream 7+8 (enhanced quality funding). The reasons behind the decisions to close and the legacy arrangements proposed differed significantly.

Workstream 3 (cash assistance): Agreement was reached among the co-conveners (the United Kingdom (UK) and the World Food Programme (WFP)) and participating signatories that the technical work necessary within the Grand Bargain had been largely completed, and that where necessary technical work could continue under existing platforms such as the Cash Learning Partnership (CALP) Network and the Social Protection Inter-Agency Coordination Board (SPIAC-B), or sub-groups of the workstream could continue as stand-alone entities. The workstream participants also agreed that a high-level political caucus should be created to address the political barriers to predictable coordination of cash assistance (commitment 3.5). The cash coordination caucus was established in November 2021 and championed by the Eminent Person.

Workstream 4 (reduce duplication and management costs): The co-conveners (Japan and UNHCR) felt that no further technical work was possible on the core commitment following discussions on recommendations from the GPPI study on donor assessments in late 2020. The co-conveners therefore recommended to the Eminent Person that discussions on reducing reporting requirements from DG ECHO and the UK (and any other donors) should be elevated to a political caucus and/or dealt with in the risk-sharing platform.

Workstream 7+8 (enhanced quality funding): An assessment conducted by the six co-conveners of the workstream (Canada, ICRC, the Norwegian Refugee Council (NRC), OCHA, Sweden and the UN Children's Emergency Fund (UNICEF)) in mid-2021 concluded that the remaining barriers to increasing the availability of quality funding were largely political, not technical. They decided therefore that addressing these barriers should be dealt with in a political caucus and the workstream should be closed. The co-conveners recommended that any remaining technical work should be undertaken through the Inter-Agency Standing Committee (IASC)'s Results Group 5 on humanitarian financing, including looking at the changes needed in UN agency systems to further pass quality funding and related conditions, including overheads, to implementing partners, and to enable greater traceability of funds along the transaction chain. A caucus on Quality Funding was established in February 2022, championed by the International Rescue Committee (IRC), with a series of Sherpa and working-level meetings in the first quarter of 2022.

Given continuing concerns about the need to streamline bureaucracy in the Grand Bargain and work within the limits of capacities available among signatories, it may be valuable to reflect further at this juncture on the status and purpose of remaining workstreams. Specifically, signatories should reflect on which workstreams genuinely continue to have added value and thus should continue, and which

no longer have any clear purpose and should be closed or transitioned to other formats or forums. Further clarification and effort is also required to ensure that those workstreams that are deemed valuable enough to continue are adequately connected with and/or feeding into the political caucuses.

1.2.2 Caucuses

The concept of political caucuses was elaborated by the Facilitation Group at the annual meeting in June 2021 and was subsequently endorsed by signatories. Recognising that the concept had some inherent risks, some signatories cautioned that caucuses should be ‘strategic, involve high-level participation, including from the most influential stakeholders’ and that ‘discussions ... should be transparent and inclusive’ (Secretariat, 2021b: 4). Shortly after the 2021 annual meeting, the Eminent Person and the Facilitation Group developed guidance to explain the concept of caucuses in practical detail, via a letter to all signatories from the Eminent Person in July and subsequent criteria for establishing Grand Bargain 2.0 caucuses and accompanying FAQs. The documents highlight that ‘caucuses are not envisaged as rigid and fixed structures. They are meant to be a flexible and agile tool to unblock a challenge or identify a trade-off among several stakeholders or constituencies that requires specific decision-making at senior level’ (Secretariat, 2021d: 1).

The guidance outlined five criteria for establishing a caucus, specifying that the issue to be dealt with in a caucus should: be an impasse or stalled challenge or trade-off; have collective relevance; have transformative potential; be explicitly linked to the two enabling priorities; and remain within the scope of the Grand Bargain (Secretariat, 2021c). The guidance also specified that a caucus should be time-bound, have a clear problem statement, with participation limited to a small number of active participants that can or should play a key role on the topic. The roles and responsibilities of the champions of a caucus and those of the Eminent Person, Facilitation Group and Secretariat were also clarified: the former is responsible for the establishment, management and outcomes of a caucus, including to ensure communication to the rest of the signatories on objectives, progress and outcomes. The latter are only to be kept informed of, rather than take an active role in, caucuses – other than to request clarity on a problem statement if insufficiently defined (ibid.). In his July 2021 letter to signatories, the Eminent Person suggested three key priority issues to be dealt with in a caucus – cash coordination, quality funding and intermediaries – based on discussions at the 2021 annual meeting. He also appealed for signatories to come forward to champion or lead these caucuses (Egeland, 2021). The letter signalled that these were initial priorities and that other caucuses would likely be required before the next annual meeting.

By early 2022, three caucuses had been established: on cash coordination, led by the Eminent Person; on intermediaries, led by SCHR and the International Federation of Red Cross and Red Crescent Societies (IFRC); and on quality funding, led by IRC in consultation with DG ECHO. The experiences and outcomes of these caucuses have been mixed. The cash coordination caucus commenced work formally in late November 2021, with participation from DG ECHO, the US, UNHCR, UNICEF, OCHA, WFP, A4EP, the Collaborative Cash Delivery Network (CCD), ICVA and IFRC, with CALP and CashCap as technical experts and the World Bank as an observer. Agreement was reached in early February 2022 on arrangements

for a global cash coordination model (Grand Bargain, 2022a). This agreement was formally endorsed by the IASC Principals in March 2022. A caucus on intermediaries was formally established by IFRC and SCHR in September/October 2021, with a core group of signatories including UNHCR, UNICEF, DG ECHO, Switzerland, NEAR and A4EP, and an ‘outer circle’ of individuals with technical expertise in this area. However, seven months on it remains unclear what specific outcomes this caucus is working towards, and little progress is visible to signatories or the ODI research team. The quality funding caucus was formally established in late February 2022 by the IRC, with participation from DG ECHO, Sweden and the US, OCHA, UNICEF, UNHCR, WFP, NEAR and InterAction and the ICRC. It was thus still early on in its process at the time of the research for this AIR. The IRC proposed a focus on multi-year funding, with a tentative proposal for an agreement on a target for the two largest humanitarian donors (DG ECHO and the US) to increase their provision of multi-year funding by mid-2023.

Although generally endorsed as a concept, there have been mixed experiences of caucuses in practice. In terms of the cash coordination caucus, signatories (both those directly involved and those more distant from the process) expressed to the research team their positive reflections on both the management of the caucus and the outcome that was agreed. The majority of participating signatories felt that the caucus had been well led by the Eminent Person and his team, had a clear problem statement and a clear focus, and was well supported by independent/objective facilitators. The result was a negotiated agreement that signatories involved as well as those who were mainly observers were able to support (see, for example, Action Against Hunger et al., 2022). There was also acknowledgement that this caucus had an advantage in that it was able to build upon years of technical work to support cash coordination, and that there was a clear alignment among the major players involved. There was some concern expressed by a few signatories that the tight deadline set at the beginning of the process for reaching agreement offered limited opportunities for consultations with a broader set of local actors. There are also some concerns – or perhaps nervousness – about how the agreement will now be rolled out, including whether those signatories intimately involved have the appropriate resources and political will to implement the agreement reached in a consistent manner.

With regard to the intermediaries’ caucus, signatories from different constituency groups expressed significant concern during interviews about the focus of and progress made by the caucus. Concerns included a perception that there had been insufficient senior political leadership of the discussions, that there had been some basic disagreements over concepts and terminology previously agreed in workstream 2, and that there was no clear problem statement or clarity of objective or outcome. Identifying some of these concerns early on, the Facilitation Group Sherpas agreed in their December 2021 meeting that this caucus should develop a clear problem statement by mid-January 2022, but this was still not available at the time of research for this AIR. Given the direct relevance of the intermediary discussion to a large majority of signatories, particular concern was expressed by many signatories during the research interviews that little information had been communicated to them by the champions on what was being discussed within the core group.

The quality funding caucus was still in its early phase as this research was being undertaken, but there were already calls for greater communication to the wider set of signatories as to its objective(s), with some signatories questioning the focus on increasing the proportion of multi-year funding without reference to the predictability of funding. Some also questioned why multi-year had been prioritised over increasing flexible funding. A number of smaller aid organisation signatories expressed concerns about how participants for this caucus were selected, explaining that there was a risk that the discussions focused only on solutions favourable to the larger aid organisations invited to join. Many signatories also highlighted a lack of clarity in regard to how the outcomes agreed in any given caucus can or should be supported or implemented by the wider range of signatories that were not involved directly.

Reflecting on these experiences, it is clear that a number of lessons should be integrated into future caucuses to ensure they are effective mechanisms for overcoming political barriers to change. In particular, it is clear that strong, high-level and sustained *political* leadership is key to generating the necessary momentum and securing the compromises needed to achieve results in any given caucus. The caucuses should also ensure that they are building on the work that has already been done at the workstream level (whether the relevant workstream continues to exist or not) to identify political blockages or challenges, collate good practices and/or offer solutions. As per discussions on the original concept in 2021, exclusivity of participation is appropriate for what are essentially difficult political negotiations. But maintaining full transparency and ensuring regular communication with signatories not actively participating is critical to ensuring the wider group of signatories are aware of and can therefore support the outcomes agreed. Clarity on which signatories are selected to participate and why is important to mitigate concerns that some voices are not included (particularly those of smaller signatories). However, there is also clearly a need for signatories to avail themselves of the updates being disseminated regularly via the Secretariat. Independent facilitators can be very helpful in ensuring that no signatory-specific agenda can dominate the discussions. And crucially, the Secretariat – as a neutral entity within the Grand Bargain – needs to be empowered and resourced to take a more proactive role to secure connections between the caucuses, ensuring they build on lessons learned, that gender, risk and the nexus are better integrated in the discussions and outcomes and that the caucuses are connected with other commitments by signatories that could help inform negotiations (e.g. negotiations in the quality funding caucus could reflect on the value of the harmonised reporting template and standardising cost classifications). The Facilitation Group should play a more proactive role in ensuring that champions and participating signatories are held to account for, as well as supported in making, progress within a caucus. And finally, caucus champions should be required to set out in their outcome documents how the specific outcome agreed should/could be supported or implemented by the wider set of signatories not directly involved in that caucus' discussions. Many of these lessons are echoed in the paper prepared by the Eminent Person's team and the Secretariat following the conclusion of the cash coordination caucus (Secretariat, 2022b).

1.2.3 Enabling greater engagement with local actors

A major theme of discussion at the annual meeting in 2021 was how to ensure greater relevance of the Grand Bargain at country level, and how to more effectively engage local actors in the Grand Bargain processes and decision-making. Two key decisions were reached: to include representation of local actors in the Facilitation Group, and to establish National Reference Groups (NRGs) at country level.

With respect to the Facilitation Group, NEAR assumed the role of local representative shortly after the annual meeting, and will rotate with A4EP in October 2022. NEAR and A4EP have also assumed substantive roles in other key forums including the caucuses. This shift has been positive, enabling them, as representatives of local actors, to have a higher degree of influence in decision-making processes in the Grand Bargain. But it is clear from interviews with different stakeholders that it has not been without challenges. There has been insufficient adaptation of ways of working by international partners to fully enable local actor engagement, including to accommodate different working patterns, time zones and capacities of local actors. In addition, local actors engaging in the Grand Bargain process tend to have less flexible funding that can be used to support staff, for instance to travel to international meetings. Thus, more practical and financial support from international partners in the Grand Bargain is required to consolidate and sustain the important impact that these two networks and their members have been able to have in the Facilitation Group, in caucuses and in other Grand Bargain processes to date.

The NRG concept was endorsed at the 2021 annual meeting, with agreement that NEAR and OCHA would work together (as members of the Facilitation Group) to draft terms of reference for these new mechanisms. There was also further agreement to test this idea in a few contexts before rolling out more broadly. The guidance note and an accompanying schematic was developed by end-2021 and endorsed by the Facilitation Group in early 2022. It has since been shared with all signatories and more than 100 local and national actors. The guidance articulates that NRGs should be national-level, constituent-based, consultative forums for humanitarian stakeholders, initiated and led by local and national actors. Their purpose is to promote the Grand Bargain 2.0 framework and its two enabling priorities, and they ‘may’ choose to engage with the Grand Bargain at the global level. Importantly, the guidance also specifies that the NRGs ‘would ideally not duplicate or mirror existing coordination structures in country’ (Secretariat, 2022a: 1). The guidance also indicated that ‘those establishing NRGs may build on efforts launched by the Grand Bargain’s Workstream 2 Country-based Dialogues’ (ibid.: 2). At the time of writing, NEAR was leading consultations with local actors in several contexts. However, none has yet been set up and thus the concept has yet to be tested. During interviews it became clear that there was a lack of clarity among many signatories as to the value of or difference between these proposed structures and the Country-level Dialogues undertaken by workstream 2 in recent years (see Section 2.2), and a concern from some that these new structures should not create additional bureaucracy. Further communication is evidently required to ensure all signatories understand the purpose of the NRGs and can support their roll-out at country level.

1.3 Signatories' engagement in the Grand Bargain 2.0

In the run-up to the 2021 annual meeting, a broad group of signatories from all constituencies had been actively engaged in the consultations on the future of the Grand Bargain – participating in multiple discussions in workstreams and within their constituencies on the different options available. This was cumbersome and time-consuming, but acknowledged by the majority of signatories as necessary to ensure an inclusive decision-making process. At the annual meeting, the level of engagement and interest shown by the large majority of signatories in continuing this forum was significant, with high levels of participation and interventions and concrete proposals for future actions (Secretariat, 2021b).

This enthusiasm for the Grand Bargain is reflected in the high rate of submission of self-reports for this year's review process – 62 out of 64 signatories (97%) submitted reports by the deadline – the same in percentage terms as 2020, when 61 out of 63 signatories submitted self-reports.⁶ The content of the self-reports and interviews demonstrates consistent interest among the great majority of signatories in integrating many of the commitments into their institutional ways of working – though progress continued to vary significantly between signatories and in relation to different thematic areas.

However, interviews also evidence frustration among many signatories at the lack of collective activity in the Grand Bargain in the latter half of 2021, particularly against key priorities including quality funding. During interviews, many asserted that there had been little activity at the workstream level – the principal entry point for their engagement in the Grand Bargain – and they were concerned that they had little information on what actions were being taken in relation to points agreed at the annual meeting. Several highlighted delays in establishing caucuses on quality funding and localisation. With the changes in structures – reduced workstreams and a more exclusive approach in caucuses – some smaller signatories felt excluded, with at least one signatory concerned that the Grand Bargain had become less consultative overall. However, when questioned during interviews these same signatories also largely admitted that it was for them as signatories to step forward to engage in the remaining structures, including to propose and lead caucuses, with several explaining that they had not been prepared to do so themselves due to lack of capacity or political interest from their institutions. Some aid organisation signatories expressed particular concern at what they perceived to be declining interest among donors to engage in Grand Bargain processes, pointing to the reluctance of donors to step up as co-convenor for the transparency and localisation workstreams, or to co-champion the quality funding caucus. For their part, donors reiterated during interviews their ongoing interest in engaging in the mechanism, and explained that a reduced level of engagement related to lack of capacity rather than lack of commitment.

⁶ Global Communities did not submit a self-report for 2021 – they have not submitted a self-report since becoming a signatory to the Grand Bargain but have not withdrawn from this mechanism and thus continue to be counted in the tally of signatories. ILO did not submit a report for 2021 but did respond to a request for interview by the research team and provided information on their ongoing interest in this mechanism.

There was, though, clearly a substantial loss of momentum across the Grand Bargain in the latter half of 2021, with little collective action in key areas, including on the two enabling priorities. Although activity levels picked up in the first quarter of 2022, crucial time has been lost in moving forward on the new framework. The large majority of signatories continue to profess their commitment to this mechanism, but they will need to rapidly step up their levels of engagement and action, including assuming leadership roles, if they want to see the outcomes they expect by mid-2023 – the current end date of the 2.0 framework.

Section 2 Progress on quality funding and localisation/participation – the ‘enabling priorities’

2.1 Quality funding

Enabling priority 1 was defined in the February 2021 framework and endorsed at the annual meeting 2021 as ‘a critical mass of quality funding is reached that allows an effective and efficient response, ensuring visibility and accountability’ (Secretariat, 2021a).

2.1.1 Key areas of progress

As in past years, it is difficult to determine accurately what progress has been made in relation to quality funding because of the paucity and inconsistency of data in self-reports. A year-on-year trends analysis is also impacted by ‘one-off’ variances in the global aid response, for example the Covid-19 pandemic and the Afghanistan crisis in 2021, and the approximately 30% overall cut in humanitarian funding by the UK – a key provider of quality funding (Loft and Brien, 2021).⁷ The quantitative analysis below should therefore be considered in light of the quality of the data available.

In the 2021 self-reports, the majority of donors reiterated their commitment to providing more quality funding. Germany has integrated language on the Grand Bargain commitments, including on quality funding, in the coalition agreement between governing political parties, and Spain has integrated the commitments in its forthcoming International Cooperation Law. The data reported by donors suggests that this commitment may be translating into an increase in the volume of quality funding across the system. However, the data also suggests that any increase in volume has not kept pace with increases in global humanitarian requirements (the 2021 Global Humanitarian Overview (GHO) outlined funding requirements of \$35.1 billion at its launch),⁸ and thus there has been no substantive increase in quality funding as a proportion or percentage of overall humanitarian funding. Data reported also suggests that what quality funding is available from government donors is not allocated equitably across different actors, with multilateral organisations receiving the lion’s share and local actors reporting that they receive little if any quality humanitarian funding.

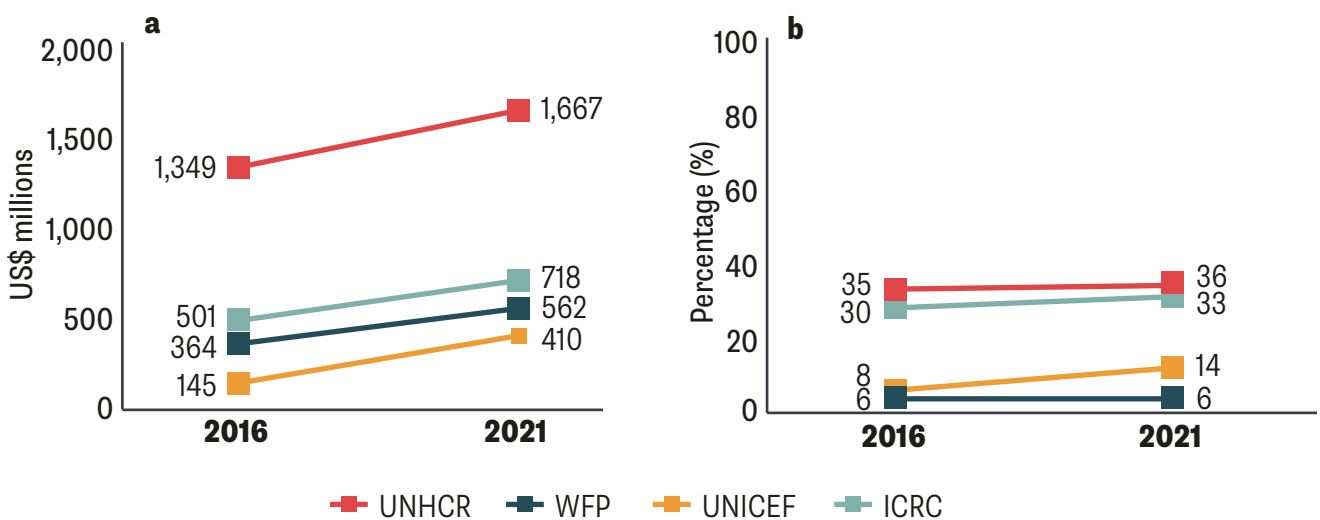
7 Funding cuts specified by the UK government were higher for certain countries/crises and aid partners.

8 <https://2021.gho.unocha.org>.

Data suggests that there has been a slight increase in volume terms of multi-year funding to some multilateral organisations in 2021 compared with 2020, and also in the volume (and to a lesser extent the percentage) of flexible funding, including contributions to the Central Emergency Response Fund (CERF) and OCHA-managed Country-based Pooled Funds (CBPFs) (Figure 4). Combined contributions to the CERF and CBPFs reached \$1.773 billion, a little under the total in 2019 (\$1.777 billion), but still reflecting an upward trajectory since the Grand Bargain was created in 2016, when the combined total stood at \$1.135 billion.⁹ Donors continued to cite transparency and accountability, including the ability to track funding to local organisations, as a factor in their decision to renew or increase funding to CBPFs. Signatories were not asked in the self-report process to provide a breakdown of funding received from institutional or private donors, but the qualitative information available suggests that at least some of the increase in quality funding received by aid organisations (including multilaterals) relates to private rather than public (i.e. institutional donor) funding. Incremental progress continued to be made by the two largest donors – US and DG ECHO – but this has not yet reached a point where it could have a transformative impact across the humanitarian system.

There is no evidence in the self-reports to suggest progress in aid organisations passing down the flexible or multi-year funds they receive to their implementing partners. Only six aid organisations reported against the indicators for this. There was, however, some sustained momentum in institutionalising the flexibility introduced during the Covid-19 response.

Figure 4 Flexible funding for key multilateral organisations (a) in US\$ value and (b) as a percentage of overall humanitarian funding received, 2016-2021



Source: Signatory self-reports

⁹ Figures from OCHA’s pooled funds data hub, as at 20 April 2022.

In essence, making quality funding an ‘enabling priority’ has had limited impact in terms of a substantive increase in the *proportion* of quality funding available. While this may not be unexpected in the timeframe, it is a source of frustration for aid organisations and some donors. However, it is not possible to say that there has been no progress at all. Many donors have increased the absolute volume of funds they provide as multi-year, flexible or (in rare cases) multi-year *and* flexible. Much of this is provided through the CERF and/or CBPFs, which remain important strategic channels for quality funding across the humanitarian system.

The research once again highlighted some of the long-standing challenges in regard to donors and aid organisations providing or passing on more quality funding down the chain. Donors remain united in their commitment to quality funding, but divided when it comes to their practices – with some, such as Belgium, Denmark, Germany, Ireland, Sweden and the UK, consistently cited as good performers by recipient aid organisations and/or reporting high levels of quality funding (see the figures in Sub-section 2.1.2). There are also long-standing differences in practice *within* some donors, where the support for multilateral organisations provided by a Foreign Ministry tends to include substantial amounts of multi-year core funding, and humanitarian aid units or departments (within or outside the Foreign Ministry) providing humanitarian funding which is more often short-term and earmarked. Those donors that have traditionally provided large proportions of their funding as multi-year and/or flexible remain frustrated by what they see as insufficient progress on these issues by some of their larger peers. During interviews, they asserted that political-level dialogue is now critical to secure greater progress across the donor constituency. There are differing reasons why some donors have not yet been able to substantially increase the proportion of their humanitarian funding that is multi-year and/or flexible. Some explained during interviews that they continue to face legal or administrative obstacles that are not easily overcome. Others explained that they are or have sought to amend rules or find ways to navigate them. But across all donors there were common concerns regarding some long-standing practices of aid organisations, including: the disconnect or contradiction between their fundraising practices (i.e. annual appeals and pledging conferences for specific crises) and their request to increase multi-year, flexible funding; insufficient efforts to increase the visibility of donor contributions, which donors argue are set out in grant agreements and are relatively simple to comply with; inadequate levels of transparency of and accountability for the use of multi-year, flexible contributions; and, for some key donors in particular, a failure by some larger aid organisations to cascade quality funding to frontline, particularly local, responders.

