

The future of the Grand Bargain

A new ambition?

Victoria Metcalfe-Hough



Key messages

- International aid responses to the Covid-19 pandemic in crisis contexts are accelerating progress in cash assistance, localisation and quality funding, and could push forward further gains in these and other areas.
- But there are key risks and challenges ahead – locking in progress made once the urgency of the pandemic has passed and the expected global economic recession starts to bite will be key.
- Signatories agree that there is a future for the Grand Bargain; it has added value and could be elevated to a higher level of ambition – including acting as a mechanism to navigate a route through the challenges emerging in the wake of this global pandemic.
- To fully exploit its added value and realise new ambitions, the Grand Bargain needs to make substantive adaptations to its function, focus and format.

Victoria Metcalfe-Hough is an independent consultant and a Research Associate with the Humanitarian Policy Group (HPG) at ODI.

Humanitarian Policy Group
Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ
United Kingdom

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

Cover image: Hannah Bass

Introduction

The Grand Bargain – an agreement between donor states and international humanitarian organisations, including the UN, the Red Cross Red Crescent Movement (RCRCM) and international non-governmental organisations (INGOs) – was launched at the World Humanitarian Summit (WHS) in May 2016. Based on the recommendations of the UN Secretary-General’s High Level Panel on Humanitarian Financing, this multi-stakeholder mechanism was intended to institute a series of changes in the policy and practice of international aid actors that would bring greater efficiencies in the response to humanitarian crises (HLP, 2016). Progress against the original commitments has been mixed: there has been a system-wide shift in policy and practice on the use of cash assistance; localisation has become an established principle, if not yet practice, of international humanitarian action; the majority of signatories are reporting some of their humanitarian funding and activity data to the International Aid Transparency Initiative (IATI) Standard; and there is now proof of concept for a harmonised and simplified approach to narrative donor reporting. But efforts to reduce management costs and scale back donor assessments have been minimal, and realising the ambition of a participation revolution – in which affected populations are afforded genuine influence over the international response – is still far off. Four years into its tentative five-year timeframe, discussions among the now 62 signatories to the Grand Bargain have turned to whether and how the mechanism should continue after 2021. There is general consensus that the Grand Bargain should continue in some form and that it has yet to reach its full potential. But there is much disagreement on what its future function, focus and format should be.

These discussions are happening at a time of extraordinary complexity in the aid world. The Covid-19 pandemic continues to spread around the globe, its impact severely compounding the needs and vulnerabilities of people living in the midst of conflict and disaster, and global and national efforts to tackle it are affecting how international humanitarian actors can respond in these contexts. The pandemic and the requisite response to its

impact in existing humanitarian crises offers both a test of and an accelerator for the progress made to date under the Grand Bargain.

This paper was commissioned by the UK Department for International Development (DFID) on behalf of the Facilitation Group (FG) of the Grand Bargain. It sets out some key considerations on how the response to the Covid-19 pandemic in crisis contexts could spur further progress against the original goals of the Grand Bargain. It also explores the rationale for continuing this mechanism beyond its tentative five-year term, and makes tentative proposals for its future function, focus and format. This paper is intended to inform and stimulate discussions among signatories at the Annual Meeting in June 2020 and beyond. It is based on research by the Humanitarian Policy Group (HPG) at ODI for the last three consecutive Annual Independent Reports (AIRs) on the Grand Bargain. To complement this analysis, the research team undertook a rapid review of available documentation and semi-structured focus group discussions with the four constituent groups of signatories (UN, NGOs, RCRCM, donors), with the Eminent Person’s (EP’s) team and select stakeholders. The paper also draws on wider discussions on the draft AIR for 2020 (Metcalf-Hough et al., 2020).

The Grand Bargain and the Covid-19 pandemic: opportunities and risks

The global Covid-19 pandemic is a crisis unprecedented in scale and scope. It has also offered an opportunity to consolidate, even to accelerate, progress under the Grand Bargain – in the same way that past crises of global concern, including the Indian Ocean tsunami and the Darfur conflict, have done (see for example Adinolfi et al., 2005). All the thematic areas of the Grand Bargain are relevant to these new circumstances, but there are a few standout themes where action is needed urgently to enable a more effective and efficient response to the pandemic.

