

**HPG commissioned report**

# The Grand Bargain at five years

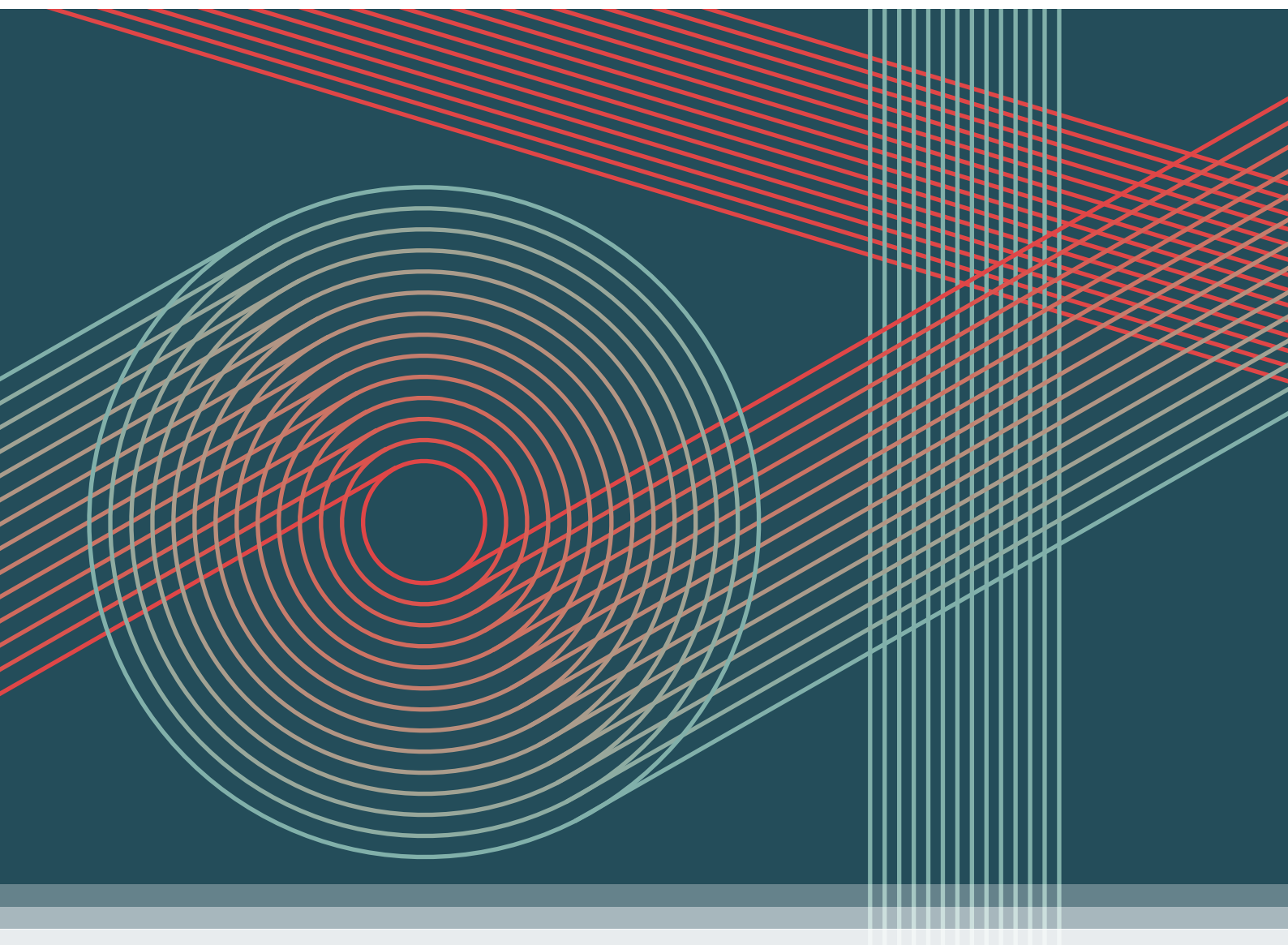
## An independent review

Executive summary

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# Executive summary

Under the auspices of the World Humanitarian Summit (WHS) in Istanbul in May 2016, representatives of 18 donor countries and 16 international aid organisations from the United Nations, international non-governmental organisations (INGOs) and the Red Cross and Red Crescent Movement (RCRCM) agreed a ‘Grand Bargain’. This outlined 51 commitments aimed at improving the efficiency and effectiveness of international humanitarian aid, and included a voluntary annual reporting mechanism, supported by an annual independent review, in order to monitor implementation of those commitments.