For their part, most international aid organisation signatories asserted during interviews that the complex pattern of when and how they receive funding from multiple donors and the still small proportion of quality funds that they receive overall mean they cannot automatically pass any degree of flexibility or predictability down the chain. Some UN and NGO signatories highlighted in particular that the type of funding they receive has barely changed and/or that their administrative rules and/or donor restrictions limit how they can pass on any quality funding that they do receive. As a constituency, aid organisations also argue that they have already made efforts to increase the transparency of their expenditures through IATI and/or other data systems, that they have improved the quality and granularity of their reporting, but that they receive little specific feedback from donors on what more they could/should do in these areas.

The vast majority of signatories interviewed for the AIR reiterated that quality funding should be the key priority of the Grand Bargain, and welcomed the decision to elevate it to an enabling priority. Many were surprised by the co-conveners' decision to close the workstream in mid-2021, expressing concern that further technical work was likely going to be needed to support political-level progress, and questioning where they could come together to discuss these issues at a working level. These concerns increased in early 2022 following changes to priorities and structures in the IASC, which resulted in the closure of Results Group 5 on humanitarian financing. There was appreciation for IRC's decision to lead the new caucus on quality funding. Some were also aware of the informal advisory group created to provide technical support to the caucus, including technical expertise such as from Development Initiatives (DI). But there are widespread concerns that there is currently no broad-based multistakeholder forum for discussion or technical work on quality funding. As noted earlier, there were also concerns expressed by different signatories during interviews about the decision to focus the caucus on multi-year funding, and how the views of smaller aid organisations would be reflected in negotiations with DG ECHO and the US.

2.1.2 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

Revised target: N/A

Target status: 23 out of 25 institutional donors reported that they provided 'multi-year' funding in 2021, based on the definition provided by the workstream in 2020, including six donors that reported that the percentage had increased between 2020 and 2021, and seven donors that reported that more than 50% of their funding is provided as 'multi-year'.

Government donors

Analysis of the self-reports indicate that 23 out of 25 institutional donors¹⁰ reported that they provide at least some humanitarian funding as multi-year, up from 19 in 2020 (Figure 5). Six donors (Belgium, Denmark, DG ECHO, Ireland, Switzerland and the US Agency for International Development (USAID)

¹⁰ The Organisation for Economic Co-operation and Development (OECD) is included in the 'donor' group but is not included in this analysis because it is not a grant-giving donor within the meaning of the core commitment.

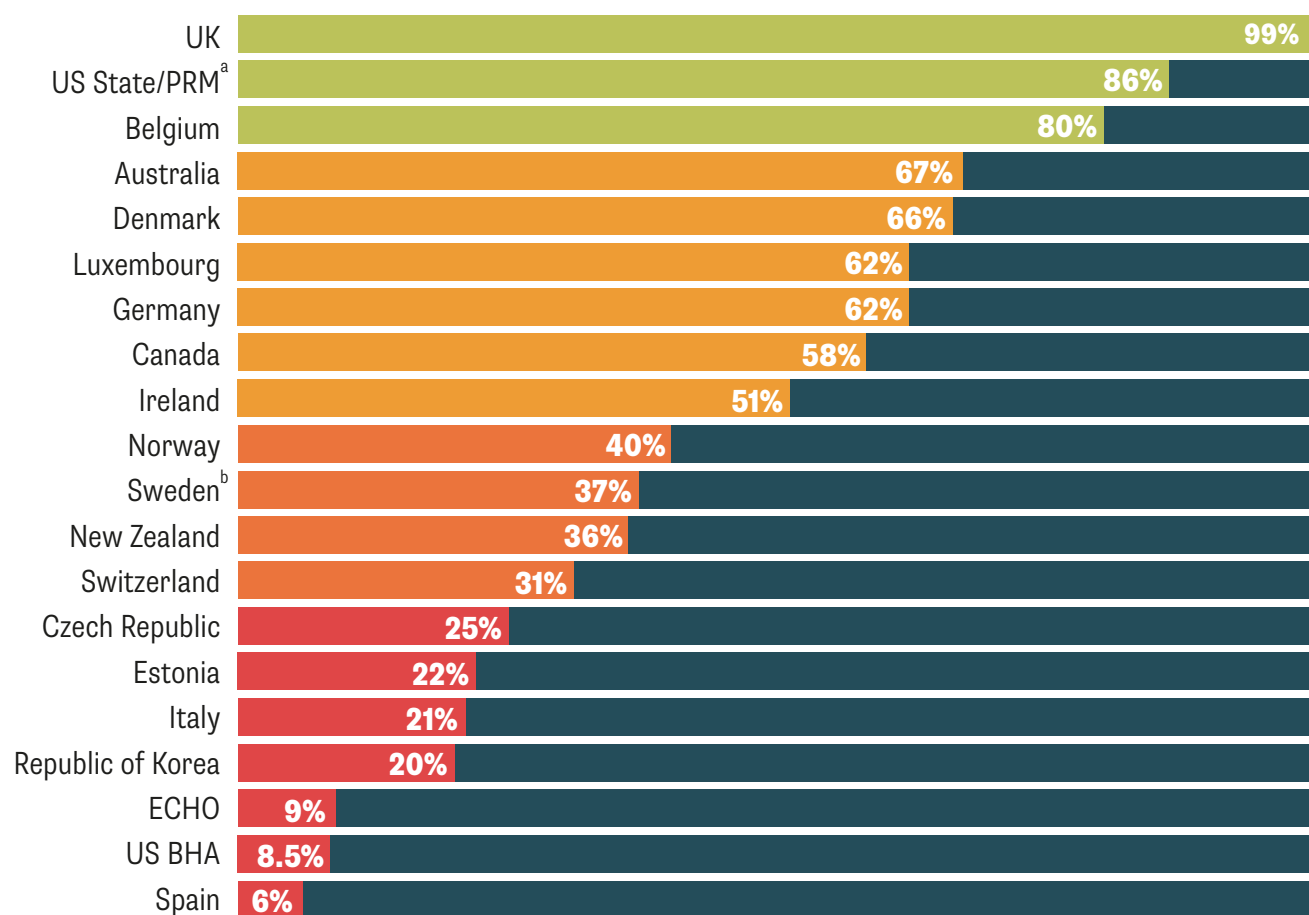
43 HPG commissioned report

Bureau for Humanitarian Assistance (BHA)) reported percentage increases in humanitarian funding provided as multi-year. Three donors (Canada, Estonia and the UK) reported that their percentage of multi-year funding remained static between 2020 and 2021. Two donors (the Czech Republic and Germany) reported a decrease in multi-year funding in percentage terms between 2020 and 2021. However, for Germany the absolute volume of multi-year funding had increased, and the percentage drop related to sharp increases in short-term funding for several crises in 2021. The US, and specifically the US State Department Bureau of Population, Refugees, and Migration (PRM), similarly saw a decrease in percentage of multi-year funding provided as their 'overseas assistance awards' between 2020 and 2021 (89% in 2020 and 86% in 2021) but an increase in volume terms to \$409.4 million in 2021, compared to \$357.7 million in 2020. Six donors did not provide quantitative data.

Past AIRs highlighted the need for a major shift from the US and DG ECHO on multi-year funding, and there is evidence of important progress from both in 2021. Although still lagging behind US State/PRM in their proportional provision of multi-year funding, USAID/BHA increased the proportion of multi-year funding by 61%. Multi-year funding was still only 8.5% of USAID/BHA's total funding in 2021, but in volume terms it is significant – over \$650 million – and, when combined with US State/PRM, means that the US provided over \$1 billion in multi-year humanitarian funding in 2021. DG ECHO also significantly increased its multi-year funding in both percentage and absolute volume terms, from 3% (€29.9 million) in 2020 to 9% of all humanitarian funding in 2021, totalling €125.4 million.

Data from multilateral organisations offers a mixed picture in terms of multi-year funding received. Of the three largest UN humanitarian agencies (WFP, UNICEF and UNHCR), UNICEF and WFP reported receiving increased volumes of multi-year funds from 2020 to 2021, but that this was still a decrease in percentage terms of the overall humanitarian funding they received. UNHCR reported a decrease in both volume and percentage terms. Although the ICRC saw a 21% decrease in the percentage of multi-year pledges received in 2021, they also reported a 49% increase in the value of multi-year contracts signed in 2021. This mixed pattern was evident across other multilaterals. The United Nations Population Fund (UNFPA) reported an increase in the volume of multi-year funding, but this was a decrease in the percentage of multi-year funding they received in 2021 compared to 2020 (despite an almost 50% increase in the number of multi-year agreements signed with donors). UNFPA attributed this to the increase in short-term funding in 2021 for sudden/deteriorating emergencies including Afghanistan. The World Health Organization (WHO) reported an increase in funds of over 12 months' duration, but only 5% were for 24 months or more, which is a decrease from 10% in 2020. The United Nations Development Programme (UNDP) again reported no significant changes in their funding pattern. According to data from OCHA, there was an increase in multi-year contributions to the CERF in 2021 in percentage terms (70% compared to 63% in 2020), but a decrease to CBPFs: 24%, against 32% in 2020 (related in part to high levels of short-term contributions to the Afghanistan CBPF).

Figure 5 Donors that reported the percentage of humanitarian funds that are multi-year



Note: (a) The figure provided by US/PRM refers only to the percentage of multi-year funding awarded as ‘overseas assistance awards’. This is not a percentage of all PRM funding, the bulk of which is provided as annual contributions in response to annual appeals from international organisations. (b) includes 88% for MFA and 5% for Sida.

Source: Signatory self-reports; the self-reports requested data using the definition agreed in workstream 7 + 8, available at <https://interagencystandingcommittee.org/system/files/2020-04/Multi-year%20and%20flexible%20funding%20-%20Definitions%20Guidance%20Summary%20-%20Narrative%20Section%20January%202020.pdf>

The IFRC reported an increase in percentage terms of multi-year funding received – from 5% in 2020 to 8% in 2021, but explained that this was still the second-lowest percentage and the lowest in volume terms since 2016. They did however highlight the positive example of their new programme partnership with DG ECHO, launched as a six-month pilot in October 2021 with an initial budget of €8.5 million covering 10 countries. The programme will be rolled out in 2022 to 15 new countries over the next three years, accounting for around €67 million per year. Establishing the partnership has been challenging: both DG ECHO and IFRC had to create dedicated tools to cope with multi-year funding, but IFRC considered this new, more predictable approach a ‘game-changer’ in enabling a more effective response in protracted crises.

Only 10 NGOs reported any quantitative data on multi-year funding received (the Catholic Agency for Overseas Development (CAFOD), Care International,¹¹ Christian Aid, DanChurchAid, Danish Refugee Council, Mercy Corps, NRC, Save the Children, Trocaire and ZOA). Thus, it is not possible to identify any particular trends. NRC and Save the Children reported a slight percentage increase in 2021 compared to 2020, and Trocaire and the Democratic Republic of Congo (DRC) both reported a decrease in 2021 (a slight decrease in the DRC's case) compared with 2020.

Aid organisations

How much of multi-year funding received by aid organisations is passed down to their partners remains unclear. Only eight aid organisations (CAFOD, Care International,¹² the Food and Agriculture Organization (FAO), the International Organisation for Migration (IOM), Mercy Corps, UNICEF, Save the Children and ZOA) reported on the percentage of multi-year funds they receive that they pass down to partners, but it was not clear how much of that was passed down as multi-year. The indicator included in the spreadsheet does not specifically request that data, but most aid organisations indicated that they do not or cannot track the 'quality' of the funds passed down. Three aid organisations (Oxfam, Trocaire and UNHCR) were not able to report on the percentage of funds allocated downwards but provided alternative information: UNHCR reported on the number of multi-year grant agreements it had with downstream partners in 2021 (26), and Oxfam offered as an example their multi-year partnership with Belgium, under which they pass down funding to their downstream partners with the same multi-year terms that they received from their donors.

The rest (20/29) of the aid organisation signatory group that have funding partnerships with downstream partners¹³ either did not report any data, said that they could not track this in their financial systems or reported that they cannot pass down funds as multi-year because they do not receive sufficient amounts and/or because of legal and/or administrative requirements.

Some aid organisations provided information on their multi-year planning, which is a component of the core commitment, but there is no indicator for this in the self-report template. UNHCR reported that they are shifting to a multi-year approach to results-based management with the goal of moving the whole institution to a multi-year programme cycle by 2024. OCHA reported that, by the end of 2021, there were eight countries with multi-year HRPs: Afghanistan, Chad, El Salvador, Guatemala, Haiti, Honduras, Mali and Nigeria. This is an increase from March 2021, when four such plans were in place.

As referenced in the 2021 AIR, a further complexity in the discourse on multi-year funding is the extent to which such funds are actually more predictable than annual funding agreements. Most donors provide multi-year humanitarian funding in annual tranches, but there is much diversity in

11 Data provided by Care International represents funding for approximately 50% of the Care confederation.

12 As in footnote 11.

13 This excludes the ICRC, the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the five NGO networks.

their reporting requirements and processes for the release of subsequent annual tranches. Several recipient organisations highlighted Denmark as being the most efficient and least burdensome in terms of conditions, requiring reporting against a set of agreed indicators in a way that is straightforward and without an unnecessarily burdensome process to prove the value or impact of the programme of work agreed. Belgium was also referenced by at least one organisation for having recently simplified its procedures to enable more predictability. With respect to some other donors, some aid organisations assert that the reporting burden seems to be little different to an annual agreement. There has been limited dialogue between constituency groups – or bilateral dialogue between many donors and their recipient organisations – on what a *predictable* multi-year agreement actually means in practice, or what minimum requirements might look like to ensure a reasonable level of predictability.

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 – target of 30% – by 2020

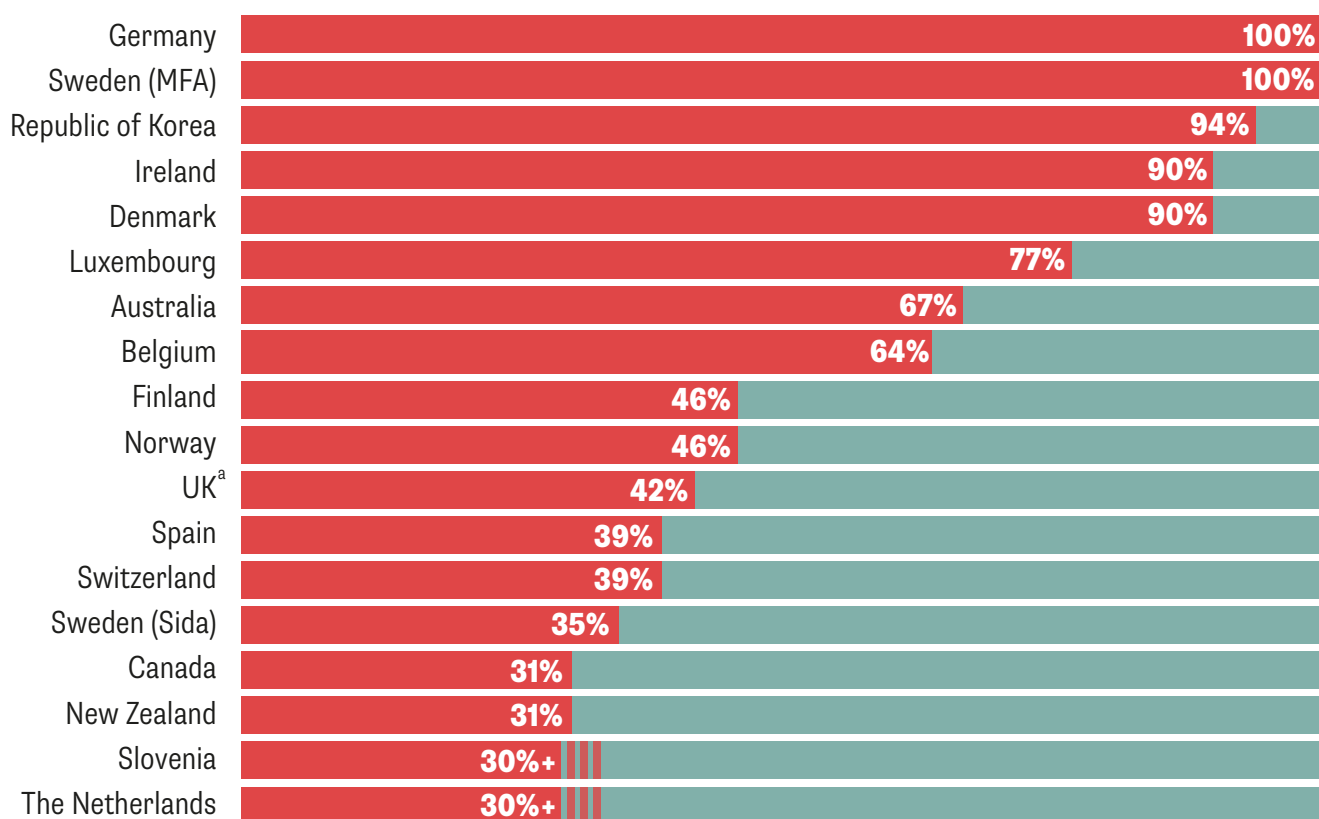
Revised target: N/A

Target status: 16 out of 25 institutional donors reported meeting or exceeding the 30% target for unearmarked and softly earmarked funding by 2021.

Government donors

Sixteen out of 25 institutional donors¹⁴ reported meeting or exceeding the 30% target of unearmarked or softly earmarked funding, including seven that had increased the percentage between 2020 and 2021 (Figure 6). This is slightly less than 2020, when 17 donors reported meeting the target. Italy did not hit the target but doubled its unearmarked and softly earmarked contributions between 2020 and 2021. Several donors reported increases in the provision of flexible funding to multilaterals, although not necessarily for all humanitarian partners. Australia, for example, reported that 45% of its funding to multilateral partners (ICRC, OCHA, CERF, UNHCR and WFP) in 2021 was ‘flexible’, in line with the definition used by the Grand Bargain.

¹⁴ OECD is included in the ‘donor’ group but is not included in this analysis because it is not a grant-giving donor within the meaning of the core commitment.

Figure 6 Donors that reported meeting/exceeding the target of 30% of humanitarian funding as ‘flexible’

Note: This figure combines both unearmarked and softly earmarked funding as self-reported by donor signatories.

(a) The UK reported that the exact figure for 2021 was not available at time of writing but was estimated to be the same as 2020.

Source: Signatory self-reports; signatories that did not provide data in relation to *all* of their flexible funding were not included in the count. The self-reports requested data using the definition agreed in workstream 7 + 8, available at <https://interagencystandingcommittee.org/system/files/2020-04/Multi-year%20and%20flexible%20ofunding%20-%20Definitions%20Guidance%20Summary%20-%20Narrative%20Section%20January%202020.pdf>

The data reported suggests that part of the increase in softly earmarked funding in 2021 is due to an increase in funding to CBPFs – \$1.134 billion in 2021, compared with \$863 million in 2020. Table 1 demonstrates a steady upward trend between 2016 and 2021 in income and volume terms, if not always in percentage terms, in onward allocations. Germany is the largest contributor to CBPFs (€337.3 million in 2021) and, consolidating its important policy shift in 2020, DG ECHO reported for 2021 that it continued the provision of funds to select CBPFs, with total contributions of €4 million, the same as in 2020, specifically for South Sudan and Ukraine.

Table 1 Contributions to and allocations by CERF and CBPFs in 2016-2021

US\$m	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	1,013	89%	1,773	1,561	88%

Note: This data refers to paid rather than pledged contributions. It also does not take into account multi-year allocations, or carryover of funds.

Source: OCHA UN CERF (<https://cerf.data.unocha.org/>) and UN CBPF (<https://cbpf.data.unocha.org/>) Data Hub

Some donors reported on the flexibility they have built into existing agreements. Denmark explained that its new framework for strategic partnerships with Danish NGOs allows up to one-third of the annual budget to be used as unallocated flexible funds and programmed throughout the year without approval from the MFA. This approach has been positively received by recipient organisations interviewed for this research. The Netherlands signed a new multi-year arrangement with the Dutch Relief Alliance that is softly earmarked towards any protracted humanitarian response, rapid-onset response and strengthening the humanitarian system. Ireland increased funding softly earmarked to rapid-onset response by NGOs from €1 million to €4 million. This funding is prepositioned in NGO accounts, allowing for faster responses. This was critical in responding rapidly to the deteriorating situations in Ethiopia and Mozambique. Ireland designed a new five-year Ireland Civil Society Partnership (ICSP) framework, for a disbursement in early 2023. It is planned to allow NGOs to use 20% of their funding flexibly between humanitarian and development budget lines at country level.

As with multi-year funding, the trends in relation to how much aid organisations received in flexible funding were mixed, with larger multilateral organisations reporting some increases, but insufficient data from NGOs to enable any valuable analysis in respect of that group. The three largest UN humanitarian agencies (WFP, UNHCR and UNICEF) reported year-on-year increases in flexible funding, although data from WFP only includes unearmarked core funding, not softly earmarked funding. WFP reported receiving \$562.4 million as unearmarked core funding from 35 donors, an increase of \$79 million (or 16%) on 2020. These funds accounted for 6% of WFP's total revenue in 2021 (\$9.4 billion), a slight increase from 5.7% in 2020. UNHCR reported that, in 2021, 15% of voluntary contributions received were unearmarked, and 21% softly earmarked. This is an increase from 2020, with 14% and 15% respectively. UNICEF reported that the amount of flexible funding received for humanitarian responses at the global, regional and country levels doubled in absolute volume terms, and increased slightly as a share of total humanitarian funding received in 2021, at 14% (\$410 million in 2021, against \$202 million in 2020). The ICRC saw an increase in flexible funding in both volume and percentage terms (CHF 655 million versus CHF 554 million in 2020; 33.4% versus 29.7% in 2020).

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For NGOs the picture is less clear, with only four NGOs (Care International,¹⁵ NRC, Save the Children and ZOA) providing quantitative data on flexible funding. A number of NGOs reported on programme-based partnerships with some key donors (including Denmark, DG ECHO, Ireland and Sweden), indicating that, though not ‘unearmarked’, they are – to varying degrees – important forms of softly earmarked funding based on agreed country and thematic areas of intervention. However, most NGOs explained during interviews or in their reports that they do not receive flexible funding from government donors or upstream UN partners. Several explained that the flexible funds they do have are from private donors (publicly raised funds or grants from private foundations).