As local as possible

This crisis has highlighted as never before the critical role of the most local responders, with widespread restrictions on movement to and within countries imposed by governments

around the world in an effort to break the chain of transmission of the virus. The consequent imperative to work in full complementarity with national and local government and civil society has been reinforced in policy statements from the earliest stages of the international response. The Global Humanitarian Response Plan (GHRP)¹ and its revision in May restate existing Grand Bargain commitments to provide 25% of international funding to these actors as directly as possible, and more generally emphasise the importance of working in partnership with local and national responders. However, localising the response to this pandemic is not likely to be automatic. Figures from the Office for the Coordination of Humanitarian Affairs Financial Tracking Service (OCHA FTS) indicate that, at the beginning of June, approximately 4% of international humanitarian funding for the Covid-19 emergency (through GHRP and other appeals) has been allocated to national governments – an incremental increase on the global international humanitarian funding allocated to national governments for all of 2019 (1.45%) and more than the 2% of Covid-19 emergency funding allocated to INGOs. But the vast bulk of humanitarian funding for this emergency – 73% as at 2 June – was still being channelled in the traditional way, namely to UN agencies. Detailed data will only be available in the coming weeks on how that funding has been allocated or sub-granted down the chain,² but the fact that much of this funding is going to centralised, global services has raised concerns among stakeholders that pass-through to local and national responders may be limited, that efficiency savings to be gained through more direct funding to these actors may be missed and that the funding approach to date may be reinforcing existing structural inequalities in the humanitarian aid system (Aly, 2020). Effecting a system-wide shift in practice will require donors and aid organisations to make localisation the

default approach, the starting point, for their response to this crisis, and then adapt the exact modality (i.e. just how ‘local’ it can be) to the specific circumstances of each context.

Expanding cash assistance to address the wider socio-economic impact

There are clearly huge advantages in using cash assistance in this crisis, including the speed and scale at which such programmes can be expanded and cash support disbursed; the efficiencies that it can bring if delivered through a single transfer system addressing multiple needs; its value in protecting livelihoods, supporting local markets and helping reinvigorate local economies; the contribution it can make to enhancing the dignity of beneficiaries by enabling them to address their own priorities; and, crucially, that digital cash transfer systems can minimise the physical contact necessary in transactions, thereby helping to reduce transmission of the virus. Reflecting the far-reaching socio-economic impact of this crisis, there has also been increased emphasis by donors and aid organisations on delivering emergency cash through, or ensuring coordination and coherence with, existing national social safety net programmes, with 190 states and territories having planned, introduced or adapted existing social protection safety nets in response to the pandemic (Gentilini et al., 2020; see also Grand Bargain sub-group on linking humanitarian cash and social protection, 2020). Data is still limited, but there are examples: in Afghanistan, humanitarian partners are working with the World Bank to ensure new emergency cash and existing cash and food assistance programmes for non-humanitarian caseloads are complementary, including through aligning packages, distribution timetables and beneficiary selection criteria (OCHA, 2020b); in Pakistan, the World Bank has provided \$25 million in emergency cash transfers for up to 4 million people under the government’s existing social protection safety

1 The GHRP was launched on 25 March 2020. One of the pillars of the global response to the pandemic, it sets out the humanitarian health and other multi-sectoral needs of the most vulnerable populations in countries that were already affected by conflict or other crises before the pandemic unfolded. The GHRP is a collaboration between members of the Inter-Agency Standing Committee (IASC), including UN, INGOs and international organisations.

2 OCHA FTS is currently exploring ways, in collaboration with UN agencies, to ensure more immediate visibility of funding flows to partners.

net, the Benazir Income Support Programme (Rutkowski, 2020).

Reducing the reporting burden

Simplifying and harmonising reporting procedures and due diligence assessments is essential to increase efficiencies and ensure flexibility of partnerships, and it is clear that those signatories that had already or were in the process of rolling out the harmonised narrative reporting template developed by workstream 9 are using it during this crisis. For example, the UN High Commissioner for Refugees (UNHCR) is using the template for all downstream partners globally, DFID is extending its use to all grants with INGOs as part of its Rapid Response Facility for Covid-19 and the UN Children's Fund (UNICEF) is using the adapted version of the template in the UN partner portal. UNHCR, UNICEF and OCHA-managed Country-Based Pooled Funds (CBPFs) have also simplified aspects of their partner reporting procedures, including accepting electronic rather than hard copy documentation and signatures and conducting verifications/monitoring remotely (UNICEF, 2020; UNHCR, 2020; OCHA, 2020a). However, there is as yet no indication that other donors or international aid organisations are taking the opportunity to start utilising the new template, and consequently opportunities to increase the speed and efficiency of reporting for international and, crucially, national or local NGOs, are being missed.