This fifth annual independent review (AIR) of the Grand Bargain was commissioned by the Facilitation Group (currently comprising Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), International Federation of Red Cross and Red Crescent Societies (IFRC), Office for the Coordination of Humanitarian Affairs (OCHA), Steering Committee for Humanitarian Response (SCHR), World Food Programme (WFP) and the United Kingdom (UK)), on behalf of the now 63 signatories, and under the overall guidance of the current Eminent Person, Minister for Foreign Trade and Development Cooperation Sigrid Kaag of the Netherlands. Its remit is two-fold: to analyse the progress achieved and challenges faced during 2020; and to review the progress achieved by the collective of signatories over the five years since the establishment of the Grand Bargain in 2016.

Using a broadly similar methodology as previous reports, this year’s review is based on self-reports provided by 61 of the 63 donors and aid organisations that were signatories in 2020, with additional data gathered through narrative reports from the co-conveners of the eight workstreams, alongside semi-structured interviews with 110 representatives of the 57 signatories that submitted reports by the deadline and responded to requests for interview, and with 17 co-conveners for the eight workstreams.

This review has been conducted against the background of the unprecedented pressures the Covid-19 pandemic has placed on the international aid system, including the signatories to the Grand Bargain. The pandemic has been a serious test of the resolve of the signatories to change long-standing practices. It has also provided the opportunity and impetus to accelerate these changes – to scale up, to expand and to systematise ways of working to enhance the overall efficiency and effectiveness of international humanitarian action.

The Grand Bargain was originally established as one of three separate but interconnected recommendations of the UN Secretary General’s High Level Panel on Humanitarian Financing, published in 2016: (1) reduce needs; (2) expand the resource base; and (3) establish a Grand Bargain between donors and aid organisations – a bargain in which the former would give better-quality funds and the latter would be more transparent and more cost-conscious in how it spent those funds. Progress has been made in relation to pillar 1 (reducing needs) and, to a lesser extent, on pillar 2 (expanding the resource base). So, what of the Grand Bargain – the Panel’s third pillar?

### Key areas of progress

Over the years, there has been some progress in all thematic areas and workstreams of the Grand Bargain, but the level and scope of that progress has varied significantly from one theme to another and from one commitment to another. However, over the five years there have been a number of consistent stand-out performers – workstreams where progress has been particularly significant and where the Grand Bargain can be seen to have driven, or at least significantly contributed to, a system-wide shift in policy and – to a lesser though still important extent – in practice. These are cash assistance, localisation, joint needs analysis and harmonised reporting.

The use of cash assistance (workstream 3) has continued to expand, both in volume and scope, driven by strong collaboration among a range of aid actors, consistent leadership from the co-conveners, the UK and WFP, and substantial investments from other signatories. By 2020, every operational aid organisation signatory reported using cash assistance in some form and several had adopted ‘cash first’ policies. Operational collaboration among aid agencies continues to evolve, and there was a rapid expansion in terms of integration of humanitarian or emergency cash in social safety net programmes in 2020, related largely to the Covid-19 pandemic.

Signatories have also maintained significant momentum under workstream 2 (localisation), with high levels of activity over the five-year period, including development of a comprehensive package of guidance and increasing strategic engagement by and with local actors at field and headquarters level. Now accepted as a norm of international humanitarian action, there has also been a gradual expansion in the operational practice of localisation going beyond the usual good performers: increasing numbers of other signatories reported in 2020 on their efforts to support institutional development of local partners and increase their access to international funding. More signatories are meeting the 25% target for their own humanitarian funds allocated to local partners (13 by the end of 2020), access for local actors to pooled funds has increased significantly (39% of OCHA-managed Country-based Pooled Funds (CBPFs) were allocated to local and national responders in 2020) and there has also been a marginal increase in the global funds allocated to local and national responders (see Figure 1).

After a difficult start, progress under workstream 5 (joint needs analysis) has been substantial, with a number of important outputs produced through multi-stakeholder collaboration, including a theory of change; an ethos document (led by International Organization for Migration (IOM), OCHA and United Nations Refugee Agency (UNHCR) and endorsed in June 2019); the Data Entry and Exploration Platform; quality criteria for coordinated needs assessments (developed in 2018); and the first iteration of the Joint Intersectoral Analysis Framework (JIAF) – all of which have been embedded in an enhanced Humanitarian Programme Cycle (HPC) process. Endorsement of the first iteration of the Framework by the Inter-Agency Standing Committee (IASC) in August 2020 and its subsequent roll-out as part of the global HPC for 2021 was a significant achievement, and feedback at field and headquarters levels for both the process and the tool has been generally positive. The improved scores afforded to the 2020 and 2021 Humanitarian Needs Overviews (HNOs) offers indicative evidence of the positive impact of the JIAF and related tools on inter-agency intersectoral analysis of needs.