It is not possible to identify particular trends in relation to unearmarked versus softly earmarked funding because signatories were not required in the self-report template to provide disaggregated data on this.

Aid organisations

Six aid organisations (CAFOD, Care International,¹⁶ Catholic Relief Services (CRS), Christian Aid, UNFPA and Save the Children) reported that they provide some level of flexible funding to downstream partners, but only four (Christian Aid – 1% unearmarked, 7% softly earmarked; Care International – 24%; Save the Children – 6% overall; UNFPA – 100% softly earmarked) were able to report an actual percentage. Three (FAO, NRC, ZOA) reported that they are not able to pass on unearmarked funding, either because they do not receive any/enough to pass on, or legal/administrative restrictions prevent it. Five reported that they did not/could not track this data, and 10 did not report any quantitative or qualitative data against the indicator.¹⁷

The results of an annual survey conducted by A4EP in 2021 of its network members offers some insights as to the limited extent to which flexible funding passes down the chain to local actors: 31% of respondents confirmed that they had no funds that were unearmarked or softly earmarked, and 37% said that 1–5% of the funds they received were unearmarked or softly earmarked, with only 18% receiving more than 10% of their funds as unearmarked or softly earmarked (A4EP, 2021).¹⁸

15 Data provided by Care International represents funding for approximately 50% of the Care confederation.

16 As above.

17 The five NGO network signatories (ICVA, InterAction, NEAR, A4EP and SCHR), ICRC, UNRWA and the World Bank are not included as they do not pass down funding to partners in the manner understood for this core commitment.

18 The survey was shared with the 22 members of the A4EP network. Sixteen members from 14 countries in Asia, Africa, the Middle East and Europe completed the survey. Six members identify themselves as national NGOs, five as local NGOs and three as women-led/women’s rights organisations (WLOs/WROs), and two identified themselves as other types of organisations (i.e. research/social enterprise). Fifty per cent of the 16 organisations that responded to the survey are lead by female executive directors.

There seems to have been some progress in terms of institutionalising flexible measures adopted in the Covid-19 response (budget-level flexibility, electronic signatures, etc.) at individual signatory level, though collective action among larger international aid organisations stalled towards the end of 2021 by the decision to close IASC Results Group 5 on humanitarian financing, where these issues were being progressed. UNICEF and IOM both clarified that they provide a significant degree of flexibility in contractual arrangements and budget lines – including flexibility to reallocate up to 20% between budget lines of the overall budget agreed. UNHCR reported on its provision of indirect support costs to downstream partners – 7% for INGOs and 4% for national and local NGOs, which can be used as the recipient organisation decides. As per the forthcoming revised CBPF Global Guidelines, operational CBPF partners are allowed 20% flexibility at budget category level, which is an increase from the previous 15% (excluding staff and personnel costs).

Overall, the data available suggests that there may have been more flexible funding available across the system in 2021 in absolute volume terms, but that such funding is still not equitably distributed among aid actors. Available information suggests that the bulk is allocated directly to large multilateral organisations or to pooled funds. There are significant gaps in quantitative data on how much flexible funding provided is passed down the chain, but qualitative data indicates that very little funding reaches local responders as unearmarked or softly earmarked.

The reasons for the limited distribution of flexible funding across the system, particularly to local actors, are complex and overlapping – a mix of practical and political issues. The very different legal and political relationship with multilateral organisations means that donor governments tend to give more flexible funding (and more quality funding generally) to this category of aid organisation. Many donors do not have the capacity to administer multiple grants of quality or other funding, and thus tend to concentrate funds through a smaller core group of partners, such as their national NGOs. For the larger international aid organisations, the complex pattern of funding they receive – with different levels of flexibility, at different times – means that it is not simple to just pass that onwards with similar flexibility to smaller partners. However, after six years of the Grand Bargain the majority of international aid organisations are still unable to track what funding with what conditions they are allocating onwards to downstream partners. This continues to fuel concerns, among local actors in particular and among some donors, that there is insufficient political will in some international aid organisations to overcome the practical barriers to ensuring a more equitable share of flexible funding across the system.

2.1.3 Role of the workstream

Both in advance of and after the 2021 annual meeting, the co-conveners of workstream 7+8 were active in ensuring that quality funding became an enabling priority in the Grand Bargain 2.0 framework, highlighting the links between quality funding and other priorities, including localisation, transparency, risk-sharing and financing the triple nexus. As part of these efforts, in June 2021 the co-conveners held a closed-door, senior-level meeting of key signatories to discuss advancing the quality funding agenda, based on the results of an online survey circulated to all signatories to solicit their perspectives on how quality funding should be taken forward. The results of the survey were independently analysed

by the Humanitarian Policy Group (HPG) at ODI, and the analysis informed the high-level discussions (Willits-King and Metcalfe-Hough, 2021). The principal outcome from the meeting was a framework for the operationalisation of quality funding as one of the two enabling priorities in the Grand Bargain 2.0, including key recommendations for signatories, individually and collectively (Secretariat, 2021e).

The co-conveners considered that the workstream had made solid technical progress by deepening signatories' collective understanding of quality funding; contributing to the growing evidence base on the benefits of quality funding through research/studies; and by exploring the practicalities of cascading quality funding to frontline responders. They collectively decided to close the workstream in mid-2021 on the understanding that it had reached the limits of technical work on quality funding within the Grand Bargain framework, and that high-level political action, negotiated by the Eminent Person and Facilitation Group, was now needed to secure further progress. They recommended this effort be undertaken via a caucus on quality funding. The co-conveners identified four challenges to quality funding that they felt needed to be addressed by signatories in a political caucus: (1) adopting a more holistic understanding of quality funding to include the timeliness, flexibility and predictability of the full spectrum of funding at all levels; (2) achieving further progress on the original Grand Bargain commitments to reach critical mass in the provision of quality funding and scale-up of best practices; (3) enhancing accountability and visibility, including through improved results reporting; and (4) increased cascading of quality funding and related conditions to frontline responders, including local women's organisations. They recommended that any technical work needed to help address these issues in a caucus could be undertaken by the IASC's Results Group 5 on humanitarian financing, but this was subsequently closed by the IASC later in 2021, as noted earlier. Although not covered by the reporting period for this AIR, the co-conveners have also offered their technical support to the new quality funding caucus, participating as signatories but also as resource 'persons' to help inform the discussions.

2.1.4 Remaining challenges

Efforts to increase the provision and distribution of quality funding have continued to be stymied by long-standing challenges.

Quantitative data is inconsistent, incomparable and incomplete. As one of the most politically fraught and challenging issues in the Grand Bargain, concrete, comparable and consistent quantitative data on quality funding is critical to assessing and addressing gaps and sustaining pressure to make progress. However, the data available is inconsistent, difficult to compare and incomplete. This is due to several factors. First, there are differing interpretations/use of the definitions agreed through the workstream in 2020. For example, several signatories are not using 24 months as the benchmark for multi-year funding, and aid organisations do not consider pooled funds as 'flexible' within the meaning of 'softly earmarked' funds as agreed by the workstream, although donors do.

Second, year-on-year data is readily distorted. With respect to multi-year funding, for example, the differing timing of signature of contracts, and differing gaps between signature and disbursements

between multiple donors, distort the quantitative figures reported at the end of the calendar or financial year. In addition, a small number of donors are providing the bulk of multi-year funding, and thus if one of these dramatically changes practice (e.g. the UK aid cuts that hit in 2021), this has an impact on overall funding available across the system. Finally, the provision of high volumes of short-term earmarked funding for new sudden-onset crises affects the calculation of multi-year, flexible funding as a percentage of overall funding – this was evident in 2020 with regard to Covid-19 funding, in 2021 in relation to funding for the crisis in Afghanistan in the last quarter of the year and will most likely be evident in 2022 in relation to funding for the conflict in Ukraine.

Last, and certainly the biggest problem regarding quantitative data, is that many signatories still do not report their funding data: seven donors and 14 aid organisation signatories did not report any quantitative data against either of the core commitments on quality funding in the self-report process for this AIR.

No signatory was willing to step forward to lead a political-level dialogue on quality funding until early 2022. Despite much effort by the Facilitation Group and Eminent Person, the establishment of a political caucus on quality funding was delayed until early 2022 because no signatory was willing to champion it. This is surprising given the prioritisation of this issue by the vast majority of signatories repeatedly over many years. IRC agreed to assume the role as champion of a caucus, and work was getting under way at the time of the research for this AIR. However, because of the closure of both the workstream and IASC Results Group 5 there is no inclusive, multistakeholder technical forum on quality funding (though some technical work is ongoing in a small informal advisory group to the caucus).

There has been limited focus on other ‘properties’ of humanitarian funding. The exclusive focus on substantially expanding the percentage of ‘multi-year’ and ‘unearmarked’ funding has meant much less dialogue on some of the other properties of quality funding as agreed in the workstream, including more *timely* funding (e.g. pledged funds released without undue delay and as early as possible in the calendar year to enable aid organisations to undertake more effective budget planning), more *predictable* funding (e.g. simplified reporting requirements/conditions for multi-year funding and a presumption of release of annual tranches if minimum conditions are met), more *flexibility across budget lines* to enable adjustments to programme design and implementation in real time (rather than during the evaluation phase), and a methodology for *quality earmarking*, wherein a donor and recipient organisation agree on where to direct earmarked funds (i.e. against agreed priorities rather than those only of the donor). While continuing to work towards a longer-term transformation of the funding landscape, action in these areas could have an immediate impact on efficiency and effectiveness, as demonstrated in the evidence collated by the workstream co-conveners in past years.

Dialogue is still hampered by entrenched positions on all sides. Particularly in the absence of quantitative data to outline the precise situation regarding quality funding, policy positions have become entrenched within constituency groups, making it more difficult to build the trust required to make breakthroughs on policy. Some donors continue to say that they want more visibility for their quality funding without necessarily spelling out what actions would satisfy them in that regard, and while many

donors have continued to call for the use of IATI as a data standard to enhance transparency, only a handful actually use the data published to this standard for decision-making or provide feedback to their partners on their progress in publishing to the standard. The majority of aid organisations have consistently failed to report on what funding they pass onwards to downstream partners, with many asserting that their financial systems do not allow them to track this despite having had six years to adjust those systems in line with their commitments under the Grand Bargain. There are also fundamental differences in perspective: for example, as noted earlier some donors complain that organisations' appeals processes are focused on annual, country-specific funding, contradicting their demand for multi-year, unearmarked funding, but aid organisations assert that they have to apply for annual funding for specific countries because they do not have enough multi-year funding or enough unearmarked funding to develop longer-term plans and programmes or to allocate resources more appropriately across crises. Many aid organisations argue that they have gathered sufficient evidence of the benefits of quality funding to support their case, but at least one of the larger donors argued that, while they accept the broad arguments for quality funding, the evidence needs to be presented in each proposal to enable them to argue for this within their own institutions, despite high-level policy commitments by their institution.

Some of the key elements of the quid pro quo from the original commitments have been largely ignored. Despite it being included in the original set of agreements, there has been little to no action taken by signatories as a collective to agree on how to account for or report on unearmarked funds, and this remains a source of frustration on both sides (original commitment 8.1: 'Jointly determine, on an annual basis, the most effective and efficient way of reporting on unearmarked and softly earmarked funding and to initiate this reporting by the end of 2017'). Similarly, although a general request for enhanced 'visibility' has been made by some donors repeatedly over the years and reiterated again in recent discussions at the European Humanitarian Forum in 2022, no concrete dialogue appears to have been launched between those donors and recipient organisations to agree on what are mutually acceptable requirements in terms of visibility, or why existing conditions on visibility have not been complied with (Secretariat, 2022c).

As indicated in past AIRs, a more frank and transparent dialogue is required between all constituency groups to move beyond these entrenched positions to broker an appropriate compromise that benefits all actors in the chain. The establishment of the quality funding caucus offers a new opportunity in this regard. To succeed, however, the caucus will need to set out a clearer topline strategy for expanding the provision and more equitable distribution of quality funding across the system, draw more clearly on the substantive technical work that has been done over the last six years by the workstream (including to identify key barriers, build evidence of the benefits of quality funding for donors and recipient organisations, and collate good practice examples), and adopt a sequential approach to agreeing compromises on the barriers to quality funding – including by drawing on the original commitments, which have been somewhat overlooked. Most critically, the caucus will need to secure the sincere high-level political commitment of all constituencies towards genuine changes in funding practices for both providers and recipients of humanitarian funding, with a clear focus on why these changes are necessary – namely, to ensure a more efficient and effective response to the needs of the billions of people affected by conflict and crisis around the world.

2.2 Localisation/participation

Enabling priority 2 was defined in the February 2021 framework and endorsed at the annual meeting in 2021 as ‘greater support is provided for the leadership, delivery and capacity of local responders and the participation of affected communities in addressing humanitarian needs’. 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 Key areas of progress – localisation

Through 2021, localisation was high on the political agenda of the international humanitarian system, as evidenced for example in high-profile statements by the USAID Administrator Samantha Power and the designation of localisation as a priority by the IASC (Power, 2021; IASC, 2021). However, the extent to which this political interest is translating into fundamental changes in practice remains varied, with increasing momentum on supporting local leadership capacities but a substantial drop in funding reaching local actors directly.

Although not a core commitment, strengthening local leadership and influence in decision-making forums (commitment 2.3 – ‘Support and complement national coordination mechanisms where they exist and include national and local responders in international coordination mechanisms as appropriate and in-keeping with humanitarian principles’) was integrated in the enabling priority, and reporting for 2021 indicates some important progress in this area. With respect to the Grand Bargain itself, as noted earlier, agreement was reached for local actors to have a seat on the Facilitation Group (with an annual rotation between NEAR and A4EP). NEAR and A4EP (and their constituent member organisations) have been engaged in multiple forums within the Grand Bargain including in the Facilitation Group, political caucuses and workstreams. NEAR has co-led development of the NRG concept with OCHA, is engaging in the quality funding caucus, and keeps local actor constituencies informed through a listserv and monthly leadership meetings. A4EP participated in the cash caucus, successfully advocating with other signatories for the key role of local actors in cash coordination to be recognised and included in the agreed model. Both NEAR and A4EP have been engaged in the caucus on intermediaries. Both reflected positively on their experiences to date, noting that this has enabled some degree of influence for local actors in the Grand Bargain decision-making processes.

At the IASC, the Operational Policy and Advocacy Group (Director-level) endorsed in July 2021 the Guidance on Strengthening Participation, Representation and Leadership of Local and National Actors in IASC Humanitarian Coordination Mechanisms, developed by IASC Results Group 1 on Operational Response. The guidance sets out clear indicators on localisation in coordination that OCHA will track on an annual basis. Several NGOs and cluster lead agencies reported on their respective efforts to support access to and leadership of local partners to global and country-level coordination mechanisms. According to IOM, for example, the Camp Coordination Camp Management (CCCM)

cluster in Somalia is one of several CCCM clusters that have undergone an internal process to develop a localisation framework and workplan, including provision of institutional capacity support to local civil society and governmental actors to enable greater leadership of the CCCM response. In Afghanistan, UN Women and partners have supported the establishment of an Afghan Women's and Girl's Advisory Group (WAG), comprising Afghan women activists and women-led civil society organisations (CSOs), to act as an independent advisor to the Humanitarian Country Team (HCT) in its response to the deteriorating situation on the ground. Several UN agencies, including UNICEF, WFP and WHO, highlighted their increased support to local government leadership of the pandemic response in 2021, including supporting the expansion of social protection programmes and securing vaccines and other in-kind supplies. WHO highlighted its efforts to build synergies between national/CSO actors and national health authorities, with the aim of ensuring more resilient national health systems.

These efforts by multiple actors seem to be having some incremental impact in empowering local leadership. In a survey of local civil society actors conducted by NEAR in the first quarter of 2022,¹⁹ respondents highlighted that the Grand Bargain had increased their participation in international decision-making forums. There are some concrete outcomes from the Country-level Dialogues reported by the workstream in 2022, as indicated below, including in terms of empowering local actors to use the Grand Bargain to hold international partners to account. Data suggests there has been some incremental progress in terms of local actors' leadership of clusters, though this varies between national and sub-national levels: OCHA reported that analysis of 28 operations across 30 contexts globally indicates a slight increase in the percentage of clusters that were 'co-led' at the national level by local or national actors in 2020 (the latest year for which data is available) – 19% compared to 18% in 2019, and a greater increase in co-leadership at sub-national level, with the percentage of clusters co-led by local actors rising from 22% in 2019 to 25% in 2020. The same analysis indicated that 'co-chairing' of clusters at national level remained constant, at 21% in 2019 and 2020.²⁰

These developments notwithstanding, the evidence available for this AIR demonstrates that progress at institutional and system levels against both commitments and on the localisation agenda more broadly remains slow. Most worryingly, evidence on the provision of funding to local actors (core commitment 2.4) paints a very negative picture, with a substantial reduction in the percentage and volume of funding directly provided to local actors in 2021 compared with previous years, and no comprehensive data on the volume or percentage of funding that reached local actors via one intermediary (except via OCHA-managed CBPFs). The role of intermediaries was identified by the workstream as a priority issue to be addressed in the Grand Bargain 2.0 framework and, as noted earlier, a caucus on the role of intermediaries was established in the second half of 2021 by IFRC and SCHR. The caucus could, in theory, be used to

19 The survey was developed by NEAR in collaboration with ODI and disseminated in English, French, Spanish and Arabic to maximise access for local actors. The survey included a combination of closed and free text questions. Sixty-one responses were received within the two-week deadline from local actors working in local NGOs, community-based organisations (CBOs), national NGOs and government offices in 19 countries in the Global South. The results were analysed by NEAR.

20 Definitions of 'co-lead' and 'co-chair' are based on agreement reached by the global clusters for the purpose of conducting the annual mapping of IASC coordination structures.

resolve some of the problems in relation to stepping up capacity-building support and/or increasing the flow of funds to local actors via intermediaries. But so far the participants in the caucus have failed to agree on a clear focus or objective, with progress reportedly stalled at least in part by disagreements between participating signatories over to whom the concept of an ‘intermediary’ applies.

There seems to be agreement among many local actors that the Grand Bargain is an important opportunity to push for increased localisation of aid responses, as evidenced in NEAR’s survey: 82% of respondents stated that they were familiar with the Grand Bargain; 52% stated that they used the Grand Bargain in their engagements with international partners; and 64% felt that the Grand Bargain was helping to improve the way international humanitarian aid is provided to populations in need. But interviews and consultations for this AIR as well as surveys from both NEAR and A4EP all demonstrate that there is ongoing frustration that changes in practice are still taking too long. Alongside the long-standing request for an increased share of humanitarian funding, there is also a clear related demand from local actors for increased direct access to donors and to international decision-making forums, as well as targeted financial and other support to enable their institutional growth and development.

2.2.2 Core commitments – localisation

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

Revised target: N/A

Target status: N/A

As in previous years, reporting against the indicator for this core commitment was limited in 2021. Most signatories – donors and aid organisations alike – are not able to provide the quantitative data requested. ODI has previously highlighted that this indicator is problematic in terms of the ability of signatories to report against it.

Two aid organisations did provide quantitative data: UNFPA reported that 63% of their workplans signed with local and national actors include some form of capacity development support; and CRS reported that 67% of all projects with local and national actors include capacity strengthening as a core objective. Several aid organisation signatories that could not provide data against the indicator provided other information in their self-report or during interviews. For example, DanChurchAid reported that their direct and dedicated funding to support partners’ organisational development amounted to

DKK 14.9 million; Oxfam and Christian Aid provided specific examples of their support for partners' institutional development; and Save the Children, UNICEF and UNHCR elaborated on their corporate approach, explaining that there is an inherent element of capacity-building in all their partnership arrangements with local actors.

Several donors reported on how their funding is used to support institutional capacity strengthening of local partners: Luxembourg reported that 50% of its funding is for projects that include capacity-building objectives, New Zealand reported that 11% of their funding supports capacity strengthening and Switzerland reported that 8% of funds it provides to local actors include institutional strengthening objectives. However, most donors are still unable to or are not tracking this area of investment. Several, including Germany and Ireland, indicated that their multi-year funding for international partners is either implicitly or explicitly being used for institution strengthening. Sweden, USAID/BHA and Ireland are all providing targeted support for local partners via capacity-building programmes delivered by international partners. Ireland's partnership with IRC requires 20% of funds to be onward granted to local women's-led organisations. However, aid organisations that engage in targeted support of this kind confirmed during interviews that, these donors aside, they still struggle to secure funds for targeted institutional capacity-strengthening programmes and rely mainly on privately raised funds for such activities. For example, the ICRC and IFRC report that their National Society Investment Alliance (NSIA) – highlighted in past AIRs as an important opportunity for donors to support institutional development of National Societies – continues to struggle to gain donor support despite growing evidence of its impact. From interviews with donors, it is clear that some support is provided for institutional capacity development of local actors engaged in humanitarian action using other funds – including through development or human rights programmes and/or small grants from embassies. Canada reports that its Canada Fund for Local Initiatives (CFLI) was set up to address local needs through local partners working across the triple nexus. Managed by its diplomatic missions, 86% of the funds are provided direct to local actors and help build local civil society capacity including to respond to humanitarian emergencies. But there is no comprehensive data available to quantify this kind of support from donors, and as yet no effort to coordinate the different funding modalities available across humanitarian and development spheres to strengthen local capacities.

The still limited level of investment in this area by signatories is reflected in the results of the A4EP member survey: 43% of local member organisations stated that they did not receive any multi-year institutional capacity-strengthening support from their funding partners, and 31% said that only 1–5% of funding agreements with international partners incorporated any form of multi-year capacity-strengthening support.

The data provided for 2021 thus indicates an ongoing trend where those international aid organisations (such as ActionAid, CRS, Trocaire, Christian Aid, CAFOD, DanChurchAid, IFRC, UN Women, UNFPA and FAO) that have always worked in a partnership model with local actors have continued to work to support the institutional capacity development of their local partners; and those international aid organisations that have traditionally focused on direct implementation and/or worked through sub-contractors have generally been slow to shift their operational models to better support local actors.

In terms of the former category, some have increased their long-standing efforts to support local partners based on learning gathered over time. IFRC's longitudinal study on National Society Development published in 2021 provides sector-wide learning on the value of long-term investments in organisational development and capacity strengthening of local partners. The study, which covered a period of 10 years of support to five National Societies, concluded that the investment had led to 'a profound transformation' in the National Societies targeted, resulting in 'increased contributions to individual and community well-being, cohesion, peace and resilience in the most challenging of humanitarian contexts' (IFRC, 2021: 6). Building on these findings, the IFRC has been working to reduce its own direct implementation, instead focusing far more on supporting National Societies to implement responses. Trocaire reported a similar effort to shift power to local partners, with a new Strategic Plan (2021–2025) that builds on lessons learned over the previous 50 years of their partnership model. They reported that the return on their long-term investment in partners was particularly evident during the Covid-19 pandemic, when some local partners were able to take up lead roles in the local emergency response, resulting in increased recognition by regional government authorities of their value added and their inclusion in coordination mechanisms previously led by INGOs. CAFOD reported on its support to local partners in South Sudan, Nigeria, Colombia and the Philippines to engage with the Country-level Dialogues and to enable local partners to influence global-level IASC policy discussions on humanitarian financing, localisation and the humanitarian–development–peace nexus.