Better-quality needs analysis to support prioritisation of resources

The impact of the pandemic in compounding existing needs and undermining coping mechanisms has made prioritisation of needs and resources even more critical. At the same time, access restrictions have increased the challenges to conducting better-quality multi-sectoral needs assessments and analyses to inform prioritisation efforts. There is, therefore, both an imperative for and scope to take a step forward in ensuring more comprehensive and more accurate joint intersectoral needs and response analyses to inform more accurate prioritisation of humanitarian and development resources. This requires greater involvement of affected people

and local/national responders in assessments and analyses (see below) and greater collaboration, including joint, or at least more joined-up, analysis between humanitarian and development actors, across multiple sectors, at national and sub-national levels. Finalising and rolling out the Joint Intersectoral Analysis Framework (developed by workstream 5) to support the regular revisions or updates to the GHRP and the Humanitarian Programme Cycle (HPC) for 2021 is important in this respect. Building on progress under the New Way of Working, greater emphasis also needs to be placed on rapidly expanding the practice of joint humanitarian–development analyses and the formulation of Collective Outcomes.

A genuine participation revolution

The nature of this pandemic demands that signatories be far more ambitious in respect of the participation revolution. Although the GHRP refers to the importance of 'engagement' with affected populations, the complexity of the situation in many contexts, the sheer scale of needs, the differentiated impact on different age, gender and other already vulnerable groups, combined with restrictions on movement, makes it ever more imperative to find ways to empower communities to define and address their own needs. This means shifting up a gear, from technical-level engagement with target beneficiaries on specific programmes to engaging them in assessing needs, designing approaches that best address those needs and strengthening their capacities to deliver their own responses through grant-making, training and mentoring – all provided in combination with more traditional assistance programmes. Noting current access challenges, working with these communities will necessitate combining new or mobile technology with more traditional engagement methodologies to ensure that future iterations of the GHRP and 2020 HRP – and the HPC for 2021 – are *built upon*, not just informed by, the views of affected communities, that affected populations are able to engage in or influence *all* stages of this process, from assessments and analysis to programme design and implementation, monitoring and evaluation. Reflecting the differentiated health impact

of the pandemic and its wider consequences on different groups, ensuring a more diverse approach to participation and engagement will also be crucial. Although the IASC scale-up protocol for Covid-19 emphasises the importance of partnerships and funding for local women-led and women's rights organisations, a decision was taken to mainstream issues of gender in the GHRP, rather than have a standalone objective on gender equality and women's empowerment. Stakeholders have differing views on this approach, but overall, it is clear that far greater emphasis is needed on ensuring that *all* populations affected by this crisis are able to inform and help drive the health and wider response. In this crisis as never before, a more ambitious and diverse strategy on participation is critical to ensure that the needs and vulnerabilities of all affected groups are adequately addressed.

A more comprehensive funding strategy

The sheer speed with which this pandemic is evolving necessitates a concerted approach to funding, ensuring that pledges are disbursed quickly, but also that funding is sufficiently flexible to enable aid organisations to respond swiftly now, and to adapt to shifting circumstances on the ground. More flexible funding is being made available, indicating a possible shift in the risk appetite of many institutional donors and UN agencies. Donors have responded well to the RCRCM Covid-19 appeal (launched in March 2020 and revised on 28 May). Looking at the ICRC and IFRC components of the appeal, 37% of the contributions received by the ICRC and 30% received by the IFRC by the beginning of June were unearmarked or softly earmarked (according to the definition articulated by Grand Bargain workstream 7+8 – enhance quality funding). The remaining contributions were earmarked only to country level. According to OCHA FTS data, unearmarked or softly earmarked contributions to the GHRP constituted 33% of the overall total provided through that appeal,³ indicating that funding to the GHRP and to the RCRCM Covid-19

appeals met the Grand Bargain target – 30% – for flexible funding. On the UN side, UNHCR and UNICEF have given their downstream partners greater discretion to reallocate activity-level budgets of existing programmes/projects (up to 20% for UNICEF partners (UNICEF, 2020)), as has OCHA for its CBPFs; UNHCR has allowed release of next payment instalments in the absence of verified financial performance reports for the prior period, allowed charges for overtime and allowed partners to charge UNHCR for project costs incurred in respect of activities that will not be completed because of restrictions related to Covid-19 (UNHCR, 2020). The Women's Peace and Humanitarian Fund (WPHF), managed by UN Women and the UN Population Fund (UNFPA), has opened a new 'Covid-19 emergency response window' targeting grants to local women's rights and women-led organisations in 25 crisis-affected contexts, for institutional support to enable continuity of their operations and programmatic support to enable them to respond to the gendered impact of the pandemic (WPHF, 2020). While this is all positive, there is a concern that, because the flexible funding provided is largely channelled to UN agencies, there has been no real increase in flexible funding to international and national/local NGOs.

