



## **FOCUS ON THE FRONTLINES:**

How the Grand Bargain can  
deliver on its promise to  
improve humanitarian aid



# CONTENTS

<b>ACRONYMS</b>	<b>2</b>
<b>ACKNOWLEDGEMENTS</b>	<b>2</b>
<b>EXECUTIVE SUMMARY</b>	<b>3</b>
<b>INTRODUCTION</b>	<b>5</b>
<b>WHY CURRENT PROPOSALS FOR A GB 2.0 ARE FALLING SHORT – AND WHAT WE NEED NOW</b>	<b>6</b>
<b>KEY PRIORITIES TO FULFILL THE GRAND BARGAIN PROMISE</b>	<b>7</b>
More, better, and faster funding to frontline implementers	7
Radical transparency on humanitarian financing flows and collective outcomes	9
A more equitable approach to working with local actors, including women’s organisations	9
A more holistic approach to centering crisis-affected people in aid programmes	10
A defined, predictable global humanitarian cash coordination mechanism	10
A sector-wide adoption of the most promising tools to measure and improve cost-effectiveness	11
<b>CONCLUSION</b>	<b>11</b>
<b>NOTES</b>	<b>13</b>
<b>BOXES</b>	
Box 1. A case in point: humanitarian funding for Gender-Based Violence prevention and response	7
<b>FIGURES</b>	
Figure 1. Rising needs are outpacing available humanitarian funding	5
Figure 2. A better decision-making process for the Grand Bargain 2.0	6
Figure 3. Longer-term programme in Somalia cost 44% less in delivery for every dollar transferred	7
<b>ANNEXES</b>	
Annex I. Proposed metrics to monitor Grand Bargain 2.0 performance	12

# ACRONYMS

<b>AAP</b>	Accountability to Affected Populations	<b>IASC</b>	Inter-Agency Standing Committee
<b>CaLP</b>	Cash Learning Partnership	<b>IATI</b>	International Aid Transparency Initiative
<b>CBPF</b>	Country-Based Pooled Fund	<b>ICCG</b>	Inter-cluster Coordination Group
<b>CERF</b>	Central Emergency Response Fund	<b>IOM</b>	International Organisation for Migration
<b>CWG</b>	Cash Working Group	<b>IRC</b>	International Rescue Committee
<b>DfID</b>	(former) UK Department for International Development, replaced by the Foreign, Commonwealth & Development Office (FCDO)	<b>NGO</b>	Non-governmental Organisation
<b>DRC</b>	Democratic Republic of Congo	<b>OCHA</b>	UN Office for the Coordination of Humanitarian Affairs
<b>FTS</b>	Financial Tracking Service	<b>SCAN</b>	Systematic Cost Analysis, now Dioptra
<b>GB</b>	Grand Bargain	<b>SIDA</b>	Swedish International Development Agency
<b>GBV</b>	Gender-based Violence	<b>UN</b>	United Nations
<b>GHD</b>	Good Humanitarian Donorship	<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>GHRP</b>	Global Humanitarian Response Plan	<b>UNICEF</b>	United Nations Children’s Fund
<b>IAHE</b>	Inter-Agency Humanitarian Evaluation	<b>USD</b>	United States Dollar

# ACKNOWLEDGEMENTS

This paper was authored by Farida Bena, with support and insights from colleagues at IRC, including but not limited to Nazanin Ash, Sheree Bennett, Alyssa Campbell, Niamh Nic Carthaigh, Emma Cliffe, Alyoscia D’Onofrio, Ciaran Donnelly, Rick Estridge, Alex Flower, Magda Cavanna Highams, Daphne Jayasinghe, Bob Kitchen, Clara Lafon, Laurence Leclercq, Mireille Cronin Mather, David Miliband, Helena Minchew, Anjini Mishra, Kate Moger, Franziska Obholzer, Wale Osofisan, Khusbu Patel, Lauren Post, George Readings, Julia St. Thomas, Sarah Sakha, Shane Scanlon, Nicolas Seris, Helen Stawski, Imogen Sudbery, Elisabeth Tromans, Caitlin Tulloch, and Chloë Whitley. The IRC would also like to thank Clarissa Crippa, Luca Peciarolo, and Cecilia Roselli from the Norwegian Refugee Council (NRC), as well as other partners and humanitarian actors for their time and expertise throughout the process.

## EXECUTIVE SUMMARY

The purpose of this paper is to share IRC's vision for the future of the Grand Bargain based on our experience on the ground and engagement with this forum. The paper is meant to contribute to current discussions on the 'Grand Bargain 2.0' as envisaged in the recent proposal by the Facilitation Group.<sup>1</sup>

There are now 235.4 million people in need of humanitarian assistance – **a 40% rise from 2020 levels due to the triple threat of COVID-19, conflict, and climate change.**

As reported in IRC's [2021 Emergency Watchlist](#), 85% of global humanitarian needs are concentrated in 20 countries that are home to just 10% of the world's population. Consequently, they are the countries driving global displacement and the largest increases in humanitarian needs, accounting for 88% of all internal displacement and 84% of all refugees in 2019.<sup>2</sup>

The short-term nature of financing in these contexts has failed to recognise the protracted nature of crises, and the need to move vulnerable populations from humanitarian aid dependency to development progress and self-reliance. **Last year 22 of the 25 Humanitarian Response Plans were for humanitarian crises lasting five years or more.**<sup>3</sup> Three of these countries – Sudan, Somalia and the DRC – have had humanitarian plans and appeals for at least 22 years. Despite these trends and the ever-louder calls to operate within the humanitarian-development nexus, the length of our humanitarian grants from UN agencies continues to average roughly one year. As we move to a "new normal" of protracted crises after COVID-19, **there must also be a new normal in humanitarian response that better matches growing needs with adequate resources.** It is high time the international community implemented evidence-based reforms to the multilateral system that replace short-term fixes with a longer-term focus on improved outcomes for the people we serve, improving the coordination, quality and rapid distribution of aid while investing in local resilience. Driving home these reforms has never been more important.

The IRC has engaged with the Grand Bargain since its establishment, both at the technical and Sherpa level. As a signatory, we have made the most progress in transparency, cash-based programming, and reduced management costs. **We believe reforming aid is possible with renewed high-level political engagement and fewer priorities, focused on critical levers for expanding the reach, scale, and responsiveness of aid.** While the COVID-19 pandemic is negatively impacting aid budgets and leading many donor governments to refocus on their domestic agendas, it has also shown its potential to catalyze structural aid reforms. We should not lose this new momentum, but rather leverage it for an emboldened Grand Bargain 2.0. With financial flows contributing to the greatest drivers of and barriers to effective humanitarian action, **bilateral and multilateral donors have the strongest role to play in reform.** They must engage at the highest levels to agree on time-bound solutions **based on clear outcomes and evidence.** Aid reform must be focused on a set of core, measurable outcomes across the sector that assess the well-being of affected populations at the global, crisis, country, and organisational level, with interventions informed by a strong, shared evidence base about what works and what does not.