Several signatory aid organisations articulated how the Grand Bargain commitments are helping to drive institutional change, and that they are taking significant steps to shift corporate policy and practice to better support the institutional capacities of local actors. However, there was a recognition that the pace of institutional change is slower than they and many of their local partners would like. For example, in 2021 Save the Children undertook a 'current state' analysis to identify gaps in and models for quality funding to local actors. The review informed multiple initiatives including a pilot initiative on core support that offers local and national actors complete flexibility in the use of funding. At global level, the organisation undertook a review and strategy development process to assess how to implement the localisation policy – developed in line with Grand Bargain commitments – with a focus on funding, partnerships, capacity exchange, participation, governance, policy and visibility and coordination. As part of this process, they have supported country-specific initiatives including new funding models for local partners, piloted flexible core support funding and adapted capacity strengthening and exchange programmes following feedback from local partners. World Vision International (WVI) reports that, having designated localisation an institutional priority, in 2021 it developed new procedures for capacity assessments and risk planning, including new standards and a more proactive approach to risk that involves simplifying and clarifying financial partnership processes. These shifts have been welcomed by partners and staff.

The information gathered for this AIR suggests that there has been increased interest among signatories in how to support institutional development through the provision of overhead or indirect costs to local actors. In 2021, a sub-group of IASC Results Group 5, co-chaired by Oxfam and UNICEF, began work to identify best practices on passing on funding for overhead costs from UN agencies and

INGOs to national and local partners. Oxfam further reports that it has stepped up its own practice in this area, providing adequate 'direct' costs of overheads in project budgets in line with commitments under the Charter for Change framework. In 2021 they began to make flexible institutional, or 'core', support available to local partners through sharing indirect cost recovery received from donors, when this is allowed by donors and feasible for the Oxfam affiliate. UNHCR has continued to implement its 2020 policy decision to provide 4% overhead costs in their grant agreements with local partners. Canada, Denmark, the Netherlands and the UK, in relation to its Rapid Response Facility (RRF), have integrated new measures to enable provision of a standard percentage of overhead costs to local partners, as well as to first-level recipient international NGOs. Canada's new NGO funding guidelines encourage international partners to provide dedicated overhead costs of up to 7.5%. In Denmark's case this is 7%, the same percentage as for INGOs. The Netherlands requires its international partners in the Dutch Relief Alliance to pass on 8% overhead costs to local partners. The UK RRF obliges international partners to allocate up to 10% to local partners as 'non-project attributable costs'. Estonia reported that it provides 7.7% of funds to cover salaries and direct costs of local partners in Ukraine, Jordan and Lebanon. The positive impact of such practices on overheads was reflected in the agreement at the high-level meeting on quality funding convened by the co-conveners of workstream 7 + 8 in June 2021 on 'the need to standardise overhead costs for local and national partners' (Secretariat, 2021e: 2)

Addressing the question of overhead costs for local partners is not necessarily straightforward. As some signatories highlighted, how overhead costs are provided by international partners may need to vary depending on the status and capacities and systems of a local partner, and there are some practical and financial obstacles to be resolved. However, there seems to be growing consensus among signatories and local partners that providing overhead costs is one important modality for supporting institutional capacity development, and therefore local leadership and response capacities. There is also a recognition that the failure to provide overhead costs is unfair given that this has long been standardised in agreements for international aid organisations.

Quantifying all the different efforts to strengthen local actors' institutional capacities as envisaged by the core commitment is challenging, particularly because so few signatories report against the indicator in a meaningful way. While there have been important developments and good practice, it is clear that there remains a major gap between the needs and the expectations of local actors – many of whom used the NEAR survey to assert that strengthening their institutional capacities should be the highest priority of the Grand Bargain in the next 18 months – and the support on offer from international partners.

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

Revised target: original target retained.

Target status:

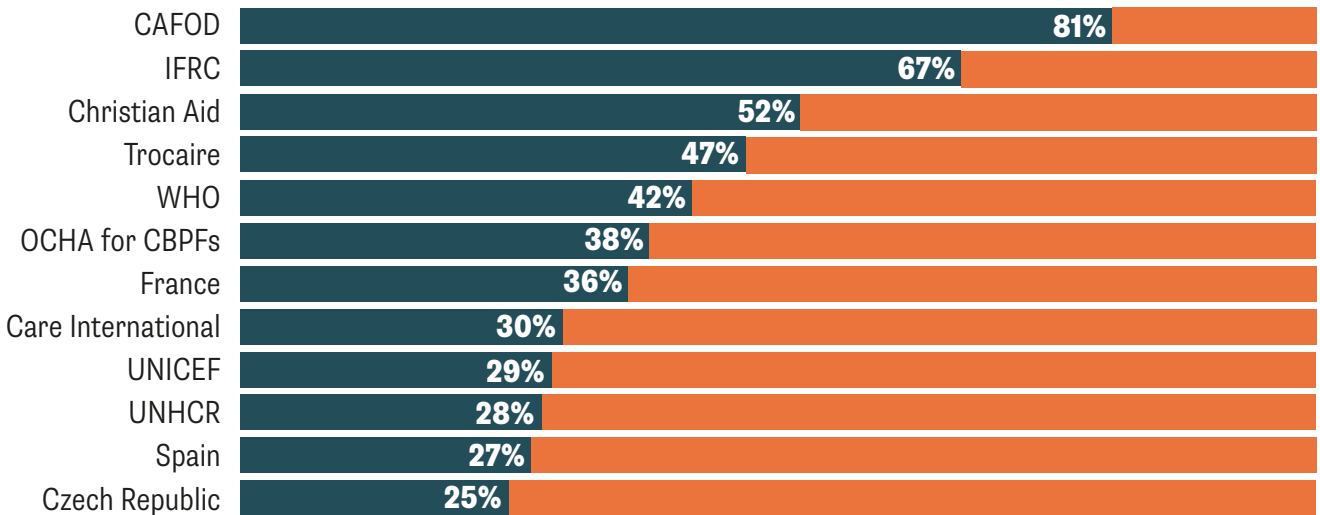
Twelve out of 54 signatories reported that they met or exceeded the target of providing 25% of their humanitarian funding to local and national responders as directly as possible in 2021.

According to FTS data, 2% of global humanitarian funds in 2021 were given to local and national responders as directly as possible, representing \$495 million.

Twelve signatories (CAFOD, Care International, Christian Aid, the Czech Republic, France, IFRC, OCHA for CBPFs, Spain, Trocaire, UNHCR, UNICEF and WHO) reported meeting or exceeding the target of providing 25% of their funding to local and national actors as directly as possible (see Figure 7). This is slightly less than in 2020, but does not include five signatories that met the target in 2020 but did not provide statistics for 2021. WFP reported that it provided 24% of its humanitarian funding to local actors in 2021, a slight decrease compared to 2020 and just short of the 25% target. However, in absolute terms the amount of funding passed to local actors increased to \$2.257 billion in 2021, compared to \$2.221 billion in 2020, and the percentage decrease related in part to a substantial increase in WFP's overall budget in 2021. CRS reported that, although it has not yet met the 25% target, it has continued to work with local partners specifically to facilitate their direct access to donor funds. In 2021, with institutional capacity strengthening support from CRS, their local partners were able to secure \$7.8 million directly from donors. This is a drop from the \$13 million secured by local partners in 2020, which CRS attributes to less funding available for which local actors could apply in 2021, compared to 2020. Several donors (including Canada, Ireland and Switzerland) reported that they had increased the volume of funds to local actors in direct and sub-grants via their contributions to OCHA-mandated CBPFs. OCHA reported an increase in the percentage of funds allocated directly by CBPFs to local and national actors, to 27% in 2021 from 26% in 2020, and overall 35% of CBPF funds were allocated directly or via one intermediary to local actors in 2021, compared with 34% in 2020.²¹ OCHA also reported that 14% of annual CERF funding was sub-granted by UN agencies to national and local partners using 2020 grants, the latest year for which comprehensive data is available.

²¹ Figures as of 27 May 2022 (see https://cbpf.data.unocha.org/#allocation_heading). Funding figures reported on the Data Hub are real-time and may change based on the date of extraction.

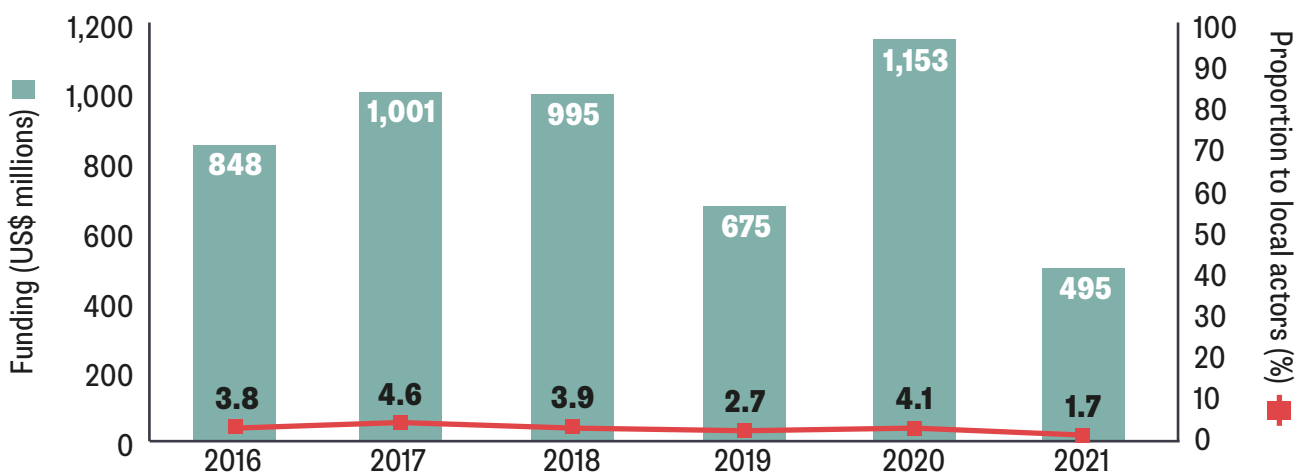
Figure 7 Signatories that reported meeting or exceeding the 25% target of funding to local actors ‘as directly as possible’



Source: Signatory self-reports

However, looking at the statistics provided via FTS, the system-wide picture is negative. FTS data shows both that only a very small proportion of humanitarian funds are reaching local actors directly, and that there was a substantial drop in both volume and percentage terms in 2021 compared to 2020 – from 4.1% (\$1.153 billion) of global humanitarian funding in 2020 to 1.7% (\$495 million) in 2021 (Figure 8).

Figure 8 Direct funding to local actors²²



Note: Figures in current prices.

Source: UN OCHA FTS. Data downloaded and compiled 26 April 2022

²² Data shown in Figure 8 differs from previous AIRs due to the recategorisation of some organisations in the FTS database. This categorisation now better aligns with Grand Bargain definitions on what constitutes a local actor. The figures above no longer include funding channelled to affiliate NGOs or National Societies of the Red Cross and Red Crescent Movement that have operations outside of their home country.

Adding data on funding that reached local actors via one intermediary would provide a more comprehensive picture of the proportion of funds reaching local actors ‘as directly as possible’, which as defined by the workstream in 2018 means directly or via one intermediary. However, such data is not available through FTS or IATI – what little data is reported to FTS or published to the IATI standard is too incomplete to be useful. This is because first-line recipient organisations in particular have not consistently reported or tagged this data to trace financial transactions through these systems.

The drop in the percentage and volume of funds provided directly to local actors in 2021 compared to 2020 may be explained in part by shifts in the Covid-19 response. Analysis provided by DI for its forthcoming *Global Humanitarian Assistance Report 2022* indicates that large amounts of direct funding were provided to national governments in 2020 to support their pandemic response, but that this fell back significantly in 2021. Qualitative data for this AIR concurs with this, and suggests that, in some cases, funding for local governments was replaced with in-kind assistance (e.g. the COVAX programme). UNICEF, for example, reports that a large proportion of the \$7.2 billion it spent on procurement of pandemic-related goods and services during 2021 (61% higher than in 2020) was accounted for by its expanded engagement in COVAX. However, a comparison of the data over a longer period (Figure 8) indicates that 2021 saw the lowest level in percentage and volume terms of direct funding to local actors (both civil society and governmental) since before the creation of the Grand Bargain in 2016. There was, as noted, an increase in CBPF funding to local actors, with several donors highlighting that they explicitly use CBPFs as channels to increase their funding to local actors, but that by no means makes up for the drop in overall terms across the system.

There is some evidence of donors increasing incentives for intermediary organisations to pass down funding to local actors. The Netherlands reports that it has agreed a commitment with the Dutch Relief Alliance of NGOs to spend at least 35% of its funding through local organisations. Several donors also indicated that they use their seat on the CBPF advisory boards to advocate for increased allocations to local actors.

Reporting against the optional indicator for this core commitment (the percentage of funding to local women-led and women’s rights organisations) was very limited, as in previous years. Although a slight increase from 2020, only (five) signatories reported on funding to local WROs/WLOs (UNICEF, Oxfam, Care International, the Czech Republic and France), though ActionAid gave indicative examples in lieu of quantitative data. It is therefore not possible to provide any trend analysis of funding to this sub-set of local actors.

2.2.3 Role of the workstream – localisation

In consultation with participating signatories through the first half of 2021, the co-conveners of workstream 2 (IFRC and Switzerland) agreed to continue the workstream as an important mechanism for technical and policy discussions on localisation. Part of the rationale was that localisation had been elevated to a Grand Bargain-wide priority and there was still technical-level work to be done to support achievement of that enabling priority. Switzerland indicated its desire to step down from the

co-convenor role after six years and it took some time before a replacement was found, with Denmark agreeing to take on this function in early 2022.

In the first half of 2021 the workstream focused on supporting and promoting Country-level Dialogues (CDs) on localisation in six countries (Colombia, Myanmar, Syria, South Sudan, Nigeria and Somalia), commissioning a study on the future role of intermediaries and initiating a high-level dialogue with donors across the humanitarian–development–peace nexus as a first step towards leveraging nexus funding to strengthen local response capacities.

The Country-level Dialogues aimed to catalyse collaboration between signatories and support them to identify context-specific opportunities to advance the objectives of the Grand Bargain. The dialogues took different forms and focus in each country, reflecting the differences in context and partnerships, but generally involved a combination of surveys, focus group discussions and thematic workshops between local and international aid actors at country level. Some dialogues moved forward more quickly than others. In Myanmar, for example, progress was impeded by security issues, while in Turkey the dialogue built on pre-existing discussions between international and local partners, and has since been formalised as a ‘localisation advocacy group’ with a Secretariat and funding from a local NGO network. A similar initiative was under way in the Philippines, led by OCHA, A4EP and Oxfam, with support from the Resident and Humanitarian Coordinator (RC/HC). In June 2021, the workstream convened a learning event with international and local stakeholders involved in the Country-level Dialogues to identify lessons from these processes. Key points of learning included the importance of ensuring dialogue on localisation at country level was inclusive, collaborative and complementary; that engagement from UN country representatives, including the RC/HC, was critical to ensure a meaningful dialogue and facilitate progress; that engaging local government is critical but will necessarily take different forms depending on context; and that the voice of affected populations should be central to discussions on aid strategies and programmes (Localisation workstream, 2021). One signatory involved also highlighted that the Country Dialogues could have benefited from stronger coordination between headquarters mechanisms on localisation, including between the workstream and the sub-group on localisation of IASC Result Group 1 (Operational Response).

Responding to the workstream’s collective decision to focus attention on the future role of intermediaries, Switzerland commissioned a study to identify key barriers, enablers, opportunities and incentives for advancing the localisation agenda through and with different types of intermediaries. The report was launched at a workshop with workstream members, other signatories and local actors, and was being used as a key reference document of the Grand Bargain caucus on the role of intermediaries. A challenge identified by some signatories within the caucus is that some organisations that act as intermediaries do not identify themselves with the concept on which the study is based, and thus have not applied the report’s recommendations.

The third key area of focus for the workstream was on bringing together a key group of donors (across humanitarian and development portfolios) to discuss how to increase investment in and expand the quality of support for institutional capacity strengthening of local actors. This initiative involved a

technical and then a policy-level workshop, during which stakeholders explored what instruments and funding streams could support better capacity strengthening. Stakeholders involved also agreed on the importance of reaching out to more nexus actors to explore the possibilities of longer-term joint action.

In the second half of 2021 there was rather less activity in part due to delays in securing a replacement for Switzerland as co-convenor, as well as a lack of clarity over the respective roles of the workstream and the intermediaries caucus, and how these two forums would relate to each other.

2.2.4 Remaining challenges - localisation

A number of challenges remain in relation to expediting progress on the key areas of localisation.

There is a lack of clarity on the links between the workstream and the new mechanisms in the Grand Bargain 2.0. Although many of the same actors were involved in both the workstream and the caucus on intermediaries established in the latter part of 2021, it took some time to clarify what the relationship should be between the two mechanisms, and there remains some concern that discussions in the caucus have not adequately built upon the progress made within the workstream, including on the concept of an ‘intermediary’. It is unclear to many signatories how the progress made through the Country-level Dialogues led by workstream 2 will be built on in rolling out NRGs. This has not yet been clarified in the NRG guidance note, for example, and there are concerns about duplication of effort. Reflecting on some of the lessons from the past few years, it would also be important to ensure appropriate coordination between headquarters-level mechanisms on localisation (e.g. between the IASC and workstream 2) to ensure consolidated support to and communication with the NRGs.

Actions to address the political and practical barriers to localisation are taking time to show results. There have been some important policy shifts both collectively and from key actors in the international aid system. The USAID Administrator and Congressional debates have highlighted the importance of US aid in supporting local actors; DG ECHO has specifically started to fund CBPFs as a way to channel funds more directly to local actors (they cannot fund directly due to current European Union (EU) legislation); WVI, Save the Children and the Dutch Relief Alliance have instituted new long-term corporate strategies to support the shift to localisation and set up implementation and monitoring mechanisms; and revisions to the CBPF guidelines now explicitly state that localisation is a secondary aim of the funds. In 2020 and 2021, CERF allocated \$25 million to UNFPA and UN Women to support response to gender-based violence, in which context the two agencies plan to transfer 40% (\$10 million) to women-led and women’s rights organisations, and a third of the NGOs funded under the IOM pilot for channelling CERF funding to frontline responders in the Covid-19 response were local organisations.

These are all significant actions contributing to a system-wide shift. But the nature and scope of the institutional and system-wide change envisaged to achieve ‘localisation’ means that it will take time for the impact to be felt. Making a wholesale shift in working practices within institutions also takes time. Several aid organisations highlighted during interviews, for example, that it is taking time to

fully embed across their institutions and/or confederated networks the localisation approach that their management have committed to. This is particularly the case where incentives are not clear for individuals, or where there are disincentives such as corporate targets for increasing income and/or the size of operations. Donors explained that they face difficulties in translating policy commitments into practice. A4EP and some of its network members are working with one donor bilaterally to help ‘socialise’ the concept of localisation among staff, holding learning events with donor staff and local partners to increase mutual understanding of how to maximise their relationship.

There is still a distinct gap between policy commitments to support local leadership and the practical and financial support available to local actors. The increased opportunities and political support for local actors to engage in decision-making forums at global and country levels have not been matched with the practical and/or financial support necessary to enable local actors to capitalise on those opportunities. Local actors continue to find it challenging to dedicate staff to leadership or even engagement in country-level clusters, in HCTs and in IASC forums. Institutional capacity support should not only help build systems and staff skills to engage, but also ensure local organisations have sufficient funds to be able to dedicate staff to engage in key coordination and decision-making forums at global, regional and country levels. Beyond financial support, international actors also need to adjust their ways of working to better facilitate the leadership or influencing roles of local actors in international decision-making forums and processes, including in the Grand Bargain. Scheduling international meetings at short notice, failing to respect different working patterns, religious holidays and time zones and falling back on English as the principal language have a direct impact on the extent to which many local actors can engage in decision-making processes and forums. Committing to empower local leadership should not mean simply giving local actors opportunities to join ‘our’ processes. Rather, it requires a shift in how international aid processes are designed and managed to ensure they are as inclusive, accessible and representative as possible.

2.2.5 Key areas of progress - participation

Addressing the failure to ask crisis-affected people what they want and to provide it has been an enduring challenge – as recognised by both the outgoing and incoming ERCs in 2021 (Lowcock, 2021; Aly, 2022). As successive AIRs have highlighted, despite its designation as a thematic area of work under the original 2016 framework, meaningful efforts to bring about the participation ‘revolution’ envisaged in the original commitments have been scant. Thus, the integration of participation in enabling priority 2 is itself an important step because it has elevated the issue to the highest level of priority. Mirroring this renewed political commitment within the Grand Bargain, at their October 2021 meeting the IASC Principals recognised the failure to ‘close the feedback loop’ and decided to designate Accountability to Affected Populations (AAP) as a priority under the new IASC structures (IASC, 2021).

However, it is not evident from the evidence available for this AIR that these latest moves to elevate participation to the status of system-wide priority have as yet had any substantive impact in terms of shifting ways of working to afford affected populations meaningful influence over the design and delivery of programmes. Moreover, it is not clear whether signatories understand what this new

designation means in terms of what they should do, or how they can work together to speed up system-wide progress in this area. There is no political caucus on this theme and the workstream did not convene in the latter half of 2021, though the co-conveners continued to work bilaterally with key actors.

There was much reporting on participation (or on AAP) in the self-reports for 2021. However, the overwhelming focus of signatories' individual actions was – as in previous years – on the establishment of mechanisms to receive feedback and manage complaints about aid programmes and on measures to prevent and respond to SEA. There is scant evidence provided of how aid organisations are using that feedback to inform programming decisions, or indeed how (or even whether) the views of affected populations are factored in from the outset of a programme or project design phase. There are a few exceptions, driven in part by lessons learnt during the Covid-19 response. For example, in response to beneficiary feedback, UNRWA has formalised a project in the Gaza Strip set up during the pandemic to enable telephone access for refugees to health professionals (when face-to-face appointments were not possible due to Covid-19 restrictions). This decision was in direct response to feedback from beneficiaries, particularly women, who found the service more convenient and efficient than traditional face-to-face appointments. An expanding group of signatories have gone further in giving community groups funding and support to design and implement responses to their needs. UNHCR, for example, reported on its simplified small-grant partnership arrangements for organisations led by and supporting refugees, internally displaced persons (IDPs) and stateless persons. In the pilot in 2021, 15 organisations were supported in eight countries, with plans in 2022 to expand the programme across the organisation's global footprint, and increase the size of grants available. The survivor- and community-led response (SCLR) approach – developed by the Local2Global collective of NGOs (DanChurchAid, ACT Church of Sweden and Christian Aid) – and FAO's Dmitra clubs also continued in 2021 to support local communities to design responses to their own needs (see for example Corbett et al., 2021). However, these positive examples are too small-scale to have a broader impact, with seeming reluctance by other international signatories to replicate or adapt such programming approaches.