With respect to workstream 9 (harmonised reporting), the creation, pilot testing, finalisation and subsequent partial roll-out of the so-called ‘8+3’ harmonised template for narrative reporting is a major technical achievement. It provided proof of a concept that many did not consider possible in 2016. By the end of 2020, 28 grant-giving signatories were using this template in some form, with nine using it as the standard for reporting by their civil society partners (see Figure 1). That the target for rolling this tool out has not yet been reached is disappointing, but is a signal of how hard change is within complex institutions, and how gaining and sustaining momentum for that change is critical but challenging. That said, momentum is gathering pace and the number of signatories adopting the template has continued to increase year on year.

Beyond the workstreams there has also been progress in relation to gender equality and women’s empowerment as a cross-cutting theme of the Grand Bargain. For many signatories, this work has been one of the key achievements of the Grand Bargain over the five-year period. Gender did not feature in the original discussions on, or in the language of, the Grand Bargain in 2016. A small group of signatories, brought together by UN Women, quickly sought to address this gap by creating the Friends of Gender Group (FoGG) to mainstream gender equality and women’s empowerment in individual and collective efforts to implement the commitments. The strategy adopted by the group has essentially been to use the Grand Bargain to drive forward progress on commitments made by signatories via their membership of other/pre-existing forums on gender equality and women’s empowerment. Since 2019, the group has prioritised engagement with four workstreams: 2 (localisation), 3 (cash assistance), 5 (joint needs analysis), 6 (participation revolution) and 7+8 (quality funding), working with the co-conveners, and providing guidance and advice on how to integrate considerations on gender in workstream activities and outputs. When the Grand Bargain self-reporting process was adapted in 2018, the group took the opportunity to request inclusion of gender, with reporting required on this theme from 2019. This has encouraged signatories to showcase the work they are doing and increased peer-level accountability for the commitments they have made elsewhere. In the 2020 self-reporting process, 100% of signatories provided information on their efforts in this regard. There have been challenges, however: it has proved difficult to track humanitarian funding for programming related to gender equality and women’s empowerment, and there are some concerns at how the disconnect between the predominantly global-level Grand Bargain discussions and operational realities at field level impacts progress on gender equality and women’s empowerment.

### **Challenges, weaknesses and key barriers to change**

For a complex, multi-stakeholder process, the changes made under the Grand Bargain’s various workstreams have been important and substantial. Unsurprisingly, however, not all of the ambitions set out in 2016 have been achieved. The reasons for this vary, but it is evident, reflecting back, that the logic underpinning some workstreams and some commitments was not clear; that the added value of the Grand Bargain was not well-articulated; or that political commitment was not sufficiently strong to overcome what are essentially political barriers to change.

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Workstream 1 (greater transparency) focused on a narrow technical solution to a much wider issue of how to ensure more transparency in how money is spent and with what impact. The technical solution proposed in the commitments, the standard developed by the International Aid Transparency Initiative (IATI), was not well-understood by many signatories at the time and, as has become clear, publishing financial data to this standard requires technical capacities or investments that are simply beyond some signatories.

Workstream 3 (cash programming) has had significant success in relation to many of the commitments on this theme – from engaging local partners to securing agreements on better tracking and monitoring of cash programming. But there is still no global agreement on predictable and accountable coordination of multi-purpose cash among IASC agencies. This is despite mounting evidence of the impact this is having on operational efficiencies and effectiveness, including shortfalls in resources and delays, gaps and duplications in responses. As a result, collectively aid organisations have been unable to realise the full potential of cash assistance in humanitarian contexts.

Workstream 4 (reduce duplication and management costs) was central to the over-arching aim of the Grand Bargain to increase efficiency and effectiveness but has perhaps been the most disappointing area of the Grand Bargain's work. This workstream was disadvantaged from the outset by the inclusion of a shopping list of commitments, each of which required major political and technical investments, and was further hampered by a lack of clarity on what kind of cost-efficiencies were expected versus what were actually possible. To capitalise on the more formal mechanism of the UN reform process, the co-conveners have focused their efforts on getting traction within the UN group. This has brought results in terms of increased joint procurement and logistics for the pandemic response and the creation and roll-out of the UN Partner Portal (UNPP). But this approach has limited opportunities to support and enable expansion of initiatives led by non-UN aid organisations that fall under the themes of this workstream, causing some frustration, particularly among non-governmental organisations (NGOs). Much of the activity under this workstream could be legitimately perceived as being priorities for donors – i.e. to find ways to achieve greater (cost) efficiencies and savings across the humanitarian system. But there has been no coherent effort from donors to initiate a collaborative dialogue on what they expect of aid organisations in relation to cost efficiencies and cost transparency, and what may be possible from the aid organisations' perspective.