The Grand Bargain is moving to prioritise quality funding and localisation as the most transformative paths to change. Within these two enabling priorities, we suggest particular areas of focus. With regard to funding, the **volume** of aid – both direct and passed-through funding – to frontline implementers must increase. It must be **flexible and multi-year** and it must reach frontline implementers **faster.** By 'frontline implementers' we mean those actors who are best placed to intervene on the frontlines of humanitarian action, be they local civil society, international NGOs or a partnership of the two. Improving quality funding also implies focusing on related challenges, such as scaling the coordination of humanitarian cash and incorporating cost-effectiveness tools and assessments that strike the best balance between costs and outcomes for people in need.

Regarding localisation (or decolonisation, as some prefer to call it)<sup>4</sup>, the IRC believes that the distribution of power needs to change in the humanitarian sector. **We support a more equitable distribution of power to the benefit of the people we serve.** We say this as a matter of principle, because it is right and just, but also because we believe it will make the work of the humanitarian sector more effective, impactful, and sustainable. We recognise that **local actors closest to crises are the main agents** of response and recovery and that we work best when we are guided by local actors on what value we can add to existing capacities and systems. IRC sees partnership as a commitment to **sharing of expertise**, in addition to sharing of power and resources. Organisations like IRC have expertise and experience. Similarly, the people we serve and the organisations with whom we partner have expertise and experience. Our vision of partnership brings these groups together to secure more effective humanitarian action. To us, localising aid also means **centering people** affected by crisis – particularly women, girls and other marginalised groups – in the design, implementation, monitoring, and evaluation of programmes, by listening and responding to feedback.

The Grand Bargain must reinvigorate its commitments in support of local actors and ensure they receive more donor funding and can thus play a more influential role in global decision-making. Internally, IRC is putting in place ambitious reforms to fulfill our Grand Bargain commitments. Among such reforms, we have committed to **increase our resources to local actors by half in 2021** (compared to 2020) to jumpstart progress; continue to build principled partnerships that share power and resources with local actors, **half of whom will be women led/focused; recommit to channel 25% of our funding to local and national responders by the end of 2024; and support efforts to reach a common definition and methodology for calculating that percentage.** Ultimately, we see ourselves – and international NGOs more broadly – as sharing power for people affected by crisis to influence, participate in, and lead the programmes, organisations, and systems that achieve better outcomes for their communities.



Underpinning these reforms is a need for **radical transparency and renewed accountability** in the sector. What we measure ultimately drives action, so the core priorities identified above must be paired with a rigorous and transparent accountability framework that measures progress against these objectives. This requires a two-tier approach.

First, **all actors should report on their humanitarian funding flows** by crisis, country, sector, population, and recipient to the Financial Tracking Service (FTS). They should also report on the volume, quality and speed of funding, as well as on supporting localisation and participation, scaling cash coordination, and increasing evidence-based cost effectiveness. Annex I offers a set of metrics for each of these priority reforms and suggests related targets to be agreed at Principals level in the coming months. Given the proportion of humanitarian assistance they manage, **UN agencies should lead by example** and systematically report on the humanitarian funding flows they cascade down the transaction chain. FTS data should be compatible with what is reported to the International Aid Transparency Initiative (IATI) and be made publicly available. **IRC is committing to do its part and is strengthening its internal systems to start reporting to FTS by 2024 or earlier.**

Second, the international community must hold itself accountable for results, and better measure progress against **improved outcomes for affected populations**, based on data disaggregated by age and gender. Grand Bargain signatories must prioritise the aid reforms required to achieve those outcomes. The ultimate measure of the success of the Grand Bargain will be **clear targets, an improved financing model and greater accountability** that lead to concrete improvements in the lives of the people we serve.



## INTRODUCTION

In 2016, donors, UN agencies, NGOs, and the Red Cross met at the World Humanitarian Summit in Istanbul to agree on a Grand Bargain on humanitarian aid. Following the recommendations of the High-Level Panel on Humanitarian Financing,<sup>5</sup> the humanitarian community promised to **achieve up to \$1 billion in savings** by adopting 51 commitments on issues like transparency, cash-based programming, and multi-year funding.

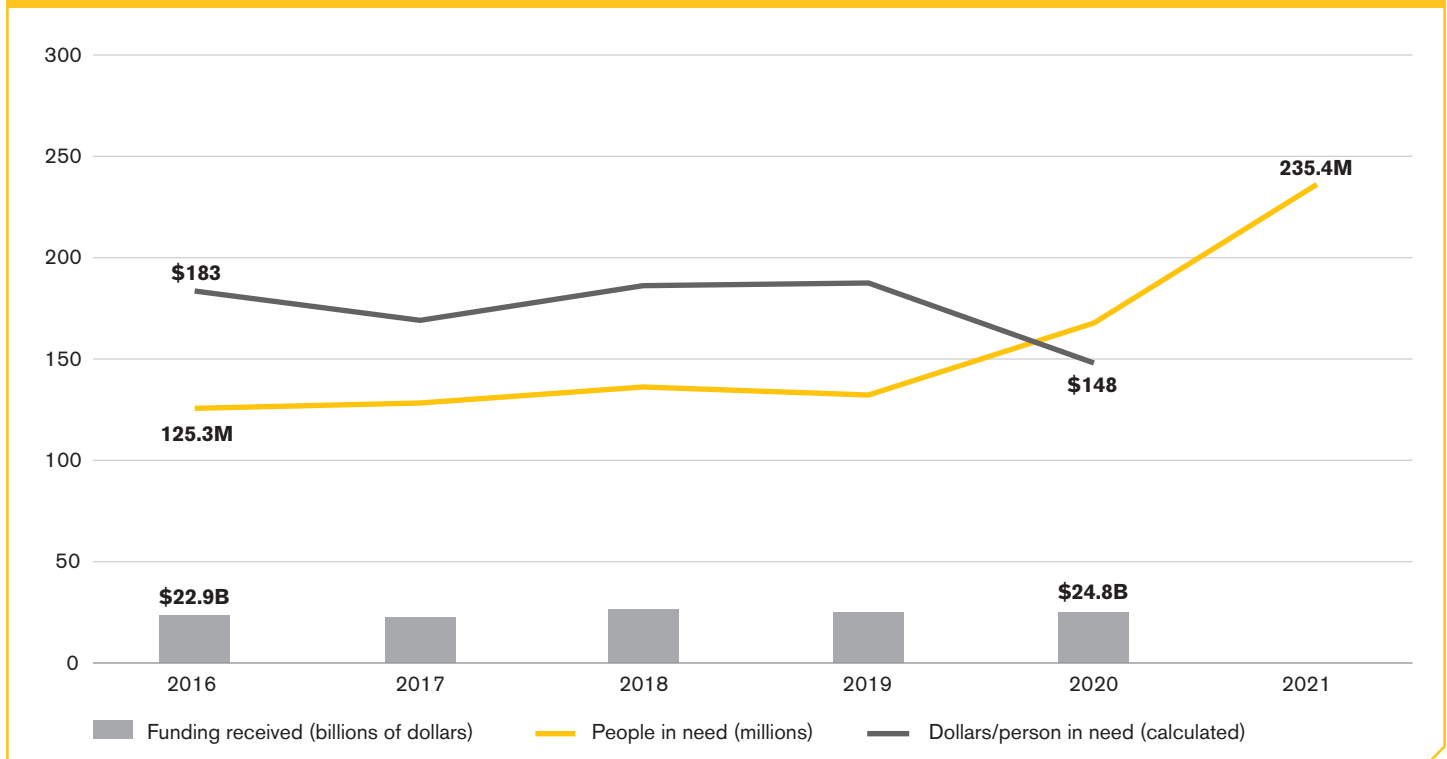
Five years on, those efficiency gains are yet to be seen. Since 2016, the number of people in need has increased from 125.3 million to 235.4 million – an 88% increase.<sup>6</sup> Meanwhile, humanitarian assistance has risen from \$22.9 billion in 2016 to \$24.8 billion in 2020 – an 8.3% increase (See Figure 1).<sup>7</sup> The humanitarian response to COVID-19 has exposed system-wide issues, such as insufficient funds to frontline and community-based responders, slow disbursements to frontline implementers, and neglect of the most vulnerable populations, including an inadequate approach to the shadow gender-based violence (GBV) pandemic. Crises have become more protracted, forcing 77% of the world's refugees to live away from their homes for decades.<sup>8</sup> And yet, we have seen limited advancement in multiyear funding, particularly from UN agencies. **While important technical work has advanced, the Grand Bargain has yet to deliver the structural reforms needed to make humanitarian aid more efficient and more effective.**