Overall, progress and therefore impact in relation to the participation revolution remained very limited in 2021. This was clearly reflected in the findings of the latest round of perception surveys conducted by Ground Truth Solutions (Box 1). The surveys, in eight contexts in 2021, concluded that most recipients of aid still do not feel that they are able to influence decisions about the aid they receive.²³

23 The surveys were conducted in 2021 in Bangladesh, Burkina Faso, the Central African Republic, Chad, Haiti, Iraq, Nigeria and Somalia.

Box 1 GTS perception surveys – key findings in 2021

The GTS surveys conducted in 2021 echoed findings from previous years that crisis-affected people do not think humanitarian aid meets their needs, that they feel unable to participate in decisions about aid, feel uninformed about available assistance and are unclear about how aid is targeted to those in need. There were as usual some variations in perceptions: in Chad, only 22% of respondents felt that the aid they received met their priority needs, compared to 62% in Iraq. The data suggests some incremental progress in Burkina Faso, where more people in 2021 felt that aid met their priority needs than in 2020, but the overall rate remained low (26%). In the Central African Republic (CAR), the percentage of respondents who felt aid met their main needs declined in each successive year from 2019 to just 15% in 2021.

When GTS asked respondents about how they felt aid responses were being conducted, they found that aid recipients who thought their opinions were taken into account by humanitarian organisations were more likely to feel that the aid they received met their needs. However, most respondents across a broad range of crises asserted that they did not think they were able to influence the decisions humanitarian organisations take about what aid to provide and how. Few respondents felt informed about the aid they received. Humanitarian organisations often use community leaders as the main information channels about aid, but the majority of respondents in Burkina Faso, CAR, Chad and Somalia said that they do not always trust their community leaders to share information or represent their best interests.

Across all eight contexts, people who did not think aid reaches those most in need believed that the targeting process was not fair or transparent. In Iraq, less than half of respondents (47%) felt that aid was targeted fairly. This suggests that information on how aid is targeted is not well understood by recipients or disseminated effectively, or that there is a disconnect between the way selection criteria are communicated and how people experience targeting in practice. The surveys also highlighted that crisis-affected people want to know how humanitarian funding is being spent so that they can hold aid providers to account. In Haiti, respondents wanted to know where all the international aid money flowing into the country went, explaining that they saw little sign of it in their communities. They also felt that, with so much funding over the years, aid programmes should do more than provide only short-term relief. In Somalia, fewer than one-third of respondents felt that aid providers were transparent about their plans. The surveys also highlighted the importance of independent evaluations of aid provision. In Bangladesh, respondents interviewed by Rohingya community researchers expressed much lower levels of satisfaction with aid services than those interviewed by Bangladeshis working for aid agencies.

There were some positive trends in the survey data – most people surveyed felt respected by the humanitarian actors they came into contact with. But being treated with respect has little impact on people feeling that priority needs are met. That will only change if feedback from affected people leads to action.

(This is a summary of bespoke analysis provided by GTS to ODI for this AIR, based on data collected through the surveys. More information can be found at <https://groundtruthsolutions.org>.)

2.2.6 Core commitment – participation

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.

Target status:

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

It is unclear who is monitoring progress against this indicator and to what extent it is linked with other processes used by OCHA and partners for assessing the quality of Humanitarian Needs Overviews (HNOs) and HRPs, including in relation to participation, such as the quality scoring process and the Multi-Partner Review. However, data from the multistakeholder quality scoring process for 2022 HNOs found that 21 of 23 HNOs presented the humanitarian needs that affected people and/or their representatives considered a priority.

Following the IASC Principals' decision to elevate AAP as a system-wide priority, there was targeted follow-up with Humanitarian Coordinators to identify barriers to more effective accountability to populations at country level, and to agree on the optimal standard for approaching this issue, and the steps necessary to ensure implementation. Monitoring of commitments will be tracked in collaboration with the Core Humanitarian Standard (CHS) alliance using a collective AAP results tracker.

According to OCHA, in 2021 41% of HCTs had a strategy or response-wide framework on accountability to affected populations, and the co-conveners of workstream 6 report that some HCs have actively promoted participation including through engaging local media. In the Central African Republic, the HCT integrated AAP in its 2022 HNO and HRP and in its CBPF. New CBPF guidance in the country supports humanitarian partners to meet minimum accountability commitments and integrate accountability as a cross-cutting and central element in the development, implementation and monitoring of the projects they propose.

Collective efforts to engage local populations were also reported by UNICEF, WHO and IFRC, which continued their co-leadership of the Risk Communication and Community Engagement Collective Service for Covid-19, a platform for coordinating community engagement and accountability focused on ensuring public health responses are informed by data and analysis from communities, drawing from social sciences, community feedback mechanisms and other channels, such as social listening, to ensure that the voices of communities are heard and acted upon.

2.2.7 Role of the workstream – participation

Responding to the signatories' collective decision to integrate participation in enabling priority 2, the co-conveners decided to continue the workstream to support progress on this theme. They report that the legacy of workstream 6 has been the creation of a communication platform where signatories can meet and discuss plans and programmes and exchange and circulate information, and that they saw value in continuing that platform.

The workstream was not convened in the latter half of 2021, as noted, but the co-conveners did work together and bilaterally with some signatories to develop a strategy addressing obstacles to participation and overcoming power imbalances among and between humanitarian actors and affected communities. The strategy includes a prominent role for the NRGs as a key modality to promote participation through empowered local leadership. It also highlights the importance of strengthening links with workstream 2 and the IASC's new AAP Task Force. However, it is unclear to the research team why the co-conveners have emphasised the NRGs as the principal mechanism to make progress on participation, and the extent to which this strategy reflects consensus among signatories on this priority area of action.

2.2.8 Remaining challenges – participation

A number of challenges identified by the research team are hampering progress on participation.

Participation is still not dealt with as a Grand Bargain-wide priority. Previous AIRs have repeatedly highlighted that the lack of progress on participation is not a technical issue, but rather stems from a lack of political interest or will to change practices. There is no evidence that strategic Grand Bargain-wide efforts have been expended since the adoption of the 2.0 framework in mid-2021 to address this. The workstream was not convened in the second half of 2021, there has been no caucus proposed to tackle the political barriers to progress that the workstream identified in 2019, no signatories have stepped forward to champion this theme and there is no discernible activity from the governance structures of the Grand Bargain to find ways to galvanise signatory action in this area.

It is not clear how NRGs – the co-conveners' preferred channel – can be used to advance participation, and this approach may pose risks. Based on the current terms of reference, NRGs could offer an opportunity to highlight the importance of participation of affected populations at the strategic level. But as no NRGs have yet been established it is not clear how this could work in practice. Moreover,

there are concerns that this approach seems to conflate participation with localisation, which is not in line with the views of the majority of signatories as expressed during interviews, including local actors. It also does not accord with the latest evidence available from the GTS surveys, which found that affected populations do not always trust their community leaders to share information or represent their interests accurately. Addressing participation at a strategic level is important, but the current exclusive focus on NRGs as the main channel for advancing participation at country level may miss opportunities to consolidate the investments made thus far to try to hold signatories to account for implementing their existing commitments to engage affected populations directly in the design and delivery of programmes, where arguably their influence could be most direct, and therefore have most impact.

There are still few concrete incentives for aid organisations to change long-standing practices on participation. As noted in the last AIR, there are few incentives for aid organisations to make the changes necessary to afford affected populations more influence over the aid they receive. The ethical imperative as well as the evidence that participatory approaches can enable more efficient and effective aid responses seem on their own to be insufficient to bring about change across the system or within individual aid organisations. Even when aid organisations have made political commitments in this regard these have not, according to some interviewees, been backed up by management, who have failed to allocate the resources necessary to bring about the required change in working practices. And, as highlighted in the GTS surveys and in last year's AIR, the mechanisms for evaluating aid organisations' performance in relation to participation are often not very independent. Many donors express their support for more participatory approaches, but the information available currently suggests that only a few (including Australia, Denmark, Norway, Sweden, the UK and the US) have used their financial power to try to incentivise action by their partners. Those that do try to incentivise action are not doing this in a coordinated way, missing opportunities to maximise their impact as donors.

Without a radical shift in approach, combining a top-down drive from donors and senior leaders with a focus on change at the country level, it is hard to see what collective progress can be made by signatories in regard to the participation revolution by June 2023.

Section 3 Progress against other core commitments

3.1 Greater transparency

3.1.1 Overall progress

There was some shift in approach in 2021 towards greater transparency on funding data. As agreed at a workshop in March 2021, the workstream has sought to move from an exclusive focus on getting signatories to publish data to IATI, to a wider understanding of how to ensure greater transparency of financial data in the humanitarian system. This was appreciated by a number of signatories during the interviews for this AIR, explaining that this more nuanced approach better reflects the challenges and concerns that many signatories still have regarding using IATI as the main data standard for publishing humanitarian funding data.

Over the year there was an incremental increase in the number of signatories publishing some humanitarian funding data to the IATI standard, and the number publishing data that allows tracking of how funding is flowing through the system to the frontline and in relation to the core commitment to 'use' IATI data. Although the target of 100% of signatories publishing some data to the standard by 2021 set by the workstream was not met, by January 2022 95% of signatories were publishing some data, compared with 81% in March 2021. It is not clear, however, exactly how many of those signatories are publishing consistently across *all*, rather than only some of, their humanitarian funding data. The interviews with signatories provide further nuance behind these statistics. In particular, it is clear that long-standing differences of opinion on the value and appropriateness of IATI as a common standard for publishing humanitarian funding data remain. Even among those that do publish at least some data to the standard, many NGOs, some UN agencies and some donors continue to question whether the significant investments (financial, staff time) required to move to using the IATI standard will bring a reasonable return in regard to more useable and useful data. Although some admit, when pressed, that the value of the standard may be clearer once more of them publish more comprehensively, they are not willing yet, or see no particular incentive, to take the risk.

In terms of traceability, Development Initiatives report that 53% of signatories were publishing some traceability data by January 2022, compared with 39% in January 2017. But, as with the perennial challenge with any data standard, the problem in large part lies in publishers' willingness to provide the required data, in this case the name and type of the organisation(s) participating in an activity as accurately as possible, including the 'organisation identifier' (i.e. the company or charity registration

number), and including the IATI identifier or ‘project code’. DI has worked with signatories on a prototype – focused on Somalia – to see how it may be possible to overcome some of the challenges relating to increasing the traceability of funding down to local partners, with some positive learning as a result (see below).

On interoperability between IATI and FTS, little further progress seems to have been made since the pilots were concluded in 2020. These indicated that interoperability of the two systems was feasible, but would require increased efforts to publish data to the appropriate quality, and increased resources on the OCHA side to translate data published into a format that can be used for analysis via FTS. There is political commitment from OCHA to move forward, but discussions are ongoing on what OCHA will be required to do to facilitate the process, how it will secure the necessary resources to do that, and what efforts and resources will be required from other stakeholders, including publishers.

In consultation with participating signatories, the co-conveners (the Netherlands and the World Bank) agreed that the workstream should continue – based on the strong interest from signatories for a technical forum on data transparency, and to ensure that this issue remains clearly on the Grand Bargain’s political agenda. The co-conveners indicated their desire to step back from the role they had performed for the last six years, but at the time of writing replacements had not been found. A4EP has expressed interest to assume one of the co-convenor places but there is still a need for a donor to come forward. Thus, a decision will be required soon on whether to close the workstream because the current co-conveners cannot (and should not be expected) to continue in their roles indefinitely given the capacities and investments required to fulfil this function. If no donor steps forward, options include closing it completely, shifting the discussion to a ‘community of practice’ outside the Grand Bargain and/or advocating for inclusion of transparency commitments in caucus discussions.

3.1.2 Core commitment

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.

Target status: By January 2022, 95% of signatories were publishing some data to the IATI standard. By January 2022, 76% of signatories were publishing more useable humanitarian data (i.e. providing granular v2.02 data).

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Analysis conducted by DI of the responses in the self-reports submitted suggests that 57% of signatories are using data published to the IATI standard in some way. This represents an increase from 2020, when 51% of signatories reported that they use IATI data. Some signatories highlighted that they have developed or continued to use their own platforms for interrogating IATI data, including Australia, Canada, the Dutch Relief Alliance, the Netherlands, OCHA, Oxfam, the UK, UNDP, the US and ZOA. The tool developed by DI for using Covid-19 funding data published to the IATI standard (now managed by OCHA as the Covid Funding Dashboard) was highlighted by some donor signatories, including the US, as useful for analysis. Some signatories highlighted their use of other IATI-fed platforms: IOM, for example, uses different IATI platforms for comparative analysis with other organisations and to triangulate data published by partners.

More in-depth review of the self-reports combined with interviews suggests that the majority of signatories are still using FTS as the primary data platform for decision-making, along with other data sources. This is in part because they find data published to IATI is still not sufficiently comprehensive or detailed, and/or because they find the platforms using IATI data not particularly user-friendly (including compared to FTS). Some donors admit that, although they require publication to the standard by their partners, they are not actually using or reviewing that data in any meaningful way, in some cases because they do not have the capacity or knowledge to use these platforms.

The co-conveners recognised the challenges of supporting local partners to publish and use IATI data. A survey conducted by A4EP of its members highlighted what was already assumed – that few local actors use or publish their own data to the IATI standard. In the survey, 12% of local actor respondents use IATI, compared to 88% who do not. The survey also offered some indications as to why this is the case – of those who use IATI, 80% said they did not find it easily comprehensible. In seeking to explore this issue further, DI developed a prototype linking IATI with the OCHA ‘3W’ database in Somalia in order to link upstream partners’ IATI data with local actors’ activity/project data. This was intended to see how to improve data on how funds flow to the frontline without requiring local actors to publish to the IATI standard. According to DI, the prototype demonstrated that this approach is feasible, but will not be effective until more signatories (as upstream donors) report more timely, granular and traceable data to the IATI standard.

3.1.3 Links with enabling priorities

Data transparency as an enabler of quality funding has had limited visibility in the Grand Bargain discussions on quality funding over the years – though it is clearly one of the key demands from donors to enable the increased provision of multi-year and flexible funds. Under the Grand Bargain 2.0 framework there has as yet been no targeted effort to link these two issues. However, in early 2022 DI was invited to sit as an observer on the Informal Advisory Group of the quality funding caucus, and it is hoped that, as that caucus progresses into concrete negotiations, there will be opportunity to push for stronger investments by aid organisations in data-driven transparency. In terms of enabling priority 2 (localisation), the workstream has made more explicit links, identifying traceability and support for local actors’ data transparency a priority (see above).

3.1.4 Remaining challenges

There is still no universal agreement among signatories on using IATI as the common standard for publishing humanitarian funding data. Although even some of the most sceptical signatories acknowledge that its value may become clearer if more signatories publish to the standard in sufficient detail, there are also questions as to whether this standard and the tools that need to be developed to use the data in any meaningful way are worth the investment required. Enabling greater traceability of humanitarian funding through the system is critical to making progress on localisation in particular, but also in encouraging donors to provide more quality funding to first-line recipient organisations. But this will require much greater efforts from all signatories to use the tools/identifiers embedded in IATI (and FTS) that will enable tracing of how funding moves from donor to frontline implementer.

A key challenge in relation to this area of the Grand Bargain has been incentives and accountability for the changes that signatories committed to making. With the loss of momentum in the workstream in the latter half of 2021 and the failure of other signatories to step up to take on co-convenor roles, there has been little collective pressure on signatories to step up their efforts to improve the transparency of their funding data.

Looking ahead, the lack of interest from signatories (particularly donors) in assuming a leadership role makes the future of the workstream unclear. The evidence for this AIR strongly indicates again that signatories remain committed to increasing the transparency of their work, including how funding is managed and spent. Given the time that has passed already in the search for new co-convenors, a more realistic option at this stage may be to integrate the wider understanding of transparency into other relevant mechanisms of the Grand Bargain (including in the quality funding caucus) in an effort to both support/inform political negotiations on barriers to quality funding and maintain some level of momentum on the very important conceptual and practical progress on data-driven transparency that has been made by this workstream over the last six years.

3.2 Increase the use and coordination of cash

3.2.1 Overall progress

Cash programming remained a key focus of the Grand Bargain signatories throughout 2021, with a successful conclusion to the political-level caucus negotiations on cash coordination, as well as ongoing efforts by signatories to increase the volume and quality of cash programming in humanitarian contexts.

Following a series of consultations within the workstream in early 2021, the decision was reached to close the workstream as a technical forum in the Grand Bargain at the mid-year point. This decision was based on a consensus among participating signatories that work at technical level had largely been completed, that what remained could be integrated in other forums outside the Grand Bargain, and that the outstanding issue in relation to cash, namely coordination, needed to be elevated to a political discussion if progress was to be made. The co-conveners were very engaged in the caucus itself, feeding into the design process and participating in the technical and political-level dialogue. Under the leadership of the Eminent Person, the caucus reached agreement among all key stakeholders on a model for predictable and accountable cash coordination by February 2022. This proposal was endorsed by the IASC Principals in March 2022, with agreement also to develop a transition plan by September 2022 and transition to the new model over an 18-month period.

The workstream was officially closed in September 2021 and the sub-groups on cash and locally led response and on risk and gender were transferred to the CALP. The sub-group on social protection was transferred to the SPIAC-B. The Donor Cash Forum, co-led by DG ECHO and Switzerland, has been driving common donor approaches at country level and on policy priorities by commissioning a Good Practice Review on cash assistance in contexts of inflation/depreciation; establishing dedicated resourcing for donor cash coordination in Nigeria, Ethiopia and Somalia; launching work to develop joint donor principles on interoperability; and ensuring joint positioning and representation in the Grand Bargain cash coordination caucus.

While the Grand Bargain has never been the principal driver of progress on cash programming across the humanitarian system, over the last six years it has played an important role in supporting and consolidating a system-wide shift to greater use of this type of assistance across a broad range of objectives. There is however a general consensus among signatories – those that have participated in the workstream and those more distant – that the approach taken to phase out the technical discussions from the Grand Bargain structure and to use this mechanism to address the outstanding issue of coordination has been appropriate and effective.

3.2.2 Core commitment

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

Target status: N/A

UN agencies and NGOs continued to expand their use of cash and voucher assistance, with a clear shift to more systematic use across multiple programming objectives. Many aid organisations that undertake some form of cash programming reported that they had increased their use of cash and voucher assistance in 2021, but as this was not a data point requested in the self-report, the data provided was incomplete. Both of the largest providers of cash and voucher assistance within the Grand Bargain – the World Bank and WFP – reported increasing their cash assistance substantially in 2021. WFP increased cash assistance by 9% in 2021 compared to 2020, and the World Bank more than doubled its cash transfers, from \$1.48 billion in 2020 to \$3.4 billion in 20 fragile and conflict-affected contexts in 2021. This trend was also reflected across a broad group of aid organisation signatories. Save the Children reported its use of cash and voucher assistance had increased by 18% between 2020 and 2021, and DanChurchAid reported more than trebling the number of cash and voucher assistance projects between 2014 and 2021, and more than doubling the value – from DKK 41 million in 2014 to DKK 92 million in 2021. Data reported by OCHA reflects similar levels of funds allocated from CBPFs to cash and voucher assistance between 2020 and 2021 – at 10% – reflecting a sustained increase since 2019, when 6% of CBPF funding was allocated to cash and voucher assistance. There was, however, a drop in the percentage of CERF funds provided to affected people as cash and vouchers – 8% in 2021, compared to 16.2% in 2020. OCHA reports that the exceptionally high figure for 2020 reflects the unique \$80 million CERF cash allocation for food insecurity fuelled by the Covid-19 pandemic.

Interviews with aid organisations indicate three key factors behind the ongoing expansion in the use of cash and voucher assistance: the strong evidence base on the benefits of cash and vouchers and how the risks can be mitigated; the adoption of ‘cash-first’ policies by a number of large organisations and donors; and the Covid-19 pandemic, which continued in 2021 to act as an accelerator of cash programming, particularly in relation to integrating humanitarian cash in social safety nets.

There seems to have been some increase in the use of ‘multi-purpose’ cash by individual signatories and as an inter-agency tool. OCHA reports that 18 out of 23 HRP included a section on multi-purpose

cash; CERF support for multi-purpose cash tripled between 2019 and 2020 (the latest data available). However, as this disaggregation was not requested in the self-reports there is insufficient data to definitively identify trends in this regard. Those signatories that have increased use of this form of cash assistance cited the growing evidence that multi-purpose cash can be an effective way to respond to multiple needs and maximise recipients' sense of dignity. Some highlighted that the Covid-19 pandemic had again served as an accelerator in this regard: Mercy Corps reported that many of its country programmes pivoted to, scaled up or started using multi-purpose cash in direct response to needs driven or exacerbated by the pandemic. At least one aid organisation highlighted the impact of an increasing recognition by USAID/BHA – one of the largest donors – of the added value of multi-purpose cash as helping to drive an increase overall.

Reporting also evidenced ongoing institutional investments by aid organisations to ensure standardisation, appropriate capacity and risk mitigation. Some aid organisations reported on their efforts in regard to 'cash readiness' to enable rapid scale-up in new emergencies, including in building local partners' capacities in this area. The IFRC reported that, with its support, more than 100 National Societies were undertaking cash preparedness work. CRS reported that it has recruited a Cash Readiness Advisor specifically to strengthen institutional preparedness, as well as launching a new 18-month commitment focused on building local capacities for cash readiness through 13 local organisations in Bangladesh, Ecuador, El Salvador, Guatemala, India, Indonesia, the Philippines, Somalia and Turkey.

Aid organisations continued to expand cash and voucher assistance across a wide range of sectors. Save the Children reported on its allocation of internal funding to support research, train staff and pilot the use of cash to support nutrition and child protection. IRC's research in Jordan has focused on combining cash assistance with psychosocial services and gender discussion groups, with the goal of reducing violence against women. Their early findings indicate that female participants experienced a range of positive impacts from this approach. Oxfam produced internal guidance on cash and voucher assistance for protection outcomes, facilitating the uptake of cash in protection programming in Iraq, Lebanon, Jordan and Syria. More organisations also reported exploring the use of different technologies, with World Vision International and Oxfam both highlighting their investments in blockchain technology and, in WVI's case, in voice recognition software.

3.2.3 Links with the enabling priorities

An increased focus on the role of local actors in cash programming and coordination was reflected in both the process and the outcome of the cash coordination caucus. A4EP took a prominent role in the negotiations and successfully lobbied (along with other signatories) for agreement that local actors should take on a co-leadership role whenever appropriate. The localisation sub-workstream is now hosted by CALP and has been renamed the Cash and locally led response working group. There were no specific discussions on the importance of quality funding for cash and voucher programming between signatories in 2021 although, as noted earlier, the donor cash forum was active in 2021 to support aid organisations in expanding their use of cash and voucher assistance and key donors were actively involved in the cash coordination caucus.