The nature of this crisis clearly calls for a much more ambitious approach to humanitarian and development funding. Instead of the usual siloed approach, a more comprehensive strategy is required to combine different financing tools and mechanisms to address health and other needs, as well as wider socio-economic impacts, ensuring that better-quality funding is accessible for all types of aid organisations, including local/national ones, and that funding invested now can have a more sustained effect over the longer term through enhancing the capacities and resilience of local and national actors and systems. This idea is not new – it has been discussed for years and even trialled in some cases – but the unprecedented nature of this crisis demands that donors and aid organisations finally action such an approach.

3 Data correct as at 9 June 2020.

Using the Grand Bargain framework to ensure a better pandemic response

Certainly, many signatories have utilised the Covid-19 response to restate their commitments in key areas of the Grand Bargain. Although data is limited, there is emerging evidence that these commitments are being translated into practice, pushing forward progress on localisation, in cash assistance and, to an extent, in more flexible funding. But there remains a real risk that any progress achieved as a result of this unprecedented situation may be lost once the urgency of, and therefore political attention on, the pandemic diminishes. During consultations, a number of signatories also raised concerns about the longer-term impact on official development assistance (ODA) priorities and budgets when the full force of the global recession triggered by the pandemic hits donor states. Development Initiatives (DI), for example, has indicated that global ODA levels could drop by \$25 billion by 2021 as a result of the recession triggered by the pandemic (DI, 2020: 3). The economic impact at home could see donors backtracking on commitments to enhance the quality of funding and simplify reporting requirements; in turn, a dramatic reduction in funding may result in aid organisations failing to scale-up new practices and consolidate the progress made to date.

The risks and challenges presented by this pandemic are as unprecedented as the crisis itself. But the Grand Bargain – both the content of its commitments and the multilateral nature of its membership – provides both means and opportunity to help ensure that the global humanitarian response meets the demands placed upon it. Commitments already include the actions needed to ensure that the response is effective and efficient, and that risks are appropriately mitigated. For example, better-quality needs analysis (core commitment 5.1) will ensure the more accurate prioritisation of needs and resources that will be essential to mitigate the risks of reduced aid budgets in the months and years ahead.

Thus, the main investments required now are in ensuring that signatories take these steps, that they act now and with speed. As a high-profile

‘brand’, signatories should use the Grand Bargain to hold each other to account for taking the steps outlined above. This could be done in several, interconnected ways, including integrating the language of key commitments in regular updates on collective and institutional responses; integrating these commitments in institutional reviews and evaluations of the Covid-19 response; and committing to a comprehensive, system-wide review of the international humanitarian response to the pandemic – akin to the Joint Evaluation of the tsunami response (Telford and Cosgrave, 2006) – that integrates key commitments from the Grand Bargain in its criteria to assess the effectiveness and efficiency of the response.

As the pandemic continues to evolve, the multilateral format of the Grand Bargain means that it can be used as a space for dialogue – in real time – among key international humanitarian actors on the risks and challenges emerging in this response, and how these actors can work together to mitigate them. Building on the broader discussions on risk launched by the Netherlands and the ICRC in 2018, the pandemic presents a more concrete framing through which signatories can collectively identify key contextual, programmatic and institutional risks,⁴ discuss and agree appropriate mitigation strategies, including how to appropriately share risks between different actors down the chain of operations, and agree on the levels of residual risk that are acceptable to different groups of signatories and, crucially, to affected populations.

The EP’s leadership will be key in utilising the Grand Bargain to the benefit of the pandemic response. Building on her letter to signatories in May 2020, the EP, supported by the FG and the Secretariat, could continue to find opportunities to highlight the importance of the commitments in this response, working closely with other mechanisms, including the IASC, to maintain pressure on signatories to deliver on their commitments. Such an approach should adopt various tactics depending on the target audience, but could draw heavily on the evidence gathered through

4 For a discussion of some of the risks inherent in humanitarian action, see Metcalfe et al. (2011).

the AIR 2020 on the efficiency and effectiveness gains that have already been accrued through implementation of the Grand Bargain commitments, to demonstrate what is possible.