In line with IRC's original Grand Bargain commitments, **we have revised many of our policies and practices.** Among our main achievements, we have:

- gone from zero awards published on the IATI platform in 2016 to 95 awards published by 2020;
- set a target to increase our percentage of material support through Cash and Voucher Assistance to 25% and exceeded it in 2018 (27%);
- developed a cost efficiency tool ([SCAN/Dioptra](#)), which the Grand Bargain Cash sub-group now recommends as the default approach for the efficiency analysis of basic needs programmes;
- and developed and rolled out our first organisational approach to advancing our commitment to participation and accountability to affected people – Client Responsiveness.

**Nevertheless, we know our work is not yet done.** The purpose of this paper is to share our vision for the future of the Grand Bargain based on our experience on the ground, engagement with this forum, and renewed commitment to improve the efficiency and effectiveness of our work.

**FIGURE 1.** Rising needs are outpacing available humanitarian funding



# WHY CURRENT PROPOSALS FOR A GB 2.0 ARE FALLING SHORT— AND WHAT WE NEED NOW

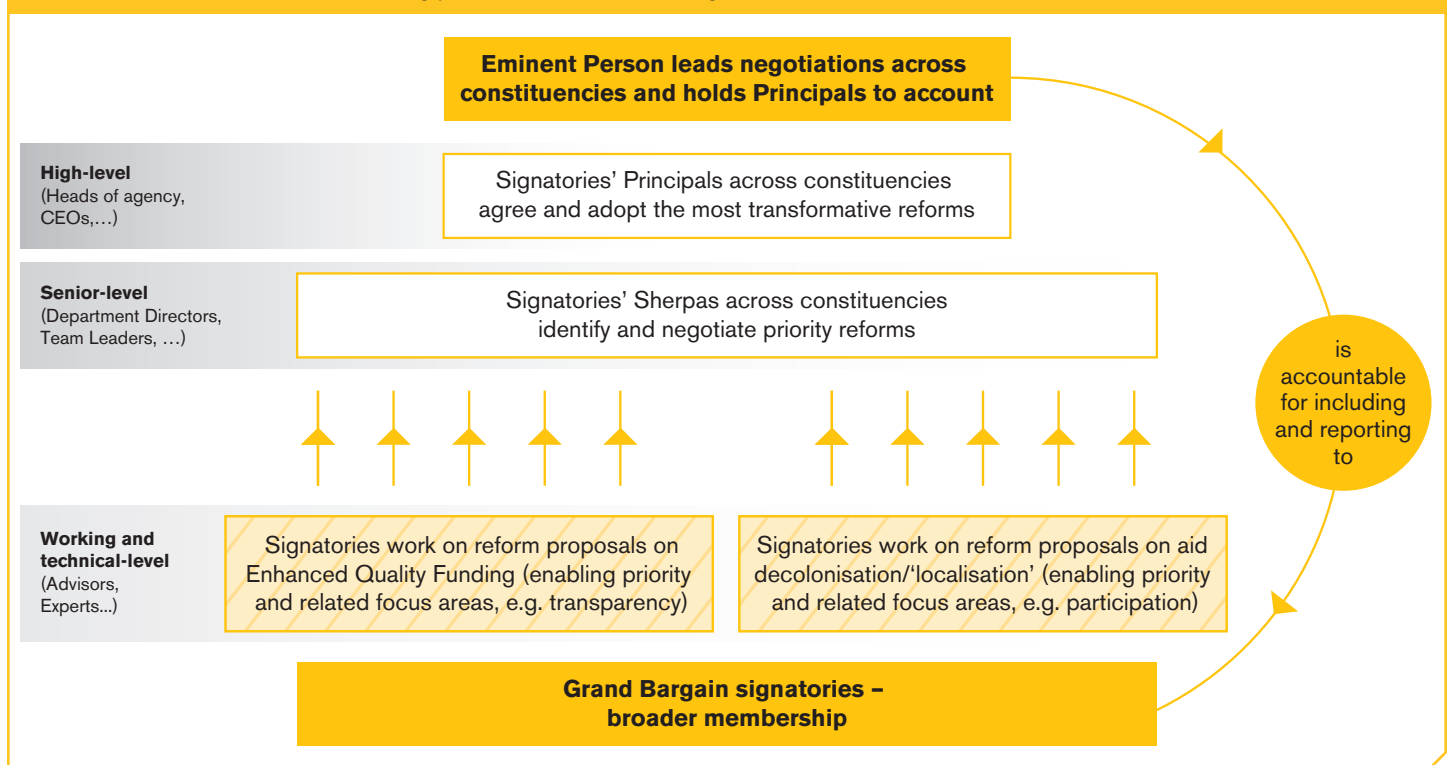
34 intergovernmental agencies and international organisations joined the Grand Bargain when it was first established in 2016. Gradually, the number of signatories has increased to 63, but the momentum around the Grand Bargain has been lost. **Without a sustained dialogue among top decision-makers on aid challenges and solutions, the Grand Bargain has quickly evolved into a technical forum.** Increasingly, the focus has been on advancing technical discussions and gathering evidence of what needs to change in the humanitarian aid sector. A lack of political dialogue has turned into a lack of political will to make the tough choices needed to reform the system.<sup>9</sup>

We have now reached a point where more of the same will not bring about long-awaited solutions. It is time to build on all the technical work carried out so far. **It is time to re-establish a more political dialogue with the Grand Bargain's full membership** to ensure that those hard choices turn into action within a set timeframe. The Grand Bargain's Facilitation Group has proposed a leaner governance model, but more clarity is needed to envisage regular senior-level negotiations across different priorities and constituencies, instead of over-focusing on siloed discussions within individual work streams.

COVID-19 has shown how urgent it is for the humanitarian sector to deliver better aid to people in crisis. In an era of shrinking economies and declining aid budgets, we must embrace humanitarian reform more actively than ever before. This means **encouraging technical groups to present the most viable reforms** for consideration by the Sherpas, e.g. a target for cascading quality funding down the transaction chain or the sector-wide adoption of a cash coordination mechanism. It means **facilitating regular discussions between Sherpas** from different constituencies (donors, UN agencies, NGOs, the Red Cross, and an increasing number of local actors) so they can negotiate key changes and agree on a timeline to implement them. **Multilateral and bilateral donors have a primary role to play in driving these reforms under the leadership of the Eminent Person.** They need to sustain their high-level engagement in Grand Bargain negotiations with dedicated teams focused on strategic changes. As the recipients of the vast majority of humanitarian aid, UN agencies likewise have a responsibility to lead by example and improve their practices more rapidly.