3.2.4 Remaining challenges

Interviews with signatories and review of self-reports indicate a number of ongoing challenges in this area. First, tracking of the funding for cash and voucher assistance is still not optimal. Most aid organisations are still not reporting disaggregated data on cash and vouchers, which makes it difficult to discern trends. Most donors are unable to accurately report on how much of the funding they provide supports cash and voucher assistance. In any case, it would likely lead to duplication of data reported by their downstream partners, and thus the indicator in the self-report should specify that only aid organisations should provide this data.

There also remain challenges to securing the appropriate balance between the use of cash and vouchers versus in-kind assistance. Some UN agencies highlighted the need for greater effort to ensure the right balance between these different forms of assistance, with particular reference to the response to the deteriorating situation in Afghanistan in the last quarter of 2021, when several agencies felt that the rush to provide in-kind assistance without comparable cash and voucher support resulted in missed opportunities to support a more sustainable response, for example in agriculture. Diverse opinions were expressed by some signatories in relation to the unfolding response in Ukraine, with one organisation expressing concern at what they saw as too much initial focus on cash assistance without due regard for different circumstances across the country. Conversely, other signatories highlighted the importance of cash in enabling a more sustainable response, including to support agricultural production.

Many signatories also pointed to Ukraine as presenting a real-time example of a context where the model agreed in the caucus on cash coordination was in place and being implemented in practice. Several highlighted that success in this context would be important, not just to ensure an appropriate cash response, but also to build confidence among the stakeholders involved in the caucus and the wider system that this model is working in practice, and that those who have assumed a key role are able to deliver on the commitments they made. A number of signatories highlighted the importance of all signatories making significant efforts to socialise the caucus agreement within their institutions; for the ERC, OCHA and UNHCR respectively to ensure that HCs, OCHA and UNHCR country offices have sufficient capacity to take on the leadership roles outlined in the agreement; and for donors to increase financial support to ensure coordination arrangements are adequately resourced. It was also noted that, given the risk of tensions arising at country level when trying to implement the agreement, donors also needed to sustain their political support for the agreement.

3.3 Reduce duplication and management costs with periodic functional reviews

3.3.1 Overall progress

There is no evidence of collective progress on this theme in 2021, and very limited information on activities undertaken by signatories individually. A decision was taken by the co-conveners (Japan and UNHCR) to close the workstream in mid-year. The rationale, as articulated in the co-conveners' submission to the Facilitation Group, was that they had been unable to garner any interest/momentum from donors in regard to the findings of the report from 2020 (commissioned by the co-conveners from GPPi) on donor assessments, and that this core commitment therefore needed to be elevated to the political level, with follow-up from the Eminent Person and/or Facilitation Group. They also suggested that the issue of donor assessments more generally could be integrated for discussion in the risk-sharing forum led by the ICRC, the Netherlands and InterAction. However, no evidence has been made available to the research team to indicate the extent to which this recommendation was followed up in 2021 by any of the stakeholders involved.

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 CSO/NGO partners of UN agencies adopting the common UN Partner Portal (PP) process.

Target status: As at March 2022, four UN agencies and the UN Secretariat, including OCHA, had adopted the UN PP. Over 20,000 CSO/NGO partners were registered in the portal.

Revised target 2: Actual reduction in the number of donor assessments by 2021.

Target status: There is insufficient data self-reported by donors or by the workstream to identify trends relating to the number of assessments.

No reporting was provided by the former co-conveners against the core commitment. However, some progress is discernible from the self-reporting by signatories, including in respect of the UN Partner Portal. Participating agencies report that five UN agencies/entities are using the portal – UNFPA, UNHCR, UNICEF, WFP and the UN Secretariat, including OCHA. As of the end of 2021, more than 20,000 civil society organisations were registered in the portal, an increase of 40% from 2020. Seventy-five per cent of the organisations registered are national and local civil society organisations, providing important opportunities for local actors to access partnership opportunities. The UN Partner Portal enabled participating agencies to more efficiently identify partners for more than 2,700 opportunities for programme implementation. Further, in the spirit of inter-agency alignment and reduction of management costs for both the UN and civil society, UN agencies adopting the UN Partner Portal made progress in developing new features to facilitate sharing and mutual recognition of partner capacity and Protection from Sexual Exploitation and Abuse (PSEA) assessments. These features were to be rolled out in 2022.

With respect to institutional donor assessments, the two donors highlighted in the GPPI study as accounting for a large number of the donor assessments required of aid organisations, DG ECHO and the UK, reported some progress. DG ECHO reported that it had reached agreement in 2021 with UN agencies, funds and programmes on a further simplification of their evaluation mechanism. The UK reported that it continued to work in collaboration with Australia to undertake joint Central Assurance Assessments of humanitarian partners, in a bid to significantly reduce the burden on partners. It also reported that it is continuing to communicate this effort to all staff in order to limit the risk of duplicate requests from within the UK government.

In terms of individual signatories, only limited information was made available. Most donors indicated during interviews or self-reports that they do not carry out functional reviews or assessments of UN partners, but rather use the Multilateral Organisation Performance Assessment Network (MOPAN) as the joint assessment model. It was not clear what most donors use for their assessments of NGO partners. Luxembourg referred to the Humanitarian Quality Assurance Initiative (HQAI), highlighting that it encourages all its partners to reflect the Core Humanitarian Standard in their policy, procedures and practices, and NGO applicants to Ireland's new cycle of NGO funding are required to be either CHS self-assured, verified or certified as part of the appraisal process.

In terms of aid organisations, activity has continued to expand awareness and use of the IRC's DIOPTRA and the NRC initiative Money Where it Counts as tools to enable more accurate analysis of cost classifications and possible cost-efficiency gains. However, both organisations report that, despite advocacy efforts, neither had been taken up by a critical mass of signatories by the end of 2021.

3.3.3 Remaining challenges

There has been a surprising lack of momentum on reducing duplication and management costs for some time, as noted in previous AIRs. The UN, RCRCM and NGOs continue to express concern about what they consider to be overly cumbersome due diligence requirements from many donors, and

that this has an impact on their overall effectiveness and efficiency and is an impediment to further progress on localisation. For their part, donors have largely failed to show any interest in this area of the Grand Bargain, despite it containing key commitments for aid organisations to reduce costs and increase efficiencies – long-standing demands from donors. But this issue has essentially been dropped from the Grand Bargain agenda due to a combination of factors including the ongoing lack of interest by the majority of signatories in the workstream, the lack of follow-up to the results of the 2020 study on donor assessments, the closure of the workstream in mid-2022 and the failure of signatories to integrate this issue in actions taken thus far under the Grand Bargain 2.0 framework.

Given the importance of some of the issues originally situated under this workstream to the Grand Bargain's overarching goals, and its two enabling priorities under the 2.0 framework, it would be important not to lose entirely the work that has been done in this area since 2016. In particular, signatories should consider how to integrate at least some of the original commitments in caucus discussions on quality funding, and consider how to expand use of some of the tools developed, including the DIOPTRA tool and Money Where it Counts initiative.

3.4 Improve joint and impartial needs assessments

3.4.1 Overall progress

Some momentum was retained on joint needs assessment and analysis throughout 2021, with the continued focus of the co-conveners (DG ECHO and OCHA) and a core group of signatories on the improvement of the Joint Intersectoral Analysis Framework (JIAF) as *the* technical framework for inter-sectoral analysis at country level (Box 2).

Box 2 The Joint Intersectoral Analysis Framework

The JIAF has been designed specifically 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 the complex array of identified needs. The JIAF is being developed by members of the Joint Intersectoral Analysis Group (JIAG) – a group of experts from 25 UN, NGO, donor and specialist entities, coordinated by OCHA.

During the year there was some evolution in approach in response to what have been challenging technical and operational discussions on the framework, including issues highlighted in an independent review of the JIAF by Yale University (with secondary feedback from Tufts). The adaptations made to the JIAF approach and to the governance structures in the latter part of 2021 have been welcomed by the signatories involved, and have built confidence and a more collaborative spirit among the signatories involved that has enabled them to make substantive progress towards a revised JIAF version 2.0.

Following the discussions on transition in the first half of 2021, the co-conveners decided to continue the workstream because they felt that the visibility afforded to the discussions as part of an official mechanism of the Grand Bargain was key to sustaining the necessary political momentum to push through to the conclusion of the development of the JIAF 2.0. That said, the workstream is not active per se – work on the JIAF continues to be done through its own specific governance structures, including the steering group and advisory group, but with the co-conveners continuing to regularly report to the Grand Bargain accountability structures.

In contrast to earlier periods in the Grand Bargain, work on the JIAF has also benefited from increased political support from OCHA's senior management, and from increased political and technical engagement from key UN agencies, including those serving as cluster lead agencies, as well as NGOs. This renewed engagement at multiple levels (including from clusters' information management focal points) has been a key factor in overcoming technical challenges.

3.4.2 Core commitment

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

Target status:

1. Quality scoring criteria developed in late 2019/early 2020 and used for the 2020, 2021 and 2022 Humanitarian Programme Cycle (HPC) processes
2. 87% of HNOs for 2022 met at least 75% of the quality scoring criteria
3. No information made available.

The indicators developed for this core commitment are problematic, as outlined in previous AIRs, and reporting against them by individual signatories remains inconsistent.²⁴ Analysis of the responses provided is therefore not feasible or valuable in assessing progress against the core commitment.

²⁴ The 'indicators' included in the self-report excel spreadsheet are: (1) 'Which challenges have you identified and which actions have you been taking over the past year to strengthen humanitarian needs assessments and needs analysis in field locations and at headquarters? To which extent are these actions contributing to better joint (multi-stakeholders) inter-sectoral needs analysis in the field?'; and (2) 'On a scale of 1–10, with 10 being the highest, please identify at what level of priority within your organization you consider the work to support coordinated needs assessments and analysis? What steps has your organization taken over the past year, if any, to ensure the requisite capacity is available to undertake this work.'

The multistakeholder quality scoring process for HNOs developed in 2021 for 2022 found that 20 out of 23 HNOs (87%) for 2022 met at least 75% of the quality criteria. This exceeded the target designed by workstream 5 but is a slight drop compared to the previous year, when 91% of 2021 HNOs (22 out of 24) met at least 75% of the quality criteria. All HNOs also incorporated at least some explanation of the differential impact of crises on different groups, including relating to gender, age, disability status and other context-relevant vulnerability characteristics, their coping mechanisms and underlying factors which affect vulnerability.

Information provided during the research suggests that there was important substantive progress in 2021 on the evolution of the JIAF itself. The JIAF version 1.1 was developed in the first half of 2021 to address some of the weaknesses identified in the earlier version 1.0, namely to ensure that it is easier for field teams to use. Guidance on the revised methodology was endorsed by global clusters, operational partners and the multistakeholder HPC Steering Group, and released in June 2021. All HPC country operations used the new JIAF 1.1 to produce people-centred HNOs for 2022. An interagency Project Management Unit (PMU) was established in early 2021 to lead development work on the JIAF, with a mandate until 1 July 2023. The unit is funded by Sweden, administered by IOM and housed in OCHA, and reports to the JIAF multistakeholder Steering Committee. The PMU launched jiaf.info in May 2021, which includes eight pre-recorded training videos on the JIAF in English, French and Spanish.

The Yale independent review of the JIAF provided strategic recommendations about the future of the intersectoral analysis within the humanitarian system. There were some concerns about the methodology used in the study, and the fact that version 1.1 had already addressed some of the issues it identified. However, several signatories involved asserted that it did help inform discussions among the key stakeholders on how to move forward with a different approach to both substance and process. In November 2021 the JIAF steering committee (comprising eight UN agencies, nine clusters, four NGOs and four donors) held a workshop to agree next steps, reaching agreement on an 18-month plan for the development of the JIAF 2.0, which is intended to address weaknesses identified in the two previous versions. The workplan included the objective to complete the JIAF 2.0 version ready for use in the 2024 HPC process. They agreed to ensure that this new version would adopt a ‘lighter’ approach, but without compromising methodological rigour and transparency. They also outlined a set of principles underpinning the methodology for the framework, including a clear process for engaging with field colleagues to inform the revision process.

3.4.3 Links with enabling priorities

The progress made on the JIAF itself notwithstanding, questions remain – namely whether, once available, better-quality analysis and better prioritisation by HCTs will be used by donors to make more informed funding decisions. This is a perennial question, and is unlikely to be answered in the short term.

In terms of functional links with localisation, the co-conveners acknowledge that progress has as yet been limited. Guidance has been issued to HCTs to emphasise the importance of engaging local actors

in the JIAF process at field level, and several countries have reportedly strengthened their engagement with local actors. However, there are clear challenges in relation to local actors' capacities to engage in both the revision of the JIAF itself, and its implementation at country level – both are resource-intensive processes, requiring substantial staff time. There are, though, other opportunities for local actors to influence the analytical process at country level, including through their membership of HCTs and clusters. In this sense, broader progress on localisation (including enhancing local leadership) should also enable more progress on local actors' influence over the analysis developed and used by HCTs.

3.4.4 Remaining challenges

The remaining challenges under this theme are both technical and political. As indicated above, all the signatories involved acknowledge that further technical improvements to the JIAF are required to ensure that the framework can be used to analyse needs in a way that reflects the specificities of different sectoral areas. Although there is agreement within the Steering Committee on this, it will still require substantial investment from all, and a collective approach that accepts a 'perfect' framework is not technically possible or necessary in order to achieve appropriate improvements in the quality of the analysis that HCTs can produce. Sustaining political momentum is more challenging, as evidenced in recent years. However, at this juncture the majority of signatories involved felt that the recent changes in governance structures have increased the transparency of decision-making around the JIAF, and therefore increased confidence and ownership among stakeholders.

There are also concerns around the calculation of the Population in Need (PiN) – a core element of the analysis produced through the JIAF. There is often pushback from host governments on the PiN calculated by an HCT. Tackling such situations is complex, and although the Steering Committee reiterated their collective commitment to the integrity of the PiN methodology, they are looking to the ERC, HC and, importantly, donors for more diplomatic support.

Although not the remit of this core commitment or the Grand Bargain per se, some signatories expressed concerns in interviews that the HPC process has become overly cumbersome in recent years. They cited in particular the multiple layers of assessments that have become very resource intensive, but which are not necessarily in their view resulting in better-quality analysis or response. The HPC is also still considered by many NGOs as a UN-focused process that has little relevance for them because their donors do not generally use it in their decision-making on allocation of funds to NGO programmes. There remains often limited engagement from NGOs in HPC processes at country level.

Although the exclusive focus over the last six years on instituting better-quality humanitarian needs analyses is entirely understandable, it has meant (in the view of some signatories at least) missed opportunities to link improved intersectoral analysis with conflict analysis developed by humanitarian and non-humanitarian actors at global and country level. The DRC and Mercy Corps highlighted their increased investment in developing detailed conflict analysis to inform country operations, which could also be used by other actors as appropriate. Several signatories felt that making such links could further

enhance the quality of HNOs and response-planning processes. This lack of integration of needs and conflict analysis is not limited to the HPC process, of course, but rather is a long-standing gap identified by many donor and aid organisation signatories in respect of their own institutions.

The workstream itself is not ‘active’ per se – collaboration at technical and political levels is taking place through the governance structures created specifically to develop and roll out the JIAF. Retaining this workstream – even if not actually convened as such – has likely helped sustain the visibility of, political momentum behind and accountability for this thematic area of work. But its continued value will be limited at a certain point, particularly once the JIAF 2.0 framework has been completed.

3.5 Harmonise and simplify reporting requirements

3.5.1 Overall progress

Having decided to continue the workstream under the Grand Bargain 2.0 framework, the co-conveners (Germany and ICVA) reported that there was much less activity in 2021 than in previous years. The workstream was not convened per se, with efforts principally focused on advocacy to encourage uptake of the 8+3 narrative reporting template among constituency groups. An increased number of signatories are using the template for downstream partners (see below).

The first years of the workstream focused on developing proof of concept – that a harmonised and simplified template for reporting to donors was feasible. Following pilot testing and subsequent wider roll-out, the benefits and limitations of the template have become clearer. Its limitations are accepted – it tends to be more suitable for project rather than programme reporting, and it is unsuitable for reporting by multilaterals on the core funding they receive from upstream donors. But its benefits are also clear – it has reduced the reporting burden on downstream partners, particularly smaller organisations that have fewer in-house capacities for reporting, while still satisfying donor requirements.

There has been an incremental increase in the number of signatories using the template fully or partially for their civil society partners (see Figure 9). But overall, despite evidence of the benefits, there is as yet no critical mass of signatories using the template for downstream partners. This is limiting the efficiency gains that could be accrued for individual partners and across the system.

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.

Target status: As at March 2022, 30 signatories are using the template as the reporting standard for agreements with at least some of their civil society partners.

For 2021, 30 (Australia, Canada, Czech Republic, Estonia, France, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Spain, Sweden, Switzerland, the Netherlands, the UK, the US (PRM), IOM, OCHA, UNFPA, UNHCR, UNICEF, WFP, CAFOD, Care International, Christian Aid, IRC, Mercy Corps, ZOA, IFRC) signatories reported that they were using the 8+3 template in some form for downstream partners – i.e. for all NGO partners, or partially for some depending on upstream donor requirements or the nature of the project, or have aligned their reporting formats with the template or are piloting its use. This is a slight increase on 2020, when 28 were using the template in some form. Nine signatories reported not using the template as they do not feel it fits their reporting models, are considering it or are new signatories and have not yet had an opportunity to use the template. Fourteen signatories did not report any information against the indicator, or did not provide a clear answer. The template is not directly relevant to the remaining nine signatories that submitted self-reports for 2021 because they do not provide grants to partners in the meaning of this core commitment.

Figure 9 Signatories that reported using the 8+3 template



3.5.3 Role of the workstream

The co-conveners decided to retain the workstream during the transition process because they have as yet not been able to secure a critical mass of signatories adopting the reporting template for all NGO partners. The workstream was not convened in 2021, but the co-conveners have continued with substantial advocacy efforts to encourage more signatories to take up or expand the use of the template. While focusing on this immediate priority, the co-conveners also have a longer-term view of the potential of the template to link with development programming, to support dialogue on risk-sharing between upstream and downstream partners, and ultimately to support increased simplification and harmonisation of the entire humanitarian project cycle. However, given the slow progress made after six years on take-up of the template, these ambitions seem unlikely to be realised in the medium term.

3.5.4 Links with enabling priorities

The co-conveners clearly identified the substantive links between the template and both enabling priorities, and have sought to articulate that in their advocacy. However, there were limited opportunities to advance these links under the 2.0 framework in 2021 due to delays in setting up the quality funding caucus, and a lack of clarity on the focus of dialogue in the caucus on intermediaries.

3.5.5 Remaining challenges

After six years, both co-conveners are finding it difficult to sustain their investments in leading this workstream and are struggling to garner the momentum required to advance this agenda. As discussed in the last AIR, there is no reason why a critical mass of signatories that provide funding to downstream partners could not adopt the template and ensure its use across the system to the benefit of both upstream and downstream partners. The issue remains one of prioritisation and political will on the part of individual signatories to make the effort required. At the annual meeting last year, there was a call from the then Eminent Person, Minister Kaag, to all signatories to adopt the template. While this, together with the co-conveners' sustained advocacy, appears to have had some impact, further action is needed. A repeated call from the current Eminent Person to signatories at the 2022 annual meeting could help. But there may also be a need to elevate this issue to a political caucus, or integrate it into the quality funding caucus, to identify barriers in more detail, and apply high-level pressure to overcome those barriers and agree a definitive target by mid-2023.

3.6 Enhance engagement between humanitarian and development actors

3.6.1 Overall progress

Following the closure in 2018 of the workstream on this theme there has been no specific strategy within the Grand Bargain for advancing collaboration between humanitarian and development (and peace) actors. As highlighted in past AIRs, this has meant that the Grand Bargain has not played any particular strategic role in driving progress on this theme across the wider aid system. However, the platform still provides an opportunity for signatories to both reflect on their work in this area and, in theory at least, consider how other areas of action under the Grand Bargain framework can enable more effective nexus approaches.

This approach was reflected in the reporting for 2021, in which signatories continued to highlight action on a variety of themes including anticipatory action, durable solutions for displaced persons, integration of humanitarian cash in social protection systems and strengthening local capacities and systems. Collective action has also continued, including in relation to the core commitment, in regard to which there seems to have been increased sharing and/or coordination of assessments and planning between humanitarian and development actors at the inter-agency level.

Several signatories reported on their institutional prioritisation of the nexus. The Danish Refugee Council reported that its new nexus policy provides an overview of the relevance, risks and opportunities of the humanitarian–development–peace nexus, and describes how the organisation will operationalise a ‘nexus-sensitive’ approach to programming. Mercy Corps outlined its new 10-year organisational strategy, ‘Pathway to possibility’, which commits the organisation to framing technical approaches to the humanitarian–development nexus in four outcome areas; to develop and test operational models for proof of concept in three country programmes; and to adapt their research agenda accordingly. Finland reported on recommendations on the nexus from its parliamentary development committee, which is expected to enhance the government’s ability to operate in support of nexus approaches and has been integrated in new Foreign Ministry country strategies. Christian Aid reported that its Integrated Conflict Prevention and Resilience (ICPR) approach was applied in the implementation of the Irish Aid-funded multi-year Humanitarian Programme Plan (HPP) in Myanmar, South Sudan, the DRC and Burundi. The approach entails linking conflict analysis to Participatory Vulnerability and Capacity Assessments identifying areas of complementarity between long-term resilience interventions and peace-building initiatives. Conflict analyses at macro and micro levels were conducted with the objective of promoting peace and social cohesion and avoiding harm throughout programme implementation. CAFOD has merged its formerly separate programme teams for development and humanitarian response. Similarly, Switzerland reported that its aid department, the Swiss Agency for Development and Cooperation (SDC), is undergoing a major reform process to become a ‘nexus agency’, with geographical desks from development and humanitarian teams merging.

The new structures will take effect from September 2022 and are expected to enable more nexus-focused approaches across the institution. Several UN agencies, including IOM, UNHCR, UNICEF and WFP, highlighted that their adoption of the OECD-DAC recommendation on the triple nexus has proved useful as a policy framework for guiding their work, and for connecting with donors on this issue. Many donors also continue to report that the OECD-DAC recommendation has been instrumental in articulating how they could make progress on the nexus: implementing the actions envisaged under the recommendations has been enabled through developing institutional policies and guidance (e.g. Canada, Finland, Ireland and Italy); instituting legal and/or institutional reforms to better integrate humanitarian and development approaches (e.g. Switzerland); or dedicating specific staff expertise and/or mechanisms at capital and country levels (e.g. Finland, France, Sweden).