The future of the Grand Bargain: consolidate gains and realise new ambitions

Based on the analysis presented in the AIR 2020, it is clear that the Grand Bargain is unlikely to have achieved all that it set out to by June 2021. There is general consensus among signatories that, rather than creating a new mechanism, they should build on what the Grand Bargain has accomplished thus far, extract what is good about the current model, adapt it and maximise its value to address the outstanding issues and challenges impeding more effective and efficient humanitarian responses. Modern humanitarian action is littered with reform initiatives, processes and mechanisms for change that did not meet their goals, and it is worth recalling that the Grand Bargain was created *because* existing mechanisms were not achieving the results that were hoped for in terms of bringing system-wide change. Thus, starting over once again seems both inefficient and unlikely to have a greater chance of success. Arguably, the Grand Bargain is starting to show results, but it needs to set out more clearly its comparative advantages, and adapt its function, focus and format to ensure its continued relevance and impact.

What is the Grand Bargain's main comparative advantage?

There are several areas of comparative advantage. First, the Grand Bargain brings together all the major international humanitarian actors. Signatories have repeatedly emphasised that the main comparative advantage of the Grand Bargain lies in its function as a platform for dialogue, collaboration and problem-solving among the four main groups of international humanitarian actors. There is no other platform on which these groups can meet as, in theory at least, equal players intent on improving the humanitarian system: UN Reform is a critical process, but does not directly involve or engage NGOs or the RCRCM; the IASC has recently

undergone reforms aimed at making it more results-oriented, but it remains focused on technical or operational issues, is seen by some as UN-centric and does not involve donors; and, while the OECD-DAC and the IASC are collaborating more now than in the past, both forums are exclusive.

Second, the voluntary nature of the Grand Bargain allows flexibility and ambition, as evidenced in the way it has already evolved from its original configuration to embrace a greater focus on effectiveness as well as efficiency, integrate gender equality and women's empowerment, expand its membership to include a small number of national NGOs, identify collective priorities and enhance its governance structures. The Grand Bargain can move quicker, be more creative and be more ambitious than the mechanisms mentioned above, which have formal mandates and procedures for consultation and decision-making. The Grand Bargain needs to exploit this agility by evaluating and adjusting its strategies in accordance with the shifting dynamics of global politics and economics, and find innovative ways to navigate the challenges these dynamics pose to humanitarian action.

Third, the Grand Bargain is not linked directly to the UN or other political forums, so can be a space for humanitarian dialogue that is less influenced by, though it should remain cognisant of, wider trends in geopolitics. While there are real concerns about the broad scope and vague articulation of many of the original Grand Bargain commitments, signatories largely agree that they represent a consolidated set of good aid principles which all four constituent groups have promised to deliver on, and against which they should be held publicly accountable.

What should its principal function be?

One of the key challenges faced by signatories has been managing the varying levels of ambition for the Grand Bargain between and even within the different constituent groups. The UN group has probably the least ambition for this mechanism, with a number of agencies considering that it has limited added value over the more formal UN Reform process that they are bound by. Donors, together with the RCRCM and NGO groups, tend to set the bar

higher, and want to exploit the full potential of the Grand Bargain. Addressing these differences of opinion requires clarifying and agreeing a principal function that sets the Grand Bargain apart more clearly from other mechanisms and processes, including the IASC. Moving on from the original concept of a quid pro quo, signatories could more clearly identify the Grand Bargain as a multilateral mechanism through which donors and aid organisations can influence each other's policies and practices, and in which they can come together to negotiate the compromises and concessions needed to mitigate the impact of wider political challenges on their work. It is important in this respect to recognise that collaboration will more often be focused on *mitigation* – the political challenges to humanitarian action are largely beyond the control of donor bodies and aid organisations, so the emphasis should be on navigating through these challenges, minimising the disruption they cause to humanitarian action and finding smarter ways to advocate to the real power-holders to bring about change.

Building on this, signatories could elevate the Grand Bargain to a more strategic level, moving above the technical discussions and collaborations that have largely dominated to date, and use this mechanism primarily to tackle issues of strategic importance to all international aid actors. Working on a more strategic level opens up opportunities to support, engage with and help drive wider reform of the humanitarian system. Although it has no mandate to lead a formal reform effort, the Grand Bargain has shown that it can act as a catalyst for reforms promised more formally elsewhere, and that it can act as a lever for change at institutional and collective levels. A more strategic focus will substantially enhance its value and impact in this respect.

What should its areas of focus be?

There has been a clear call from signatories to significantly narrow the focus of the Grand Bargain, to work towards a smaller set of strategic and better-defined objectives. It is for the signatories to determine whether to draw such objectives from the original language of the commitments or set entirely new ambitions.