Ultimately, the signatories' **Principals must meet and decide** on the most transformative reforms negotiated by their respective Sherpas based on substantive proposals. **Principals must then instruct their own organisations** – including their legal and financial departments – to implement those reforms and track their progress. Financial and legal challenges should not be used as a reason to avoid systemic reforms.

**FIGURE 2.** A better decision-making process for the Grand Bargain 2.0



The current vision for a Grand Bargain 2.0 shared by the Facilitation Group represents a major step in the right direction but should be more specific in explaining how the Grand Bargain will function. It should reform its governance structure to engage all signatories in regular senior-level negotiations and high-level political decisions on the most transformative reforms suggested so far, in the spirit of the *quid pro quo* principle. **Principals must fully support the new Eminent Person in securing political buy-in for priority aid reforms.** In turn, the new Eminent Person needs to invest in **leading high-level negotiations, ensuring they are transparent and holding Principals to account** for what they are willing and not willing to do. There needs to be both a better-structured decision-making process and more accountable leadership. Figure 2 illustrates an improved combination of these two elements. The Grand Bargain should also **support greater diversity** through stronger participation of non-traditional donors and the global South, namely locally rooted implementers in country.

## KEY PRIORITIES TO FULFILL THE GRAND BARGAIN PROMISE

The Grand Bargain has produced a considerable body of work under its nine work streams. In time, however, it has become clear that not all the work streams carry equal weight. As rightly argued in the Facilitation Group's proposal, some work streams are more consequential than others because they aim at system-level reform (localisation, enhanced quality funding) rather than at tools for improvement of our day-to-day routines (reduced management costs, harmonised reporting). Similarly, some commitments are more transformational in nature, which is why signatories are now required to report only on 11 of the original 51 commitments. If we want to see meaningful improvements in aid, **the Grand Bargain 2.0 must embrace reforms that will channel resources where they are most needed based on clear evidence of what works and what does not. It must also hold signatories to account through rigorous and transparent reporting. This approach will be the clearest driver of change.** In line with the two enabling priorities identified in the Facilitation Group's proposal, the Grand Bargain must then focus on enhancing quality funding and advancing localisation. Under these priorities we identify the following areas of focus: 1) providing more, better-quality and faster funding to frontline implementers; 2) demanding radical transparency on humanitarian financing flows and collective outcomes; 3) taking a more equitable approach to working with local actors and centering crisis-affected people in aid; 4) defining clear global leadership and coordination of humanitarian cash assistance; and 5) supporting cost-effectiveness approaches that allow us to understand the balance between costs and results for people in need. This report will expand on what each of these focus areas entail.

### 1. MORE, BETTER, AND FASTER FUNDING TO FRONTLINE IMPLEMENTERS

Humanitarian assistance increased from \$22.9 billion in 2016 to \$24.8 billion in 2020.<sup>10</sup> On average, almost two-thirds of all humanitarian assistance goes to UN agencies, which then cascade a portion of the funding received to their implementing partners. In the case of the COVID-19 Global Humanitarian Response Plan (GHRP), the percentage of donor funding going

to UN agencies has gone up to 77%.<sup>11</sup> For frontline implementers like IRC and its partners, including local actors and women-led organisations, this trend meant having to respond to a devastating global humanitarian crisis, with 20% going toward direct NGO funding. These organisations had to frontload their own financial reserves while having to wait for up to eight months before receiving UN funding.<sup>12</sup>

If we want to make the humanitarian system more responsive to today's challenges, our current financing model needs to change in three fundamental ways:

#### Volume of aid to frontline responders must increase

Even if ODA levels remain stable or shrink, we need to increase the amount of aid going directly to frontline responders **by agreeing on a set percentage or target as our default approach.** Quantity and quality must go hand in hand if we want to see the critical mass that is required to produce transformative results. UN pooled funding mechanisms, such as the Central Emergency Response Fund (CERF), Country-Based Pooled Funds (CBPFs) and the new Regionally Hosted Pooled Funds, should be scaled up as an efficient alternative to cascading funding from individual UN agencies to frontline implementers. Making the CERF accessible to NGOs has proven to be critical in supporting GBV prevention and response activities amid the pandemic in West Africa, for example. CERF should continue to be accessible to NGOs and local actors in future crises.<sup>13</sup> Women-led and women's rights organisations should especially benefit from this kind of funding.

In addition to expanding access to UN resources for frontline responders, donors should support **alternative funding approaches and mechanisms** that allow frontline implementers to receive more and better direct funding, while maintaining coordination and management efficiency. For example, in response to the COVID-19 outbreak, IRC has promoted the idea of **establishing a consortium of leading organisations** that can offer the speed, scale, technical expertise, local partnerships, and accountability required to meet emergency needs in three priority sectors – health, cash, and protection.

#### Quality of aid must improve

Last year, 22 of the 26 Humanitarian Response Plans were for humanitarian crises that had lasted five years or more. Three of those countries – Sudan, Somalia, and the DRC – have had humanitarian plans and appeals for at least 22 years. And yet, despite these trends and growing calls to operate within the humanitarian-development nexus, IRC's humanitarian awards from UN agencies average just one year. The protracted nature of today's conflict and displacement requires longer-term funding, stronger linkages with development and nexus funding mechanisms, and stronger partnerships with frontline organisations. Our research has shown the many benefits of multiyear flexible financing, including predictability and stability for implementing partners, better cross-sectoral responses particularly on gender equality,<sup>14</sup> and greater impact per money spent.<sup>15</sup> A comparative analysis of two IRC cash programs funded by DfID<sup>16</sup> and SIDA<sup>17</sup> in Somalia found that longer-term programming cost 44 percent less in delivery for every dollar transferred (See Figure 3).<sup>18</sup> Within the Grand Bargain, **we need to agree to a cascading target** to pass more quality funding down the transaction chain.