Financing nexus approaches remains a challenge according to many aid organisations, with some reporting that they mainly use publicly raised rather than institutional donor funds for this area of work. In an effort to address this, with support from DI, FAO has been leading a sub-group of IASC Results Group 5 (subsequently moved to Results Group 4) on financing the nexus. Established as a follow-up to the 2019 study undertaken by FAO with NRC and UNDP on financing the nexus, this sub-group has developed a scoping paper and key messages aimed at supporting a more collaborative approach across different nexus actors to support appropriate financing (Poole and Vance, 2019; IASC RG 5, 2021a; IASC RG 5, 2021b). Several donors reported on a shift in their funding approach to enable nexus programmes, although funding flows might still be separate. Ireland reported on its ICSP, which brings together funding for humanitarian crises (short term), chronic humanitarian crises (long term) and development programming in fragile contexts. It will enable NGO partners to strengthen links across humanitarian and development programming and aligns Ireland's humanitarian funding cycle with its existing development funding five-year cycle. They are also making internal changes to facilitate flexibility between humanitarian and development budget lines and to have a more coherent approach to their NGO partners across these spheres of action. However, for some donors accountability lines to parliaments are often separate for humanitarian and development spending, which acts as a disincentive for further integrating humanitarian and development funding.

The self-reports and interviews indicate a growing institutional and collective interest in and understanding of the *triple* nexus, specifically how humanitarian action contributes to sustainable peace (with due regard for humanitarian principles). At collective level, the IASC has elevated the triple nexus to a new Task Team, and there has been substantial collective effort to build system-wide and institutional capacities: the IASC produced an Issue Paper on strengthening the articulation of peace in the nexus and a mapping of lessons learned (led by Oxfam and OCHA); ICVA has continued to lead a nexus working group for its member organisations and served as co-chair of the nexus community of practice under the former IASC Results Group 4 on the nexus; and several signatories, including ICVA and several UN agencies, reported on their support for the establishment of the UNDP-hosted Nexus Academy created by the UN-DAC Dialogue Group. Launched officially in early 2022, the Academy is intended to facilitate joint learning and knowledge exchange between donors, UN, NGOs and a range of other stakeholders to accelerate triple nexus approaches (UN-DAC Dialogue Group, 2022). NRC highlighted its provision of nexus experts to support HCTs in strengthening the capacities of national

authorities and local NGOs across humanitarian, development and peace activities. FAO reports that its evaluation of its role in the triple nexus concluded that the humanitarian–development–peace nexus is highly relevant to FAO in its drive to end hunger, and provided a series of recommendations in relation to its institutional and system-wide support for triple nexus approaches (FAO, 2021). They report that, since the report was published in 2021, the triple nexus has been more explicitly integrated in the new organisational strategic framework, steps are being taken to adhere to the OECD-DAC recommendation on the nexus and that, through their role in the Global Network against Food Crises, they are actively pursuing triple nexus approaches at country level.

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

Target status: In 2021, there was a process to conduct joint analysis between humanitarian and development actors in 16 countries.

As indicated in the previous AIR, in recent years there has been progress at the inter-agency level to share, coordinate and, where feasible, conduct joint analysis and planning between humanitarian, development and peace actors. In 2021, all HRPs contained references to closer humanitarian–development–peace collaboration, and drivers of needs were considered in humanitarian analysis and planning. In 16 countries there was a process to conduct joint analysis between humanitarian and development partners, with 10 out of 16 UN Country Teams either having or developing collective outcomes. In several countries the JIAF was used as a platform to facilitate engagement between these two sets of actors. In Afghanistan, development of the 2021 HNO included World Bank poverty analysis data together with humanitarian intersectoral analysis to present a comprehensive overview of people in need of humanitarian assistance, and in need of economic safety nets (social protection). In the 2022 HNO for Myanmar, the HCT used data from UNDP’s pulse surveys and poverty analysis to highlight the size of the population that required development assistance, compared to those with humanitarian

needs to be targeted through the HRP. Myanmar also planned to undertake a common needs analysis between humanitarian and development actors as part of the Common Country Analysis (CCA), which will inform the mid-year revision of the 2022 HRP, if undertaken.

The Covid-19 pandemic may have accelerated efforts to increase coordination between humanitarian and development actors. OCHA reports that joint humanitarian needs assessment and analysis on the impact of Covid-19 was shared with development partners and informed the CCA and UN Strategic Development Cooperation Framework (UNSDCF) planning processes in various countries. Humanitarian needs assessment and analysis will play a critical role in informing development investment and programming in countries rolling out 2022 UNSDCF cycles.

The Global Network against Food Crises (including WFP, FAO, the EU and partners) continued their collective analytical work across the nexus in 2021, including their Global Report on Food Crises (GRFC) and the mid-year update; an Intergovernmental Authority on Development (IGAD) regional report on food crises; a report on financing flows and food crises; early warning updates on acute food insecurity; and reports to support UN Security Council monitoring of food security in countries in conflict. WFP reports that this analysis and related advocacy has had some impact: the GRFC was reflected in the G20's Rome Declaration and served as the basis for global dialogue on this theme, including the UK-led compact for the G7 2021 meeting and the Matera Declaration. The analysis was also used by donors to inform their planning processes, including the EU's 2021–2027 planning cycle.

Some aid organisations reported on their institutional efforts to join up analysis and planning between humanitarian, development and, in some cases, peace programming. IOM reports that, in 2021, it developed 47 Crisis Response Plans based on risk analysis between humanitarian, development and peace-building activities – a 26% increase in multi-year crisis plans developed with an HDPN approach compared to 2020. The World Bank report that, although there is no formal link between their Risk and Resilience Assessments and UN CCAs and SDCFs, UN staff are invited to World Bank consultations on the development of RRAs to ensure a minimum level of coordination of analyses.

Donors are also helping drive increased coordination of analysis and planning across the nexus – within their own institutions and with partners. Sida is undertaking joint analysis via its humanitarian unit's annual Humanitarian Crisis Analysis (HCA), as well as through the Multi-dimensional Poverty Analysis (MDPA) underpinning Sida's implementation of global, regional and bilateral strategies. DG ECHO reported that 2021 was the first year of programming of its new development instrument, the Neighbourhood, Development and International Cooperation Instrument (NDICI-FE), through which the Commission set in place a coordination process between humanitarian, development and peace actors, including development of conflict analyses.

3.6.3 Role of the workstream

N/A

3.6.4 Links with the enabling priorities

A number of signatories highlighted strengthening local actors' institutional capacities as a priority area for action in relation to the nexus, both in their institutional efforts and as a collective. However, there is currently no mechanism through which this issue is being taken forward collectively. There is interest from some signatories in utilising the Grand Bargain to make progress on discussions around financing the nexus – capitalising on the fact that the Grand Bargain has a broader membership than other aid coordination mechanisms (such as the UN–DAC Dialogue Group). But to date no action has been taken and the nascent quality funding caucus has not explicitly dealt with issues relating to funding for nexus approaches.

3.6.5 Remaining challenges

Progress seems to be continuing at the system level and within individual signatory institutions. Differing opinions remain on the value of the Grand Bargain in relation to advancing the nexus agenda. There is some reflection from signatories operating more at the development end of the spectrum that the lack of prioritisation of, or strategic debate on, the nexus in the Grand Bargain is a missed opportunity, and one that is causing them to rethink the value of their engagement in the Grand Bargain as a whole. Some went further, arguing that the Grand Bargain signatories have retreated into a 'humanitarian bubble', moving away from the global consensus agreed at the World Humanitarian Summit that greater collaboration between humanitarian, development and peace actors is central to a more efficient and effective aid response. A minority of signatories consider that discussions taking place in other forums are sufficient, and the Grand Bargain would only serve to duplicate.

The reality – in the view of the research team – lies somewhere in between. As recommended in the previous AIR, the Grand Bargain could advance the nexus agenda in specific areas that are not being adequately addressed elsewhere, or which could benefit from dialogue between a broader set of constituencies, which is currently only possible in the Grand Bargain. For example, the nexus is a key agenda item in the UN–DAC dialogue, the IASC and the Good Humanitarian Donorship initiative. But none of these offers a multistakeholder platform for dialogue on this issue: the UN–DAC dialogue excludes NGOs and the RCRCM, the IASC excludes donors and has long been accused of being dominated by UN agendas, and the Good Humanitarian Donorship initiative excludes all aid organisations. Establishing some form of dialogue within the Grand Bargain – whether a political caucus or something else – on any aspect of the nexus would require some reconfiguration of current participation to ensure representation from development (or at least nexus) focal points within signatories, not just the humanitarian staff that currently sit in the Grand Bargain.

3.7 Gender and the Grand Bargain

3.7.1 Overall progress

The five-year review of the Grand Bargain conducted in 2021 highlighted gender equality and women's empowerment as a key area where the Grand Bargain had helped drive progress across the international humanitarian system. Reflecting this, the Friends of Gender Group (FoGG) sought to influence the development of the Grand Bargain 2.0 framework to ensure the explicit inclusion of gender in the enabling objectives and outcome pillars. In essence, they sought to correct the omission of gender in the original framework in 2016. The FoGG was very successful in this regard, with gender equality and women's empowerment clearly integrated throughout the framework document endorsed by signatories at the 2021 annual meeting.

Through the transition period in 2021, the FoGG chairs – UN Women and Care International – lobbied for a seat in the Facilitation Group, which they considered critical to provide strategic leadership on the gender-related elements of the 2.0 framework. Having considered this proposal, the Facilitation Group suggested that the FoGG be represented through existing members of the Facilitation Group (since the same signatories are in both mechanisms, even if staff members are different), and this was reflected in the final 2.0 framework document, and to complement this with heightened strategic engagement between the Facilitation Group and FoGG members to ensure gender is integrated in key decision-making processes. The proposal was based on concerns that the Facilitation Group is constituency- rather than theme-based, and any shift could become unworkable given the wide range of issues covered by the Grand Bargain. Discussions continued between the FoGG and the Facilitation Group after the annual meeting, with tentative agreement reached in December 2021 at Sherpa level on how to institutionalise ways of working – including a proposed dialogue every two months between the two structures, provision of a smart indicator by FoGG to include in the AIR process, inputs from the FoGG into the development and roll-out of the NRG concept, and for the FoGG to provide analysis of the gender elements in the 2021 self-reporting process. However, this tentative agreement appears not to have been put in place and, despite much constructive engagement in the first half of 2021, communication between the two entities faltered in the second half of the year: responses were not provided to requests by the Facilitation Group to the FoGG for advance inputs to key decision-making processes including development of guidance on caucuses or for an indicator on gender to be included in the self-report template for the new 2.0 framework. The FoGG was also not given a bilateral opportunity to comment on the draft NRG concept note. Engagement with the Facilitation Group aside, the FoGG chairs and members continued in the second half of 2021 to proactively support integration of gender and women's empowerment in the activities of different forums under the Grand Bargain, particularly workstream 2 (localisation), providing inputs to the 2022 workplan for the workstream and supporting the study commissioned by the sub-group on the future role of intermediaries.

Reporting by signatories on their efforts to advance gender equality and women's empowerment in 2021 was positive. All signatories that submitted a self-report for 2021 provided at least some information in response to the question on gender in the narrative report and/or in the spreadsheet on core commitments. An in-depth analysis of the information reported is beyond the scope of this AIR. However, the wealth of information warrants further analysis by the FoGG, as they have done in past years, to confirm key trends and identify gaps and weaknesses to be addressed in the remainder of the Grand Bargain 2.0 period.

The research team was able to make some preliminary observations. The level of activity on gender equality and women's empowerment has been sustained through 2021, with the Covid-19 pandemic likely accelerating action among many signatories because of the nature of the crisis and its impact on women and girls. With respect to aid organisations, progress in advancing women's engagement in humanitarian aid decision-making forums continued, albeit gradually: the UN Women-coordinated *Gender Accountability Framework report 2020* found that, in 2020 (report released in 2021), 68% of HCTs reported having consulted at least one local women's rights organisation in the humanitarian planning process (IASC RG for Gender in Humanitarian Action and UN Women, 2021). Notably, in contexts with active gender working groups, 82% had consulted with WROs. Further efforts to increase access of WLOs/WROs to these forums are being stepped up in 2022. There was also significant activity among the donor group of signatories: a majority have adopted the Roadmap 2021–2025 of the Call to Action on Prevention of Gender-based Violence in Emergencies, which they see as an important framework for coordinated action across states, international organisations and civil society. Those who had already adopted a feminist foreign policy have continued efforts to articulate what this means for their humanitarian aid (Canada, Sweden, Spain, France). Some have also continued efforts to mainstream gender across humanitarian funding agreements, with the use of IASC and DAC gender markers now standard practice. Switzerland reports that 85% of bilateral programme funding was 'gender significant' or 'gender principal' according to DAC guidelines. Some donors also provide funding thematically earmarked for gender projects and programmes to signal the importance they give to this priority. In terms of gaps, the most obvious relates to the continued lack of data on how much humanitarian funding is allocated to projects and programmes aiming to advance gender equality and women's empowerment. This is principally due to the failure of most signatories to report data on their funding and expenditures in this area.

3.7.2 Remaining challenges

While the FoGG was successful in lobbying during the first half of 2021 for integration of gender equality and women's empowerment in the new Grand Bargain 2.0 framework, there was a clear loss of momentum following the 2021 annual meeting on ensuring that gender equality remains a key priority, and is integrated as relevant in technical and political-level discussions. The reasons for this are not entirely clear from the information available. The FoGG did not submit a written report to the AIR process and the information provided during interviews did not give a full picture of the activities the FoGG had undertaken in the latter half of 2021. It is clear from the interviews for this AIR that there has been some breakdown in the relationship between the FoGG and the Facilitation Group,

which has resulted in missed opportunities to integrate gender in some of the strategic processes of the new framework. Given the important progress achieved through the FoGG in previous years to ensure gender was high on the agenda of the Grand Bargain, it would be unfortunate if that now slipped backwards. It is hoped therefore that strategic engagement by the FoGG chairs and members with the Facilitation Group, as well as with relevant caucuses, can get back on track for the last year of the 2.0 framework, to ensure that the gains made to date in advancing gender and women's equality are consolidated.

3.8 Risk and the Grand Bargain

3.8.1 Overall progress

In January 2021, the Netherlands and the ICRC sought to reinvigorate dialogue on risk within the Grand Bargain through holding an expert meeting and publishing, in advance of the 2021 annual meeting, a statement highlighting the key actions needed to shift towards greater risk-sharing. The statement was positively received by signatories, with a number highlighting during the meeting the importance of continued dialogue on risk focused on the role of intermediaries, local actor leadership and engaging with affected governments.

Following the annual meeting, the two signatories worked with InterAction to identify ways to encourage a new approach to risk management in humanitarian action, including establishing a new platform bringing together risk experts and signatory focal points to develop a framework to improve risk acceptance and enable risk-sharing; identify and share good practice and learning; and inform political discussions on localisation and quality funding. This new platform convened in the first quarter of 2022. The three chairs also requested inclusion of a question on risk-sharing in the self-report template for 2021.

Fifty-eight signatories (out of 62) that submitted a self-report provided some information on their approach to risk-sharing and/or risk management more broadly. A full analysis of that information is beyond the agreed scope of this AIR. The research team are, however, able to offer a number of observations based on a brief review of that information – but further analysis by the three chairs is strongly encouraged to inform the platform's work.

It is evident from the self-reports that there remains significant interest in the risk agenda among signatories, and many are engaged in a range of risk-management activities – from improving security risk management of local partners to simplifying due diligence procedures. There is also interest in engaging in the risk-sharing platform convened by the ICRC, the Netherlands and InterAction, since it offers an important opportunity to bring together technical experts with policy and operational focal points to discuss key challenges and good practice. However, many signatories are still trying to understand the different elements of risk management, including risk-sharing, and how they can work together in this area.

In terms of substance, some donors indicated that they have moved away from a 'zero tolerance' approach to risk, and are more cognisant of the risks inherent in humanitarian action, and some larger aid organisations report that they have sought to reduce the burden of risk on downstream partners (though often within the limits set by donor restrictions). But overall there is no evidence to indicate a fundamental shift in approach has yet been made, or indeed what that may look like in practical terms.

This new risk platform – as a vehicle for advancing this agenda within the Grand Bargain – has been slow to gain traction. However, it evidently has the potential to help articulate a clear focus for signatories and set out how, in concrete terms, risks can be better mitigated and more appropriately shared across constituency groups. But, learning lessons from the FoGG, workstreams and caucuses, it will require sustained commitment of staff and other resources from the chairs, as well as from the wider group of signatories, and clarity of purpose and strategy to achieve concrete results.

Section 4 Conclusions and recommendations

4.1 Conclusions

There was a significant shift in 2021 by Grand Bargain signatories towards a more focused, more streamlined framework to help speed up progress towards its original goals of more efficient and effective humanitarian action. The transition process was challenging but ultimately successful, in that agreement on the new framework and related adaptations to structures was reached by the deadline of the annual meeting in June 2021 and, importantly, with buy-in from the vast majority of signatories. However, the political momentum garnered for this process in the first half of the year quickly dissipated after the annual meeting, and concrete progress on implementing the new framework, including transitioning to the caucus model, has been much slower than anticipated. These delays in adapting structures, clarifying concepts and identifying champions from among the signatories has had a direct impact on collective efforts to achieve the two enabling priorities, and collective progress on some of the other areas of the Grand Bargain's original framework basically ground to a halt in the latter half of 2021.

A number of factors have contributed to this. First, the transition process was always going to be complex for a multistakeholder entity such as the Grand Bargain – the practical and political effort required to make what was a fundamental shift in approach was perhaps underestimated. Second, after five years of effort, many signatories have found it difficult to sustain the staff resources required to continue high levels of engagement in Grand Bargain processes: many individual focal points have left their positions, new staff have taken time to get up to speed and the investment required to play a leadership role has been daunting for many signatories already stretched by the multiple large-scale humanitarian crises they are responding to. Finally, despite suggestions put forward in past AIRs, there has been no particular effort to empower or resource the Facilitation Group and Secretariat to assume a more proactive, substantive role in steering signatories towards agreed objectives. This loss of momentum at the collective level has been mitigated in part by the continued investments many signatories report making at institutional level to advance the goals of the Grand Bargain, from increasing the use of cash and voucher assistance to building stronger partnerships and programmes to work across humanitarian, development and peace-building responses. But the failure to work together effectively towards agreed priorities has meant that progress has stalled and signatories have been unable to benefit from the multiplier effects of collective action.

On quality funding, progress has been mixed. Data remains problematic, but what is available suggests that there may be some incremental increase in the volume of quality funding across the system, but that it is still not keeping pace with growing needs and not being equitably distributed across aid organisations, particularly those working most directly with crisis-affected people. The significant decrease in 2021 in the volume and percentage of funds provided directly to local governmental and non-governmental actors is concerning, and data on funding provided via one intermediary is so sparse as to render useful analysis impossible. This lack of data is directly related to the failure of many aid organisations to track the funding they pass on. Six years on from their commitment to adjust their internal financial systems to enable this, there seems little excuse for not having done so. Aid organisations report ongoing efforts in other areas to help create an enabling environment for more quality funding, including to build the evidence base for its benefits. However, it is not clear that more evidence is going to make a difference at this juncture. Rather, there are more fundamental questions about how to build greater trust and confidence between donors and recipient organisations. Addressing the failure of many aid organisations to track how their funding is allocated onwards including to local actors would be an important step forward, and the tools exist in FTS and IATI to enable this.

On localisation the picture is similarly mixed. There are increased efforts to strengthen local leadership and influence, including local actors' access to and influence over international decision-making forums. The two local actor networks that are signatories to the Grand Bargain have assumed leadership roles and are influencing how the collective of signatories seek to achieve their collective objectives on localisation. Sustaining their engagement at various levels and thus their influence will require more practical and some financial support from their international partners. At country level, too, there is increased leadership of local actors in international coordination mechanisms, though this is generally more focused at the sub-national level. There is also incrementally increasing investment in strengthening the institutional capacities of local actors, including through ensuring appropriate allocation of overhead costs. However, local actors' share of international humanitarian funding, at least in terms of direct funding, has reached its lowest level since 2016, halving between 2020 and 2021. Reversing this should be an urgent priority for the collective of signatories in the months ahead – both as a practical measure, to enable more efficient and effective responses in crises, but also to restore confidence in local actors that their international partners are genuinely committed to changing their ways of working.

The evidence in relation to participation does not indicate any specific progress in this area. Although aid organisations continue to report on investments in communicating with affected populations, this tends to be a one-way conversation – survey data shows that affected populations still do not feel able to influence decisions about what aid they receive and how they should receive it. Given the high-level rhetoric around a 'participation revolution', including having elevated this issue to an enabling priority, the failure to make any concrete progress after six years poses a serious reputational risk for the Grand Bargain signatories.

While not an enabling priority per se, the agreement reached in the cash coordination caucus on a model for more predictable coordination of cash and voucher assistance at country level has been hailed as a significant achievement by the majority of signatories. The importance of this breakthrough notwithstanding, there is a sense that, hard-won though the agreement was, it is just the first step in resolving this long-standing challenge, and the real test is whether what was agreed will be implemented consistently at country level, and whether those who committed to assuming specific roles and responsibilities will be able to deliver on what they promised.

This agreement is the most visible outcome of the last 12 months of the Grand Bargain, but signatories will need to achieve much more in the succeeding 12 months if their investments in the new framework are to be worthwhile. The success of the cash coordination process demonstrates that the caucus model can deliver: that targeted, high-level negotiations can break through some of the political barriers that have stymied progress in the Grand Bargain for many years. Signatories now need to apply that same energy, sense of urgency and clear focus to quality funding, localisation and participation in order to make similar gains.

The new framework presented an opportunity for all signatories to ensure that the Grand Bargain effectively tackles the issues that they are all concerned with. But this hasn't happened to the degree expected. Local actors, including NEAR and A4EP and their members, have stepped forward to assume key leadership roles and to make important contributions to process and substance in key areas. But such efforts have not been matched by the wider group of international signatories, few of whom have come forward to take on new leadership roles or help drive collective progress. These two local networks aside, the burden of action has remained largely on the same small core group of international signatories that had long invested in practical and financial terms in this mechanism, including in particular DG ECHO, Germany, the US and the UK, OCHA, UNHCR, UNICEF and WFP, ICRC and IFRC and NRC, and the three international NGO networks (ICVA, InterAction, SCHR). The lack of wider burden-sharing after so long is undermining the potential for the Grand Bargain to drive system-wide change on the priorities that all signatories came to together to identify.

Looking ahead, a number of measures need to be taken urgently in order for the signatories to have any chance of making further substantive progress against the goals of the Grand Bargain by mid-2023. These are set out below. More broadly, signatories across the board need to renew their engagement and investments in this mechanism – for a 'last push' in terms of institutional and collective action towards the deadline of June 2023. Failure now to quickly rebuild the political momentum of the first half of 2021, to set some ambitious but achievable targets, will jeopardise gains won to date through this mechanism and fall far short of the Grand Bargain's real potential to drive change.