But it is clear that the focus should be on driving system-wide change. So what could be the content of these new objectives? Many signatories felt that these should be developed only once a clearer picture has been presented of what the Grand Bargain had achieved over its full five-year term, and this will not be until June 2021. This approach is logical of course, but it is possible to set out some key elements to consider in any process to develop new or revised objectives. Specifically, the objectives should be:

- **Strategic:** objectives should focus on political rather than technical issues: issues which can unlock or advance progress across the whole system, rather than in individual thematic areas, and which cannot be/are not being dealt with in other forums.
- **Inclusive:** the focus should be on objectives in which all signatories have an interest, and to which all can make a contribution, irrespective of their capacities and mandate.
- **Integrated:** objectives should be linked to one another – setting out a series of objectives that, achieved together, will bring about the overall vision or goal. They should also be integrated with relevant cross-cutting issues, including gender, age, disability, environmental protection and digital diligence. New objectives must also be more people-centred, ensure that international actors work in complementarity with local and national responders, and support more sustainable investments.
- **Pragmatic:** objectives should be achievable (with the requisite political will and resources) and measurable.
- **Ambitious:** objectives should focus on bringing about a profound and lasting positive change in how international humanitarian actors support people affected by conflict and crisis.

Unfinished business and new ambitions

Reflecting on the above and the research conducted over the past three years, it is possible to tentatively indicate some potential areas of focus – both drawing on the original iteration of the commitments and looking at new areas where the Grand Bargain may have a comparative advantage. There is, as noted earlier, a lot of unfinished business, with

insufficient progress on a number of original objectives that remain key to a more efficient and effective response. A reformulated, refocused and re-energised Grand Bargain could clearly articulate how these key objectives could reinforce each other to bring about system-wide change. Drawing on the analysis for the AIR 2020, this new approach could be based on engaging affected populations and local actors, with due regard for gender, in multisectoral needs assessments and joint intersectoral analysis to enhance the quality of these products and ensure a more comprehensive and informed basis for prioritising needs and related responses. This would also enable a scaling-up of multi-purpose cash assistance and, crucially, would enable more accurate identification of and reporting on progress against agreed objectives. Together with greater transparency of data and decision-making processes and reduced management costs, this would engender greater confidence among donors to provide more flexible and predictable funding and reduce individual donor assessments. This in turn would unlock more support for local responders and enable a more ambitious approach to participation, in which populations have influence at strategic, not just technical, level, and would strengthen accountability both upstream and downstream. All of these elements – localisation, participation, better-quality needs analysis and more quality funding – are crucial to effective humanitarian–development/nexus approaches that combine emergency response with building resilience, underpinned by more flexibility in programming to anticipate and respond to future shocks (see Figure 1).

To be both achievable and measurable, this could build on existing efforts to enhance the HPC. This would mean expanding the current HPC framework to incorporate additional indicators for aid organisations' performance, including more stringent benchmarks for participation and localisation and new indicators on cost efficiencies. Crucially, it would also incorporate performance indicators for donors, including benchmarks for predictable and flexible funds, allocations against priorities identified in the Humanitarian Needs Overviews (HNOs) and targets for reducing individual donor assessments.

Some of these targets can be drawn from the original commitments.

A number of signatories also suggested what could be considered 'new' areas of focus or ambition. These were wide-ranging, including the impact of climate change and approaches to crisis risk management (i.e. reducing vulnerabilities and increasing capacities to mitigate the risk of a crisis and its impact), reflecting the complexity of the international aid system today. From these discussions, several key areas stand out as both pragmatic and strategic, in that addressing them could bring about the system-wide changes in policy and practice that all signatories are aiming for.

The first is risk management and risk sharing. Signatories have for some time recognised the need for a more strategic approach to managing the risks inherent in providing humanitarian assistance in crisis contexts, and ensuring more collective approaches in this regard. There have long been concerns that the risk appetite of institutional donors, UN agencies and other large international humanitarian actors was too limited, that risks were not honestly discussed between constituent groups and that the practice of risk 'sharing' was more often resulting in the transfer of risks to downstream partners, with those at the end of the chain – local and national responders – bearing the greatest burden in this regard. As noted above, tentative discussions were initiated by the Netherlands and the ICRC in 2018, under the rubric of the Grand Bargain. But it has become clear that a more focused, practical conversation on risk management is needed.