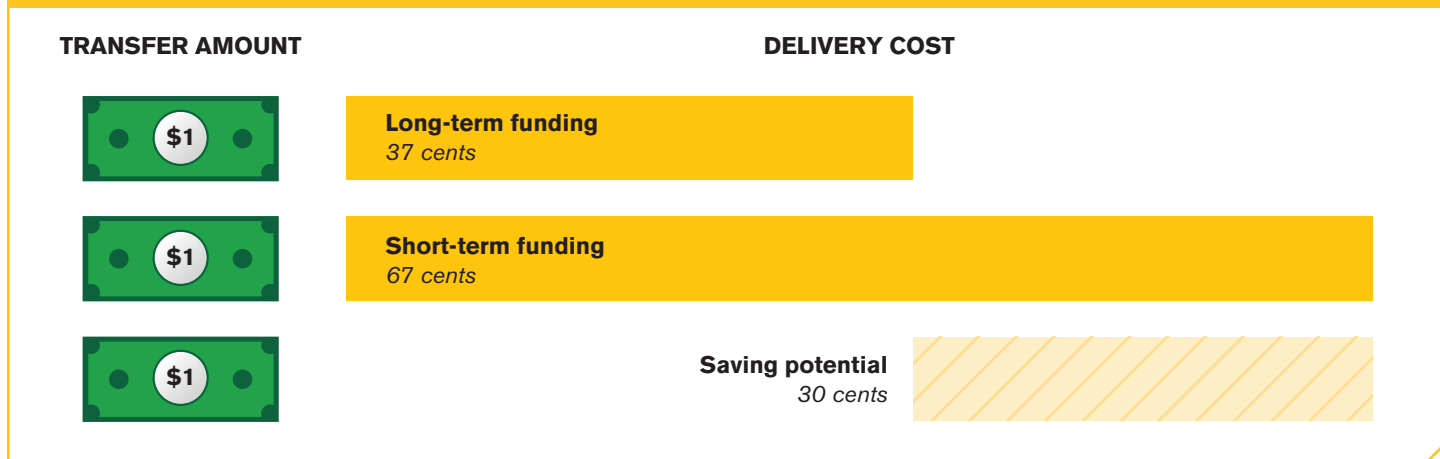


### Speed of aid must accelerate

It took over two months for the UN to raise the first \$1 billion for the GHRP and another two months for the second \$1 billion. COVID-19 has tragically reminded us of the importance of quickly getting aid to the right people at the right time. The shadow GBV pandemic went underfunded for months, despite the rhetorical statements. Supporting anticipatory action in collaboration with partners and local authorities could have made a notable difference.

On a more positive note, IOM's disbursement of CERF funding to NGOs in response to the COVID-19 outbreak in West Africa in 2020 only took a few weeks, proving that faster distribution of aid resources is possible. Going forward, we must agree on more reasonable timeframes to ensure that pledges translate into timely allocations and disbursements. In acute emergencies, that **timeframe should not exceed three months** from the moment donors announce their pledges until funding reaches frontline responders.

**FIGURE 3.** Longer-term programme in Somalia cost 44% less in delivery for every dollar transferred



### BOX 1. A case in point: humanitarian funding for Gender-Based Violence prevention and response

Gender-based violence (GBV) prevention and response is notoriously under-prioritised and underfunded in humanitarian settings. **Between 2016 and 2018, less than 1% of humanitarian funding went to GBV programmes** – despite consistent verbal commitment by most humanitarian donors to GBV prevention and response.<sup>20</sup> According to FTS data, in March 2021 GBV funding only represented **1.29%** of the overall incoming GHRP funding. **All the while, the pandemic has clearly triggered increased violence against women and girls and further limited their access to support services.** The overall amount of investment in GBV and gender equality programming remains opaque, as coding and tracking practices are inconsistent and GBV-related efforts may be included in other broader programmes, such as protection.

The Grand Bargain 2.0 can help prioritise GBV across the humanitarian planning cycle by promoting the following reforms:

- **Setting a target for cascading quality funding to frontline implementers** will allow the flexibility needed to adapt GBV programmes to local needs and sudden shocks. At the start of the COVID-19 pandemic, many GBV services in IRC's programmes had to change their delivery methods in response to lockdown restrictions.<sup>21</sup>
- **Faster disbursement of funding** will minimize disruptions to life-saving services and ensure the rapid deployment of GBV experts to adequately assess funding needs from the onset of a crisis. Specifically, GBV should be given higher priority in the mechanisms which determine allocations from funding sources such as pooled funding.
- **Multi-year funding** will enable the **development of meaningful partnerships with women-led and women's rights' organisations**, delivering GBV services and promoting gender equality.
- **Prioritising women's rights and women-led organisations** as part of the 25% localisation commitment will help support the recruitment and training of diverse GBV experts working at all phases of emergencies, ensuring a more context-appropriate response.
- **Collaborating with IASC to consistently track GBV allocations and expenditures** across humanitarian donors and implementing organisations will enable the humanitarian system to monitor progress toward the Grand Bargain's commitment to gender equality and GBV. This reform will also benefit other policy processes, such as the Call to Action on Protection from Gender-Based Violence in Emergencies and the Generation Equality Forum.



## 2. RADICAL TRANSPARENCY ON HUMANITARIAN FINANCING FLOWS AND COLLECTIVE OUTCOMES

Making the humanitarian system more responsive requires far **greater financial transparency** than what we have today. The main online tool to track where the funding goes is OCHA's Financial Tracking Service (FTS). While the tool captures most humanitarian funding flows from donor governments to immediate recipients, it does not provide the same level of visibility on what happens to these flows afterwards. In addition, the Grand Bargain commits to improvements to IATI, not to FTS. As in the case of the GHRP, this means that **we do not know where 80% of the funding has gone past first-level recipients**, like UN agencies. Getting more clarity on the funding cascaded to second-level recipients requires looking into individual UN agency reports, which either use different definitions and formats or do not disclose the amounts of funding cascaded to their partners. In many cases, finding out how much funding trickles down to the ground requires labour-intensive calculations.

**UN agencies**, which receive the majority of humanitarian assistance, should lead by example and **commit to report the amount and duration** of the funding they pass through to their implementing partners (or second-level recipients), disaggregated to track funding to women-led and women's rights organisations. As FTS administrator, OCHA should also ensure the platform is compatible with other major transparency tools, such as IATI, so that complementary data can be used more efficiently to track humanitarian funding flows. Annex I lists the aid reforms required to achieve these outcomes and can be used to monitor the performance of the Grand Bargain 2.0, in addition to existing indicators. This monitoring framework should lead to analysing data that can be disaggregated **by age and gender of affected populations**.

NGOs, too, do not report how much funding they give to their partners on FTS. This kind of reporting necessitates centralised and standardised data systems that can provide timely, accurate information without running the risk of double counting. However, this kind of effort and the extra resources it requires is rarely recognised by donors as a necessary cost. IRC is nevertheless centralising its data systems to better track the funding it passes through to its partners in 30+ country programmes **to start reporting on these flows by 2024 or earlier**.

Once we can get full financial visibility, we will also be able to **better track progress against the outcomes** for affected populations which these flows are meant to support. The international community must hold itself accountable for aid reforms that support concrete improvements in people's lives, based on data disaggregated by age and gender, a strong evidence base and clear targets. It is what the Grand Bargain needs to measure its true success.

## 3A. A MORE EQUITABLE APPROACH TO WORKING WITH LOCAL ACTORS, INCLUDING WOMEN'S ORGANISATIONS

The Grand Bargain sets out an ambitious agenda to contextualise humanitarian response, including a commitment to channel at least 25% of humanitarian funding to local and national responders<sup>22</sup>. Nevertheless, **it is unclear what that 25% includes and what progress on 'localisation' has been made to date**. This is in

part due to the lack of financial transparency and common definitions, which makes it hard to understand how much funding goes to local actors. Discussions within the work stream seem to go in a circle, supporting a polarised vision of local versus international actors. Attempts to agree on basic definitions have not been successful.