Finally, signatories have yet to tackle the question of what will happen after June 2023. From informal discussions during signatory interviews for this AIR, it seems that there are, as ever, divided opinions as to whether the mechanism should continue, evolve further or close down. However, there is no other comparable mechanism that brings together donors, aid organisations and local actors to tackle the big issues facing the humanitarian system. Starting at least some level of dialogue now on what to

do after June 2023 is critical to ensuring that the gains made to date are consolidated, and that the lessons learned from this mechanism can be taken forward (in whatever format) to help continue driving change across the humanitarian system. It may be useful to review what is currently happening in the Ukraine response in order to inform those discussions. It is clear that many signatories consider this latest crisis response as another test of their resolve to change long-standing ways of working as envisaged by the original Grand Bargain framework. A light independent review of this response should be commissioned by signatories later in 2022 to gather evidence as to whether the international humanitarian community has defaulted back to its traditional ways of working, or whether it has embraced at least some of the changes envisaged by the Grand Bargain creators back in 2016, and could serve as motivation for moving further, and faster, on some key objectives as they head towards the deadline of June 2023.

4.2 Recommendations

4.2.1 Increasing the provision and ensuring more equitable distribution of quality funding

With one year remaining of the Grand Bargain 2.0 process, progress towards achieving an increase in and more equitable distribution of quality funding needs to be urgently stepped up. To achieve this, ODI recommends a collective but short ‘chapeau’ document on quality funding be rapidly developed, negotiated and agreed between the different signatory groups (donor governments, UN agencies, RCRCM, INGOs, national NGOs) at or immediately after the annual meeting. It should aim to apply pressure on all signatories to deliver what they have long promised, with the process to develop it used to gather political momentum across the broad group of signatories to act with a sense of urgency on this priority. This chapeau should draw on existing commitments and work done by the workstream, setting out in concrete terms the priority actions that each signatory group will take, with relevant targets to be achieved by mid-2023 as part of a negotiated deal. Actions set out under this strategy could be tackled piece by piece, continuing the current focus on multi-year funding in the quality funding caucus, but would clarify to all signatories that the overall focus remains on taking the actions necessary to enable quality funding more broadly. The key elements should include:

1. A mutual high-level political commitment by donors to provide multi-year funding and recipient aid organisations to engage in multi-year planning/budgeting and programming as the *default* approach in protracted crises. In delivering on this renewed commitment, signatories should take the following action:
 - a. Reflecting the positive progress made institutionally by USAID/BHA and DG ECHO in the last year, these two donors should now move to scale up their provision of multi-year funding, including by setting themselves targets for further percentage increases by mid-2023.
 - b. Those aid organisations that have not yet done so should institute multi-year planning and budgeting and (where funding allows) multi-year programming in protracted contexts and engage in collective multi-year planning and programming through relevant mechanisms including the HPC process, UN Country Teams and NGO consortia.
 - c. To enhance the predictability of multi-year agreements, donor governments and multilaterals should simplify (and where feasible ensure greater consistency across) the conditions for release of annual tranches to downstream partners provided for under such agreements. Providing minimum conditions are met, decision-makers should ensure that annual tranches are released without delay in accordance with the schedule of the original agreement – with predictability as the driving principle. Developing a common framework on what predictability means may help guide both donors and recipient organisations in developing the content of bilateral multi-year agreements.

2. All international signatories should take steps to achieve the original target of 25% of their humanitarian funding provided to local actors directly *and/or* through one intermediary by June 2023. Those that are unable to reach this target should provide a clear explanation as to why this is not possible, and demonstrate how they are supporting local actors in other ways (e.g. providing in-kind support that is not captured in the definition of the 25% target).
3. First-line recipient organisations that have not yet done so should take urgent action to ensure they are able to track comprehensively by mid-2023:
 - a. how much funding they pass to local actors directly and via one intermediary (as per the Grand Bargain definition) – disaggregating their data along these two lines;
 - b. how much of the *quality* funding they receive from institutional donors they are able pass to their downstream partners (local or international) – including the level of predictability or flexibility with which those funds are passed down.

There are technical challenges to tracking this – including the merging of funds from different sources to support programmes/projects – but learning from tracking of cash programming, action can be taken to find reasonable workarounds.

4. Donors should incentivise provision of more funding to local actors from international aid organisations by:
 - a. improving the flexibility, predictability and timeliness of the funding they provide to first-level recipient organisations, thereby making it easier for funds to flow onwards;
 - b. requiring in their grant agreements that first-level recipient organisations pass through, and track the pass-through, of funding to local actors, specifying a minimum target of 25% of the budget where this is appropriate to the particular programme or project;
 - c. offering practical or financial support to first-level recipient organisations to adjust their internal financial systems to enable comprehensive tracking or ‘traceability’ of these funds.
5. Key donors and recipient organisations should agree concrete standards to enhance the visibility of quality funding provided – requirements that satisfy the legitimate demand of taxpayers to know where and how their money is being spent, *and* enables recipient organisations to maintain a position (and the perception) of neutrality and independence.
6. Responding to long-standing concerns from aid organisations about the burden of reporting, institutional and multilateral donors that have not already done so should actively roll out the 8+3 narrative reporting template to all downstream NGO partners to increase efficiency gains through more widespread use of this template.
7. Reflecting the general acceptance that pooled funds are an important opportunity for provision of quality funding (whether CERF, CBPFs, NSIA, the Disaster Relief Emergency Fund (DREF), Start, the Humanitarian Thematic Fund (HTF), etc.), donors and aid organisations should agree to scale up the use of pooled funds generally, and in particular to:

- a. Increase the volume of funding available through OCHA-managed CBPFs to ensure they constitute a larger share of the funds available to resource the HRP, ensuring that they serve as a strategic funding tool that promotes system-wide improvements in humanitarian response, including increased access to funds for local actors.
 - b. Build on recent pilots to increase the provision of ‘multi-year’ grants from OCHA-managed CBPFs in protracted crises. Multi-year should be understood as ‘24 months or more’ in line with the OECD-DAC definition and that adopted by the Grand Bargain signatories. Increasing the provision of funding for 24 months (or more) would enable use of CBPFs as a strategic modality for funding longer-term humanitarian programmes in protracted crises, but should still allow for a ‘reserve’ window to respond to rapidly shifting dynamics on the ground.
 - c. Work with OCHA to ensure appropriate sharing of the increased risk burden that will come with larger CBPFs.
8. Signatories should take concrete action to enable more direct access for local actors to international donors (institutional and multilateral), both in relation to funding and strategic-level discussions. Access should be enabled through different channels or modalities at different levels (e.g. at country, sub-national, global levels – via consortia, bilaterally, etc.).

In support of the development of this collective strategy, it would be valuable to build on the work completed by workstream 7+8 and IASC Results Group 5 by mapping out how/through what types of modalities quality funding could be expanded and more equitably distributed across the humanitarian system – i.e. how signatories could coordinate more effectively the use of existing modalities (including CBPFs, other pooled funds, consortia funding, bilateral funding for NGOs, etc.) to enable more equitable access to more predictable and more flexible funding.

Complementing such a negotiated *collective* strategy, aid organisations and institutional donors should also strengthen their *bilateral* dialogue (at global and country levels), invest in building stronger donor–recipient relationships in order to better understand the political, administrative and legal challenges to providing and passing on quality funding on both sides of the relationship and negotiate reasonable workarounds to address them. This would include a dialogue on quality earmarking, more timely allocations, increased flexibility between budget lines and addressing gaps in reporting that a donor may highlight as a concern.

4.2.2 Supporting local leadership and enhancing institutional capacities

Responding to the clear demands from local actors, and building on the progress made to date, signatories should commit – as a collective priority – to stepping up the provision of institutional capacity support for local actors, empowering them to take on greater leadership of the humanitarian response at local, national, regional and global levels. Actions should include:

1. Agreeing on and implementing a collective commitment to provide a minimum percentage of overhead costs to local partners – separate to programming/project costs – to support institutional development. This commitment should ensure that provision of overhead costs becomes standard, but also ensure flexibility in the modality through which such costs could be provided. Crucially, this financial support should be provided in a manner that enables local partners to allocate it against their institutional development priorities – not the priorities of their international partners.
2. Scaling up the provision of financial support to local actors for mentoring, capacity exchange, enhancing due diligence systems through a variety of modalities (bilateral funding, consortium funding, CBPFs, RCRCMs, NSIA, etc). As noted above, it is crucial that this funding targets the priorities for institutional development that local actors themselves determine.
3. Agreeing with NEAR and A4EP what practical and financial support is required to enable them – as representatives of a highly diverse set of local actors – to sustain their high level of engagement in the Grand Bargain processes and structures.
4. Reflecting on the evolution of relations between local and international actors in recent years, and the agreement reached on cash coordination arrangements in February 2022, signatories should now go further than simply ‘promot[ing]’ co-leadership of clusters (IASC, 2021) and work towards enabling co-leadership of relevant clusters as the preferred arrangement unless circumstances render this inappropriate or unfeasible – a ‘local co-leadership first’ approach.

4.2.3 Giving affected people meaningful influence over aid provided

Recalling the IASC’s Principals’ Statement on Accountability to Affected People in Humanitarian Action, aid organisations and donors must work together to capitalise on this high-level political commitment to deliver the changes in practice that can support a participation revolution. Actions should include:

1. Putting in place a mechanism to ensure donors are able to work with and support the IASC (particularly its new dedicated task force) in delivering on its prioritisation of AAP, with a focus on creating the incentives for changing practice at collective and institutional levels. This should include supporting an independent mechanism to assess the performance of HCTs in regard to accountability, integrating clauses in grant agreements to first-line or sub-grantees that require evidence of meaningful participatory approaches in programme design and implementation, increased donor flexibility in grant agreements to enable adaptations in response to beneficiaries’ views in real time, and investments from donors and aid organisations in resources to enable rapid but effective engagement with local populations, including in sudden-onset emergencies.
2. Management of operational organisations ensure that appropriate resources are allocated within their institutions to implement policies and guidance on participation that already exist in terms of strategic and programme- or project-level approaches to participation.

3. Donors support targeted investments to scale up programmes that are designed/led by beneficiaries, and for which there is already solid evidence of efficiency and effectiveness benefits.

4.2.4 Enhancing coordination of efforts to maximise multiplier effects

Breaking down long-standing silos and ensuring greater connectivity between the structures of the Grand Bargain 2.0 could help ensure efforts to advance the enabling priorities are mutually reinforcing and therefore accelerate progress. This will require the following actions:

1. The Eminent Person, Facilitation Group and Secretariat need to step up efforts to fully socialise the concepts of the political caucuses and the NRGs among all signatories. Equally important, signatory focal points need to digest guidance and clarifications already provided and ensure they fully socialise these concepts within their own institutions at field and HQ levels to ensure that these mechanisms are understood, risks are mitigated and mutually beneficial outcomes are secured.
2. Building on the guidance issued and communication already undertaken, the Eminent Person, Facilitation Group and Secretariat need to continue to push signatories – particularly caucus champions and co-conveners – to ensure explicit, functional links are made between the two enabling priorities, and between the enabling priorities and original commitments. This includes ensuring that the quality funding caucus uses existing commitments on simplifying narrative reporting (workstream 9), reducing management costs (core commitment 4.5) and increasing the transparency of funding data (workstream 1) as the basis for negotiations on increased provision of quality funding.
3. Caucus champions need to ensure that the caucus discussions build on technical work already undertaken in workstreams (whether those workstreams have continued or not). This includes identifying barriers and good practice/solutions (e.g. the DIOPTRA tool and Money Where it Counts initiative, the 8+3 narrative reporting template and the collation of good practice on quality funding).
4. Reflecting gaps highlighted in previous AIRs, greater functional links need to be secured with other relevant international aid forums – particularly the IASC, OECD-DAC and the Good Humanitarian Donorship (GHD) initiative – to ensure that investments in relevant forums are mutually reinforcing.

4.2.5 Strengthening the governance and accountability of the Grand Bargain 2.0

As indicated in the last AIR, there is a need to strengthen the remaining governance structures of the Grand Bargain to support delivery of the objectives of the new 2.0 framework by June 2023. This should involve:

1. Signatories delegating greater authority to the Facilitation Group and Secretariat to assume a more proactive role to help galvanise signatory action, garner and sustain political momentum and consolidate collective progress by June 2023.

2. Signatories should provide the Secretariat with additional resources to scale up their support for the Grand Bargain structures and processes, including to support/encourage/forgo more functional links between caucuses, workstreams and other structures, and provide advice to enable greater progress on key themes.
3. The Facilitation Group continues to suffer from insufficient capacity to take more directive action. Under the overall leadership of the Eminent Person, the Facilitation Group is critical to ensuring that the collective of signatories work in a strategic way to advance agreed priorities, and are held accountable for doing so – not just through the AIR, but also on a regular basis. Performing this function will require more resources, with the Facilitation Group focal points allowed by their institutions to dedicate sufficient time (i.e. at least half time for non-chairs and full time for chairs) to this function. It is essential to ensure better distribution of tasking between the chair and non-chairs to ensure the Facilitation Group can more proactively and strategically engage in caucuses and workstreams and make links between them.
4. Increased activity at the Sherpa level of the Facilitation Group was crucial to providing leadership and driving forward the progress made in 2021. To ensure collective action delivers results by June 2023, this more proactive role for the Sherpas should be sustained through more regular meetings to help identify gaps or issues arising that require their intervention, and more proactive engagement in caucuses to offer concrete ideas and political support to champions and participating signatories.
5. The financial burden of sustaining the Grand Bargain structures and processes should be shared more equitably between a wider group of signatories. Funding for the AIR, Secretariat and workstreams has been largely shared by a few of the most active donors – USAID, DG ECHO, the UK, Sweden and Germany. Other donors now need to take on some of this financial responsibility, thereby ensuring these mechanisms continue to benefit the collective of signatories.

4.2.6 Simplifying monitoring and reporting to better track progress

Six years into the Grand Bargain process, tracking of progress by the collective of signatories remains a major challenge. As outlined in this and previous AIRs, there are a variety of factors affecting this. Principal among them is the urgent need for better tracking of data. This would enable more accurate quantification of the progress being made, and build confidence among all stakeholders that change is happening, even if slowly, in key areas. Overcoming the challenges to better tracking of progress will require the following:

1. The Facilitation Group, the Eminent Person, Secretariat, caucus champions and remaining co-conveners should work together to simplify the current set of indicators used in the self-report process. Specifically, they should:
 - a. Clarify what data needs to be reported by which signatories to reduce the reporting burden and avoid duplication (e.g. there is little value in donors trying to report on cash programming

because they generally have only very partial information and will likely duplicate the more comprehensive reporting by aid organisations).

- b. Work with the workstream 2 co-conveners to replace the existing indicator on institutional capacity support for local actors with a more realistic measure of action in this area (e.g. an indicator on provision of overhead costs).
 - c. Indicators on quality funding and funding to local actors should be expanded to include absolute volumes as well as percentages, to enable more detailed analysis of trends and comparisons with past years.
 - d. The self-report template should be further refined to reflect the new Grand Bargain 2.0 framework by focusing self-reporting on the two enabling priorities and – where relevant – the commitments that can enable these (e.g. the vast majority of individual signatories cannot realistically report on the core commitments on needs assessment, participation or the nexus because these are collective actions, so these could be removed from the Excel spreadsheet and reporting provided by OCHA in its coordinator role).
 - e. The Facilitation Group, Secretariat, co-conveners and caucus champions should step up communication to all signatories on the definitions to be used to compile and report data (on quality funding, funding to local actors, etc.) – particularly as a reminder at the commencement of the self-reporting exercise. Supporting this effort, the Excel spreadsheet part of the self-report could be pre-filled with the qualitative measure that is to be used (e.g. US\$, % or other denominator).
2. Concurrent with these improvements and clarifications to the indicators, there should be a high-level political push from the Eminent Person to those signatories that do not currently track or report data to adapt their systems to enable them to do so. In this regard, the Eminent Person should highlight to signatories that the failure of so many to track and/or report data on funding to local organisations six years after committing to do so is undermining confidence in the political intent of international partners to deliver on their commitments in this area.
 3. Finally, with a view to sustaining momentum into the final year of the Grand Bargain 2.0 framework, it would be valuable to conduct a light review of the response to the conflict in Ukraine in the second half of 2022. An independent review of the extent to which the Grand Bargain 2.0 priorities are being delivered in that response (e.g. on quality funding, localisation, participation and cash coordination) could help identify problems and enable course correction for the response in the country/region, but also for the Grand Bargain 2.0 more broadly as it heads towards the deadline of June 2023.

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Appendix 1 Grand Bargain annual independent report: terms of reference

1 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 2022 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' and workstream co-conveners annual self-reports, further supplemented by individual interviews with the Signatories, 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 (there will also be an analysis of its impact thus far), and addressing outstanding challenges. The 2022 report will be released ahead of the Grand Bargain Annual Meeting 2022.

2 Objectives and scope of the work

Objectives

- Assess what actions Signatories have taken against each commitment in 2021 based on self-reporting, noting that not all commitments apply to all Signatories equally.
- Assess what actions the workstreams have taken against commitments in 2021 as relevant.
- Provide an independent and impartial overview of the collective progress the Grand Bargain Signatories and workstreams made in 2021, both against the core commitments and particularly on the two enabling priorities, adopted by the Signatories at the Annual Meeting 2021.
- Analyse to what degree the Grand Bargain has stimulated change in the narrative (or individual 'game changers') and thinking on humanitarian efficiency and effectiveness.

- Consider the extent to which recommendations of the 2021 annual independent report have been taken up and/or remain relevant.
- Review the progress of the initial prioritised strategic caucuses, namely cash coordination, role of intermediaries and quality funding.
- Where relevant, assess the extent to which cross-cutting issues, including gender and risk-sharing, have been considered by the Grand Bargain Signatories and workstreams.
- Provide a series of actionable recommendations for maintaining momentum, scaling up progress (there will also be an analysis of its impact thus far), and for addressing outstanding challenges. Suggest synergies between initiatives, identify barriers and enablers, highlight good practice and areas that require additional effort.

Expected outputs

- Report on progress of implementation of the Grand Bargain, including:
 - A full report, with a 2–3 page executive summary
 - Annexes with details on the findings as necessary and relevant
 - Infographics, animated videos or other communication tools for a broader audience and for presentation at the Grand Bargain Annual Meeting.
- Support the presentation and dissemination of the report by the Grand Bargain Facilitation Group, at the Grand Bargain Annual Meeting in June 2022 to ensure the report's reach and impact.

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, including:
 - Analysis of self-reports of Grand Bargain Signatories and background material
 - Review of monitoring by specific stakeholder initiatives, to be suggested by workstream co-conveners
 - Review of relevant reports.
- Interviews with the Signatories, Facilitation Group, Eminent Person office, non-signatory stakeholders (as relevant)
- Simple graphic system to highlight enabling and hindering factors to the execution of the Grand Bargain implementation process at the workstream level.

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. The expert team shares a draft report with the 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.

3 Institutional and organisational arrangements

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.

NRC will own the intellectual property rights to all materials submitted by the consultants under the contract. The consultants must therefore ensure that they have possession of any materials provided to NRC as a part of the deliverable. The rights to reproduce the reports will fall to NRC and its contracted agents. NRC will be free to reproduce the materials at will and to grant reproduction rights.

Duties of the consultant

Everything submitted to NRC must be the original work of the consultants. Any plagiarism in any form, or any other breach of intellectual property rights, will automatically disqualify the consultant from receiving any further payments under the contract by NRC, and NRC will seek to recover any payments already made.

The consultant will follow Ethical Research Involving Children guidance (see <https://childethics.com/>) on the ethical participation of children. In addition, all participants in any study or other interaction will be fully informed about the nature and purpose of the interaction and their requested involvement. Informed consent must be obtained for any photographs, audio or video recordings, etc., in accordance with NRC's policy on consent.

Appendix 2 Signatory self-reports received and signatories interviewed

Signatory	Self-report submitted (by 1 March 2022)	Signatory interviewed
Donors		
1 Australia	✓	*
2 Belgium	✓	X
3 Bulgaria	✓	X
4 Canada	✓	✓
5 Czech Republic	✓	✓
6 Denmark	✓	✓
7 Estonia	✓	X
8 European Civil Protection and Humanitarian Aid Operations (DG ECHO)	✓	✓
9 Finland	✓	X
10 France	✓	X
11 Germany	✓	✓
12 Ireland	✓	✓
13 Italy	✓	✓
14 Japan	✓	X
15 Luxembourg	✓	X
16 Netherlands	✓	✓
17 New Zealand	✓	✓
18 Norway	✓	✓
19 Organisation for Economic Co-operation and Development (OECD)	✓	✓
20 Republic of Korea	✓	✓
21 Slovenia	✓	X
22 Spain	✓	✓
23 Sweden	✓	✓
24 Switzerland	✓	X
25 United Kingdom	✓	✓
26 United States of America	✓	✓
TOTAL	26	16

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Signatory	Self-report submitted (by 1 March 2022)	Signatory interviewed
United Nations entities		
1 Food and Agriculture Organization (FAO)	✓	✓
2 International Labour Organisation (ILO)	X	✓
3 International Organisation for Migration (IOM)	✓	✓
4 Office for the Coordination of Humanitarian Affairs (OCHA)	✓	✓
5 United Nations Children's Emergency Fund (UNICEF)	✓	✓
6 United Nations Development Programme (UNDP)	✓	✓
7 United Nations Population Fund (UNFPA)	✓	✓
8 United Nations High Commissioner for Refugees (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 Organisation (WHO)	✓	✓
TOTAL	12	12
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
10 InterAction	✓	✓
11 International Council of Voluntary Agencies (ICVA)	✓	✓
12 International Rescue Committee (IRC)	✓	✓
13 MercyCorps	✓	✓
14 Network for Empowered Aid Response (NEAR)	✓	✓
15 Norwegian Refugee Council (NRC)	✓	✓
16 Oxfam International	✓	✓

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Signatory	Self-report submitted (by 1 March 2022)	Signatory interviewed
17 Relief International	✓	✓
18 Save the Children	✓	✓
19 Steering Committee for Humanitarian Response (SCHR)	✓	✓
20 Syria Relief	✓	✓
21 World Vision International	✓	✓
22 Trocaire	✓	✓
23 ZOA International	✓	✓
TOTAL	22	22
Red Cross and Red Crescent Movement		
1 International Committee of the Red Cross (ICRC)	✓	✓
2 International Federation of Red Cross and Red Crescent Societies – Secretariat (IFRC)	✓	✓
TOTAL	2	2
OVERALL TOTAL	62	52

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

Appendix 3 Co-conveners' reports received and co-conveners interviewed

Co-convener	Workstream	Co-convener report submitted (by 1 March 2022)	Co-convener(s) interviewed
1	Greater transparency	✓	✓
2	More support and funding for local and national responders	✓	✓
3	Increase the use and coordination of cash	✓	✓
4	Reduce duplication and management costs with periodic functional review	X	X
5	Improve joint and impartial needs assessments	✓	✓
6	A participation revolution	✓	✓
7 and 8	Enhanced quality funding through reduced earmarking and multi-year planning and funding	✓	✓
9	Harmonise and simplify reporting requirements	✓	✓
10	Enhance engagement between humanitarian and development actors	N/A	N/A
TOTAL		7	7



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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