While there are international forums where risk is debated, these have tended to be exclusive rather than inclusive, and focused on specific areas, such as counter-terrorism measures or fiduciary or security risks. Building on past work by the OECD-DAC and humanitarian actors to categorise the specific types of risks inherent in humanitarian action, a reformatted Grand Bargain could provide the platform for a focused dialogue between donors and aid organisations (international and national) on how to better manage the contextual, programmatic and institutional risks that each group of actors faces (Metcalf et al., 2011). Ensuring appropriate

Figure 1: System-wide change through a reformulated, refocused and re-energised Grand Bargain



coordination with the technical discussions that are taking place in other forums, the Grand Bargain could focus on a strategic-level dialogue on risk management, brokering agreement on which risks are a priority *across* the system, how constituent groups could work together to share rather than simply transfer these risks and agree on what level of residual risk is acceptable to different groups. ‘Risk’ is a nebulous term, open to wide interpretation. As a starting point, the signatories could ground this focus on risk in the reality of the most complex and dynamic crisis in

living memory – the current Covid-19 pandemic – thereby helping focus efforts and minds on specific risks identified as collective priorities, and working on them in a spirit of collaboration and with a sense of urgency that has not hitherto been possible.

Second, signatories could reflect on the origins of the Grand Bargain to consider how it can work in a more strategic way to encourage wider reform of the humanitarian system. The concept of the Grand Bargain emanated from the recommendations of the report of the

UN Secretary-General's High Level Panel on Humanitarian Financing, but it was only one of three key recommendations. The other two – 'shrinking needs over time' and 'expanding the resource base' – are still as relevant as ever, perhaps even more so in the current pandemic response – but have been largely disconnected from the Grand Bargain and its original focus on changing how humanitarian actors work in order to realise efficiency and effectiveness gains.

Greater efficiency and effectiveness can only be achieved if progress is made on the other two recommendations made by the panel: reducing needs by addressing the root causes of crises, and focusing on prevention and preparedness to mitigate the impact of future shocks; and expanding the resource base by reaching out to emerging donors, harnessing the capacities and skills of the private sector, utilising innovative financing tools, including social impact bonds, and ensuring greater use of social finance, including *waqf* and *zakat*. Building on the political momentum gained through the Covid-19 response, signatories should utilise the high-profile brand that they have created in the Grand Bargain, as well as its collective voice, to engage in more strategic advocacy to the wider international system to push for action on addressing the root causes of conflict and crisis, ensuring that all relevant actors play their part. This would mean the EP and/or a group of signatories making greater connections with mechanisms tackling some of these issues, such as the UN Secretary-General's Funding Compact; utilising the EP's new role on the World Economic Forum's (WEF) Humanitarian Investing initiative to promote innovative financing models for humanitarian action; building on the work of the World Bank to encourage other international financial institutions to consider how they can engage more in fragile and conflict- and disaster-prone states in ways that help affected governments to better prepare for and respond to crises; and it would mean signatories working together to ensure coherent messaging to emerging donors on their potential role, and the expectations on them in terms of the core principles that underpin best practice in humanitarian funding. This would also mean signatories reaching out directly to at

least a select number of affected governments, recognising their contributions to crises on their own soil and supporting and encouraging them to do more to prevent, prepare for and mitigate the impact of conflict and disaster on their citizens. There is already good practice from signatories in this respect, as highlighted in past AIRs, but adopting this as a more strategic, collective approach could dramatically increase the impact of such efforts in terms of both reducing needs and expanding the resource base.

Finally, the inclusion of gender, age, disability and other issues in whatever new objectives are developed will be key to maximising the efficiency and effectiveness of humanitarian action. These issues were not reflected in the original iteration of the Grand Bargain commitments, but thanks to the efforts of the Friends of Gender Group, gender equality and women's empowerment has become a core feature of the Grand Bargain. Building on these efforts, there is both a moral imperative and a well-evidenced efficiency argument for ensuring that the future objectives of the Grand Bargain are more inclusive, focused on strengthening the international humanitarian response to address the differentiated impact of crises on different population groups.

Adapting structures and governance to deliver on a new set of strategic objectives

The signatories will need to make a number of adaptations to bring about the shifts in function and focus outlined above. Suggestions in this regard include the following:

Elevate representation of and engagement by signatories to a higher level in order to focus on the political, rather than the technical, steps required to achieve success.