On a more operational level, a major challenge has been to share more resources with local partners while continuing to meet heavy compliance requirements from donors. For example, amongst IRC's largest UN partners, UNHCR uses the Internal Control Questionnaire to produce a country risk rating, UNICEF uses the Harmonised Approach to Cash Transfers, and OCHA undertakes due diligence and capacity assessments, which are completed internally by OCHA country offices and in some cases by an external agency. The Grand Bargain 2.0 must **hold a more in-depth dialogue about the challenges** frontline responders – both local and international – face. Short-term funding, limited visibility on grant renewals, and extraordinary compliance and risk reduction demands stand in the way of partnerships with local actors. **Donors and UN agencies need to recognise the inherent tension** between expecting greater 'localisation' and demanding more compliance at the same time.

At the IRC, we have strengthened our capacity to be a principled, collaborative partner with local civil society, government and private sector actors, working through a five-year, whole-of-organisation process to develop and roll out the award-winning **Partnership Excellence for Equality and Results System**, with highly positive feedback from partners. Our approach to partnership is based on a comprehensive set of indicators measuring not only the volume of financial resources passed through to partners, but also qualitative dimensions, such as prioritising long-term relationships with local civil society organisations and expanding our ability to support local systems. This is consistent with IRC's broader definition of power-sharing, which extends to engaging clients in decision making and feedback.

While we have improved how we work with partners, we have fallen short of our commitments to increase the quantity of both partnerships and resources provided to them. We have therefore set an ambitious agenda, starting by:

- **increasing the resources we provide to local actors by half in 2021** (compared to 2020) to jump start progress;
- continuing to build strategic partnerships with local actors, **half of whom will be women led**;
- re-affirming our Grand Bargain commitment to channel **25% of our humanitarian funding to local and national responders by the end of 2024**;
- **supporting efforts to reach a common definition and methodology for calculating that percentage**;
- **and strengthening our internal systems to start reporting on our pass-through funding to FTS by 2024 or earlier**.<sup>23</sup>

IRC is committed to supporting this agenda because it aligns with our values and advances our goal of achieving positive and lasting impact for people affected by crisis. **Our evidence suggests** that programme quality, including reach, relevance, impact, and efficiency, improves by partnering with local actors – particularly women's rights organisations working at the sharpest end of crises, such as COVID-19.<sup>24</sup>

The Grand Bargain can make a useful contribution by listening to key constituencies and agreeing on key definitions, such as 'local actors' or 'localisation, which is a term many relevant stakeholders find discriminatory. These concepts should be part of a broader discourse about **maximising power for people and organisations affected by crisis - that is, helping them increase their influence in the humanitarian sector and over decision-making that affects them.** It also means growing their control over resources by increasing funds that flow directly to them, with their having greater discretion over how these funds are used. Finally, it means evolving programme models to increase the agency of the people we serve. Those with social and communal ties to the places where humanitarian agencies work are capable and best placed to be catalytic agents of change that leverage and direct resources to achieve sustainable outcomes.

**Aid works best when we achieve this complementarity—** and where we are guided by local actors on what value we can add to existing capacities and systems. Local actors bring contextual awareness, adaptability, trusted relationships, and a deeper knowledge of language, socio-cultural norms, and other factors that play a primary role in securing humanitarian access. International NGOs can complement this knowledge with decades of experience from operating in different contexts around the world, a strong evidence base, technical and fundraising expertise, and a solid financial and compliance infrastructure.

The Grand Bargain can support efforts to contextualise aid by **negotiating a more realistic balance between risk-sharing and compliance and by ensuring more adequate and meaningful representation of local actors in relevant decision-making fora.** The IASC's Interim Guidance on Localisation and the COVID-19 Response<sup>25</sup> provide a useful footprint for engaging local actors in decision-making, and after successful testing could be adopted across the aid sector.

### **3B. A MORE HOLISTIC APPROACH TO CENTERING CRISIS-AFFECTED PEOPLE IN AID PROGRAMMES**

We need to acknowledge the **fundamental connection between localisation and participation** of affected populations. We also need to recognise that, regardless of whether we are officially partnering with them, we have a responsibility to the people we serve.

The Grand Bargain's commitment to the 'Participation Revolution' has raised the profile of the accountability to affected populations (AAP) agenda. Donors have increasingly reflected the commitment in their own funding strategies and put pressure on implementing agencies to do the same. While there have been significant advances to align humanitarian response plans with the views of affected people, there has been still little change in practice. Many Grand Bargain indicators on participation are directly relevant only to the mandates of few signatories, which does not lead to sector-wide change.

As individual agencies and as a collective, **we should support the direct participation of people in deciding** the most important needs to address and the outcomes they seek in their lives, rather than making those decisions on their behalf. Beyond the

use of 'reactive' feedback mechanisms (such as hotlines and suggestions boxes), implementing agencies should systematically consult people to understand their views and opinions through proactive consultation and collaboration. Participation should become a routine part of programme cycle management. It should be based on solid context analysis to ensure the engagement of women, girls, and other marginalised groups, such as people living with disabilities. Encouraging active and sustained participation should provide for diversity of experience and opinion in decisionmaking. An example of good donor practice is the [Empowered Aid](#) initiative funded by the US Department of State's Bureau of Population, Refugees, and Migration. This feminist multi-year study examines the mechanisms for humanitarian aid delivery that women and girls themselves say will work to lessen the risks of sexual exploitation and abuse and GBV.

To facilitate these changes in ways of working, implementing agencies need to become comfortable with **ceding decision-making power directly to the people they serve**, for example by formally including community representatives in programmatic decision-making. Implementing agencies should also create an enabling environment within their organisations to ensure that people can meaningfully participate in and influence the course of the aid provided to them.

### **4. A DEFINED, PREDICTABLE GLOBAL HUMANITARIAN CASH COORDINATION MECHANISM**

The Grand Bargain has made impressive strides in its commitments to increase the use and coordination of cash assistance.<sup>26</sup> However, an area in which **significant gaps remain is a defined, global coordination process with clear leadership, resourcing, and accountability.** 90% of key informants in the Cash Learning Partnership (CaLP)'s 2020 *State of the World's Cash Review*<sup>27</sup> reported that the lack of clarity around cash coordination has had real operational impacts, limiting opportunities for collaboration and for improving the quality and effectiveness of cash and voucher assistance across humanitarian response.<sup>28</sup> The lack of formal, accountable, and resourced cash coordination has led to under-resourced, ad-hoc and informal coordination mechanisms and has undermined gains in the efficiency and effectiveness in the use of cash. IRC has seen challenges in coordination undermine cash assistance in Colombia, Ecuador, and Ethiopia.

The absence of formal and predictable cash coordination has also **limited the space for smaller and national actors to effectively engage in cash coordination.** Only 28% of respondents to a 2018 review<sup>29</sup> confirmed that local and national actors were appropriately engaged in cash coordination. Many of these actors are already equipped to achieve efficiencies of scale, and for those who are not, poor coordination further compromises any chances of achieving scale. There have been several attempts to define a global coordination mechanism during the lifetime of the Grand Bargain with the Good Humanitarian Donorship (GHD) initiative and the NGO community calling on the IASC to decide and issue clear guidance on cash coordination.

With no progress to date, **the Grand Bargain 2.0 presents an opportunity to build on CaLP<sup>30</sup> and the GHD's recommendations<sup>31</sup> that the IASC clearly define the leadership, resourcing, and accountability mechanism for global cash coordination.** In 2018, NGOs developed a common position and recommended that cash coordination should be the responsibility of the Inter-cluster Coordination Group (ICCG).<sup>32</sup> They also recommended that a Cash Working Group (CWG) lead on cash coordination and report directly to the ICCG. The launch of the Grand Bargain 2.0 presents an opportunity for the IASC to issue clear guidance on cash coordination in line with these multiple recommendations. The [Collaborative Cash Delivery Network](#), a network of 14 of the largest international NGOs that operate in every global humanitarian crisis and provide cash programming, is well placed to play a role in supporting national and global level coordination.

The Grand Bargain 2.0 can also **track the implementation of this new mechanism by including an indicator on strategic, predictable cash coordination.** This can help ensure accountability to affected populations, by ensuring appropriate linkages to the humanitarian architecture are in place; clear mandate and responsibilities are defined; links with national response capacity and local actors are formed; and dedicated resources and guidance are developed. As illustrated in the metrics table in Annex I, the Grand Bargain 2.0 can **help track coordination outcomes and outputs**, such as an increase in affected people receiving cash, more agile and cost-efficient cash delivery, and more effective linkages to social protection mechanisms and economic inclusion.

## 5. A SECTOR-WIDE ADOPTION OF THE MOST PROMISING TOOLS TO MEASURE AND IMPROVE COST-EFFECTIVENESS

One of the highest-level ambitions of the Grand Bargain was to improve the efficiency of the humanitarian system itself, delivering \$1 billion in efficiency gains. However, **the Grand Bargain has never adopted a common definition of "efficiency"**, which would have made it possible to measure progress or consider the contribution of different reforms towards this goal. The objective of efficiency was delegated to an individual work stream focused on "reducing management costs," thus turning a cross-cutting objective into a siloed issue.

The workstream quickly became UN-centric, developing ideas and approaches that were relevant only for UN agencies. Despite IRC's efforts to raise this issue, the situation has not improved. Since then, **IRC and our partners in the Systematic Cost Analysis (SCAN, recently re-branded as Dioptra) Consortium** have tried to engage UN agencies in our work on improving efficiency, but with limited success.

In addition, the workstream considers efficiency only from the perspective of costs and does not try to incorporate any measurement of the balance of costs and results. This raises the possibility that we are cutting costs, but in a way that also reduces the results we deliver. It cannot be assumed that money is fungible and necessarily goes to frontline services when it gets cut from management functions. In IRC's work, we have analysed programmes with high "management" costs, which cost very little per person served or per outcome achieved because those

management costs were necessary to achieve scale. For example, a UK-funded [primary health programme in Jordan](#), when analysed with the Dioptra tool, costs an average of 16 USD per primary health consultation, including the cost of patient prescriptions. Support costs—including HR, Supply Chains, and Finance—accounts for more than 40% of the total cost, but it is precisely the large-scale recruitment of medical personnel and procurement of medicines that enabled the program to achieve low cost per consultation.

**It is critical to measure the balance between costs and results to ensure that we are truly delivering the most to people in need.** Given the Grand Bargain's singular emphasis on measuring costs and the inherent challenges in delegating cross-cutting "efficiency" to a subset of the Grand Bargain, IRC does not support continuing the work of the reduced management costs work stream. Rather, we recommend that the Grand Bargain 2.0 consider using evidence-based tools such as Dioptra and Norwegian Refugee Council's [Money Where it Counts](#) protocol to strategically assess costs against results to be gained by rolling out further reforms. For instance, Dioptra could be used as the preferred method for reporting quantitative results in the optional "Value for Money" section in the 8+3 harmonised reporting format. This would both ensure the consistency and rigour of Value for Money data and reduce work for implementers, who would know that investments in analytical capacity could benefit them regardless of the donor to whom they are reporting.

## CONCLUSION

Time is running out if we want the Grand Bargain to deliver on its original promise – delivering more effective and efficient humanitarian aid. Building on five years of solid technical work and key lessons learned from the response to the COVID-19 pandemic, Grand Bargain signatories should now focus on **removing existing barriers to aid reforms through inclusive, high-level political dialogue.** This dialogue should lead to an agreement on evidence-based reforms that produce measurable improvements in the lives of people in crisis, rather than focus on bureaucracies.

A more responsive humanitarian system will be one that puts affected populations at the centre of the intervention. This move requires investing more resources – including financial flows and the power to decide how to allocate them – **at the country level**, where they are most needed. By prioritising quality financing and localisation, the Grand Bargain is moving in the right direction but needs to go farther by **focusing on downstream accountability, higher transparency and more funding to the frontlines.** The success of the Grand Bargain 2.0 will be measured by how it helps deliver these system-wide changes.

## ANNEX I. PROPOSED METRICS TO MONITOR GRAND BARGAIN 2.0 PERFORMANCE

The table below details proposed metrics to monitor the implementation of key priorities envisaged for the Grand Bargain 2.0. These metrics are meant to complement, not substitute, current indicators developed by individual Grand Bargain work streams.

Grand Bargain 2.0 priority	Proposed target(s) to be agreed at Principal level	Proposed indicator	Expected outcome
More funding to frontline implementers	A minimum percentage of donor funding to second-level recipients, disaggregated by recipient type	Percentage of donor funding that is cascaded to local, national and international implementing partners	Higher levels of support closer to affected populations
Better-quality funding to frontline implementers	A minimum percentage of multi-year, flexible funding to second-level recipients, disaggregated by recipient type	Percentage of multi-year, flexible funding that is cascaded to local, national and international implementing partners	More predictable, agile and sustainable support closer to affected populations
More timely funding to frontline implementers	Timeframe of disbursement: within a quarter of donor pledge (or donor allocation)	Time interval between announcement of a pledge and disbursement to the first local, national or international implementing partner	More timely and responsive support to affected populations
Radical financial transparency	A minimum target of humanitarian financial flows to second-level recipients reported to FTS within a quarter of disbursement	Proportion of all humanitarian financial flows to second-level recipients that are reported to FTS	Higher visibility and tracking of humanitarian financing flows cascading down the transaction chain
A contextualised approach to humanitarian assistance (localisation)	25% of humanitarian funding to local and national responders ( <i>already exists</i> )	Percentage of humanitarian funding to local and national responders ( <i>already exists</i> )	More equitable transfer of resources to local actors
More meaningful roles played by local actors	Local actors are either in a co-chairing or executive role in relevant decision-making fora	Level of representation of local actors in relevant decision-making fora (Grand Bargain, IASC, Humanitarian Coordination Teams meetings, etc.)	Higher participation of and influence by local actors in key humanitarian processes
A defined, predictable global humanitarian cash coordination mechanism	A predictable cash coordination mechanism is fully in operation within a given timeframe	Level of strategic, predictable cash coordination (current baseline: no coordination)	a) Expanded reach/ scope of coverage of affected people b) More agile and cost-efficient cash delivery c) More effective linkages to social protection mechanisms or economic resilience-building driven by local actors
Use of standardised ways to improve and measure cost effectiveness	Evidence-based tools are used in all GB reforms which aim to increase efficiency/cost-effectiveness	Type of tools used to define and measure GB reforms which aim to increase efficiency/cost-effectiveness	Better price/quality ratio for services delivered to affected populations