This means reformatting the Grand Bargain as a multilateral mechanism at the highest level – heads of agencies/organisations. These leaders came together to create the Grand Bargain at the WHS in 2016, and this high-level engagement is required again. Higher-level representation is critical to ensuring that the signatories can influence and work with power-holders, including the IASC Principals and the OECD-DAC. Generating such high-level engagement

will be a challenge in itself, but the urgency surrounding the Covid-19 pandemic response and the international standing of the current EP are opportunities to be exploited. Working at this higher level necessitates strong leadership, and the EP's approach and personal investment are making a difference. Building on this, and reflecting the broad membership of the Grand Bargain, there may be benefits in instituting joint leadership – between a minister (such as the current EP) and a principal from an aid organisation (such as the Emergency Relief Coordinator (ERC)). This could enable greater burden-sharing of the task of leadership of the Grand Bargain, demonstrate the collaborative spirit on which it is founded and engender a greater sense of ownership and accountability among the signatories, with each constituent group more confident that its voice will be heard.

Dramatically reduce bureaucracy to enable a more responsive and integrated approach.

As repeatedly argued in past AIRs, the bureaucracy that has grown up around the Grand Bargain has become a counterweight to progress and is not sustainable in the long term. Instituting a much lighter version of the Grand Bargain could be done in several ways. The most radical option is to close down all the current workstreams (transferring these largely technical discussions to other forums such as the IASC Results Groups and relevant working groups and networks within the OECD-DAC and Good Humanitarian Donorship initiative) and creating a new central structure, overseen by the EP(s), that can undertake substantive work against the new, more strategic objectives. This structure, with representation from all constituent groups, should be delegated authority by signatories to undertake research and lead negotiations on and find solutions to priority issues agreed by signatories as a collective. Such delegated authority would mean that this structure is empowered to make decisions and take necessary action to implement them – on behalf of and under the overall guidance of the collective of signatories. The structure should comprise a governing board – loosely based on the role of the current FG – and

a substantive team to carry out the day-to-day work. Ensuring that the new iteration of the Grand Bargain is more reflective of the original commitments on localisation and nexus programming, this board and, if possible, its team should include representation from national and local responders (either drawn from the small number of current national NGO members or invited following a call for expressions of interest) and from institutions working across the full spectrum of humanitarian and development interventions. This mechanism, in particular the substantive team, would need to be independently resourced – with contributions from signatories to a pooled fund for its administrative and substantive work and staff secondments.

This approach would remove the silos that were inadvertently created by the workstream structure, allowing a more integrated approach to achieving a much smaller set of objectives, alleviating the burden on signatories to engage with multiple processes and initiatives, and maximising the agility of the Grand Bargain, enabling it to evolve and shift its priorities in response to the wider global context. Expanding the representation in this new core structure would also ensure that it is more inclusive, more representative of the breadth of humanitarian action and more grounded in what happens at country or crisis level.

Engage a wider set of global and national stakeholders to build consensus for change.

As intimated in the High Level Panel's report, instituting a more effective and efficient humanitarian system requires investments from all stakeholders engaged in humanitarian action – not just the usual international club of governmental donors from the global North, UN agencies, INGOs and the RCRCM. The Covid-19 pandemic has upturned traditional aid relationships, with middle- and high-income countries receiving emergency assistance and technical expertise from overseas to help them address the impact of the virus (Aly, 2020). Any future iteration of the Grand Bargain needs to be proactive in its outreach to other stakeholders in humanitarian response, engaging affected/host states, national and local civil society, the private

sector, emerging donors and development actors, to collaborate on specific issues and problems. This does not necessarily mean expanding the membership of this new version of the Grand Bargain – there is certainly a trade-off to be made between increasing the number of members and how effective this mechanism can be in enabling collective action. It does, however, mean engaging all relevant international and national stakeholders in a consultative process to set priorities and seek appropriate solutions. The configuration of a new core governance structure outlined above – specifically ensuring greater representation of national and local responders – could reduce the risks that a more inclusive approach may pose to efforts to increase the efficiency of the Grand Bargain process.

Ultimately, the impetus for changing, reforming and improving the international humanitarian response is now greater than at any time in recent decades. The Covid-19 pandemic has

thrown into stark relief the lack of progress made by donors and aid organisations alike on the promises they have made – many times, in many forums – to fundamentally change the way they work, most (if not all) of which were reiterated through the commitments of the Grand Bargain. Hundreds of millions of people caught up in conflicts and other crises are being affected by this pandemic, their already chronic needs compounded, their capacities further undermined and their opportunities for a more prosperous future dimmed a little more. Now is the time to enact these changes, to demonstrate that institutional donors and aid organisations are accountable to those to whom support is targeted and to those who fund it, and that they can put in place an international humanitarian response that is fit for current and future challenges. A revised Grand Bargain, one that is more focused, more responsive, more inclusive and more action-oriented, can support such an effort.

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