## NOTES

- 1 The Facilitation Group is the main executive body of the Grand Bargain. In its current configuration, it includes the following Grand Bargain signatories: ECHO, IFRC, OCHA, SCHR, the UK and WFP.
- 2 Displacements within and from Watchlist countries according to UNHCR. NB: "refugees" include UNHCR-registered refugees, Venezuelans recorded by UNHCR and Palestinians registered under UNRWA's mandate. Source: UNHCR, UNRWA.
- 3 See <https://www.who.int/health-cluster/news-and-events/news/GHRP-COVID-19-July-2020-final.pdf?ua=1>
- 4 In global policy discussions, the use of the term 'localisation' has come under criticism, as it is often perceived as a label imposed by stakeholders predominantly in the Global North. IRC understands the term 'decolonisation' to mean the process of deconstructing colonial ideologies of the superiority and privilege of Western thought and approaches. Decolonisation involves dismantling structures that perpetuate the status quo and addressing unbalanced power dynamics. Furthermore, decolonisation involves valuing and revitalising local, indigenous, and non-Western sources/forms of knowledge and approaches and vetting out settler biases or assumptions that have impacted local ways of being.
- 5 High-Level Panel on Humanitarian Financing, *Report to the Secretary-General: Too Important to fail – addressing the humanitarian financing gap*, 2016.
- 6 See the [2016](#) and [2021](#) Global Humanitarian Overviews.
- 7 See [2021 Global Humanitarian Overview](#). The percentage of humanitarian funds received relates to the 2016-2020 period as data for 2021 is still incomplete.
- 8 Estimates vary, but the average length of time a refugee has been displaced is between 10 and 26 years. See *Global Forced Migration. The Political Crisis of Our Time. A Democratic Staff Report Prepared for the use of the Committee on Foreign Relations*, United States Senate, June 18, 2020.
- 9 See Metcalfe-Hough, Victoria et al., *Grand Bargain annual independent report 2020*, ODI, June 2020 and Metcalfe-Hough, Victoria, *The Future of the Grand Bargain: a new ambition?*, ODI, June 2020.
- 10 See [2021 Global Humanitarian Overview](#).
- 11 Based on FTS data on GHRP funding at the time of writing: <https://fts.unocha.org/appeals/952/recipient-types>
- 12 Information gathered from NGO coordination meetings in autumn 2020.
- 13 See *Workstream 2 on Localisation: Potential of pooled funds for localization and a call for country-based co-facilitators* – November 2020 update.
- 14 See also IAHE, *Inter-Agency Humanitarian Evaluation on Gender Equality and the Empowerment of Women and Girls*, Final Evaluation Report, October 2020.
- 15 International Rescue Committee, *A Win-Win: Multi-year flexible funding is better for people and better value for donors*, June 2020.
- 16 Former UK Department for International Development, now part of UK's Foreign, Commonwealth & Development Office (FCDO).
- 17 Swedish International Development Agency.
- 18 International Rescue Committee, *Ibid*.
- 19 See International Rescue Committee and VOICE, *Where's the Money? How the Humanitarian System is Failing to Fund an End of Violence Against Women and Girls*, 2019, page 19.
- 20 See the [Call to Action on Protection from Gender-Based Violence in Emergencies](#).
- 21 See International Rescue Committee, *The Essentials for Responding to Violence Against Women and Girls During and After COVID-19*.
- 22 The full commitment reads as follows: "Aid organisations and donors commit to achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs." In the lack of an agreed terminology, IRC considers local and national responders to be community-based and national actors rooted in the relevant country. It must be noted that there is still no agreed Grand Bargain definition of '25 per cent of humanitarian funding', which has generated many different interpretations and calculations. IRC is also in the process of calculating its 25% of humanitarian funding and welcomes a definitive definition of this percentage to be agreed in consultation with all Grand Bargain constituencies.
- 23 In line with IRC's new strategic plan for the period 2020-2033, every IRC programme office will set context-specific targets for the share of programming that they intend to be delivered by local partners by 2024. Every relevant office will identify 5-10 local civil society organisations with whom to prioritise building long-term relationships. They will be our partners of choice for local implementation, including for emergency response. Half will be women-led or women-focused. We will support, learn from, and work alongside these partners to reach more people with more impactful solutions. Globally, this will amount to at least 150 organisations by the end of 2024 and will create a global network of stronger organisations, helping us achieve scale, impact, and stability when it is time to exit.
- 24 See IRC, *Localizing the Response - A Comparative Review of INGO Direct Service Delivery and Partnerships with Local and National Actors*, January 2019. See also Women Deliver, *Advancing Gender-Transformative Localization*.
- 25 Inter-Agency Standing Committee, IASC Interim Guidance on Localisation and the COVID-19 Response, 27 May 2020.
- 26 ODI, [Grand Bargain annual independent report 2020](#).
- 27 CaLP network, [State of the World's Cash 2020](#).
- 28 Challenges posed to the efficient and effective delivery of humanitarian cash assistance have been highlighted in multiple instances. See for example IASC commissioned *World Bank Group. Cash Transfers in Humanitarian Contexts: Strategic Note 2016 World Bank, Washington, DC.*; the Global Public Policy Institute (GPPI) *Cash Coordination in Humanitarian Contexts* and more recently in CaLP's State of the World's Cash I and [2020](#).
- 29 CaLP, [The State of the World's Cash 2018](#).
- 30 CaLP [The State of the World's Cash 2020](#).
- 31 Members of the Good Humanitarian Donorship Initiative (March 2018), Multi Donor Letter to the IASC Working Group Chair.
- 32 See [NGO Position Paper - Cash Coordination in Humanitarian Response](#), May 2018.



**International Rescue Committee (IRC)** responds to the world's worst humanitarian crises and helps people to survive and rebuild their lives. Founded in 1933 at the request of Albert Einstein, the IRC offers life-saving care and life-changing assistance to refugees forced to flee from war, persecution or natural disaster. At work today in over 40 countries and 29 cities in the United States, we restore safety, dignity and hope to millions who are uprooted and struggling to endure. The IRC leads the way from harm to home.

**rescue.org**

**IMAGES:**

FRONT: *Syria*. | Abdullah Hammam 2020  
PAGE 4: *Colombia*. | Schneyder Mendoza 2020

**New York**

122 East 42nd Street  
New York, NY 10168-1289  
USA

**Amman**

Al-Shmeisani Wadi Saqra Street  
Building No. 11  
PO Box 850689  
Amman  
Jordan

**Bangkok**

888/210–212 Mahatun  
Plaza Bldg., 2nd Floor  
Ploenchit Road  
Lumpini, Pathumwan  
Bangkok 10330  
Thailand

**Berlin**

Meinekestr. 4  
10719  
Berlin  
Germany

**Brussels**

Place de la Vieille  
Halle aux Blés 16  
Oud Korenhuis 16  
1000 Brussels  
Belgium

**Geneva**

7, rue J.-A. Gautier  
CH-1201  
Geneva  
Switzerland

**London**

3 Bloomsbury Place  
London WC1A 2QL  
United Kingdom

**Nairobi**

Galana Plaza, 4th Floor  
Galana Road, Kilimani  
Nairobi  
Kenya

**Washington, D.C.**

1730 M Street, NW  
Suite 505  
Washington, DC 20036  
USA