Despite a strong start, workstream 6 (a participation revolution) has been hampered by a lack of collective political interest from signatories and has failed to deliver on the original ambitions of a 'revolution'. There has evidently been a lot of activity at institutional and to some degree at collective level. But much of this seems to have focused on engaging with affected populations for information purposes (i.e. to inform them about the humanitarian response or communicate information on health or other concerns) and to solicit their feedback. Some aid organisations are making positive progress in more systematically using feedback collated from beneficiaries to inform their decision-making processes. These efforts are all important, but they fall far short of a system-wide shift towards ensuring that humanitarian responses are more demand-driven. Instead, the data that is available, including from four years of perception surveys, suggests that aid continues to be provided on the

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basis of what agencies and donors want to give, rather than what people say they want and need. In the absence of any genuine incentives to change, and in the context of increasing risk intolerance among donors, progress under this workstream is likely to remain incremental at best.

Workstream 7+8 presents a slightly different picture. The workstream has struggled at times to garner momentum, and although there are increasing numbers of donors reporting having met the 30% target for provision of flexible funding (17 out of 25 institutional donors by the end of 2020) there has not yet been a substantive system-wide shift in the funding landscape. The workstream has, however, made good progress in areas that could be considered building-blocks for the transformation originally envisaged: working together, the co-conveners and other signatories have collated a strong body of evidence on the impact more predictable and flexible funding can have on operations and programming outcomes, identified key principles underpinning quality funding and gathered good practice examples. But there has been little progress on other enabling factors, such as clarity on what donors expect in terms of visibility. The objectives and ambitions on quality funding set in 2016 were high, and a five-year timeline to address such fundamental elements of the humanitarian system was always unrealistic. There has also been some misunderstanding among many aid organisations that the ‘Bargain’ agreed in 2016 was to increase the volume of funding, to address the gap between needs and funds available, when in fact it focused – or was intended to focus – more narrowly on increasing efficiencies and effectiveness. But it is important to recognise and build on the progress that has been made – since this is not insignificant given the complexities involved in driving system-wide change on this fundamental issue.

### The Grand Bargain five years on

#### A vehicle for change

As elaborated in each of the past AIRs, the vast majority of signatories consider the Grand Bargain an important vehicle for change at institutional, constituency and system levels: self-reporting and interviews by the research team over the years highlight the added value of the Grand Bargain in this respect, with many signatories specifying how the Grand Bargain – through its specific commitments and as a forum for collaboration – has been critical to pressuring institutional decision-makers to change policy and to allocate the necessary resources to translate this policy into practice on cash assistance, on localisation, on joint needs assessment/analysis, on harmonised reporting and even on quality funding.

Signatories’ continued engagement in what is a complex and burdensome accountability process is frankly remarkable. In part, this continued engagement reflects the continued relevance of the original goals and content of the Grand Bargain. First, increasing the efficiency and effectiveness of humanitarian aid is as relevant in 2021 as it was five years ago, and crises requiring that aid have persisted, expanded or started anew in the intervening years. Second, there remains a strong appetite for reform of the humanitarian aid system. Third, the strategic leadership provided by the Eminent Person, Facilitation Group, co-conveners and the support of the Secretariat has been crucial in supporting and steering signatories towards the overarching goals of the Grand Bargain. Finally, the



Grand Bargain has provided a unique platform for collaboration. Signatories, large and small, have repeatedly articulated that the main comparative advantage of the Grand Bargain is that it brings actors from different constituent groups together on a relatively level playing field to work on key technical and, to an extent, political challenges, and to develop solutions. There is obviously still frustration and disagreement on many issues, but the collaboration that has characterised the Grand Bargain is recognised by signatories as a key factor in the progress that they have made to date.

### Field-level relevance

Since the first AIR, there has been an ongoing debate on the relevance of the Grand Bargain to field-level operations, on whether it was originally intended as a headquarters-focused mechanism that had trickle-down impact at country level, or whether there should be an explicit strategy to ‘bring the Grand Bargain to the field’. In fact, the relevance and impact of the Grand Bargain at country level have developed organically over the last five years, with ample evidence of how the framework is being used to improve humanitarian responses. Many of the workstreams have engaged with field colleagues, undertaken field missions and sought to pilot test initiatives and tools at field level. There are also clear links between policy-setting by Grand Bargain signatories and actions taken, and even positive impact felt, at field level. However, the absence of a clear decision or strategy on how to ensure the impact of action under the Grand Bargain reaches field level has limited progress, caused frustration and undermined the reputation of the Grand Bargain among INGOs and local partners. There has been a general failure to strategise on how to ensure headquarter-level policy commitments translate into better operations at country level, how to measure or assess this and, crucially, how to engage country-based actors (particularly local actors) in an assessment of whether the concepts conceived, decisions made and tools developed at headquarters were in fact correct, and how greater progress can be achieved.

### The quid pro quo

Originally envisaged as a tool to encourage and incentivise action and results, this concept soon became an unhelpful framing, in part because of the rapid expansion of membership, and due to different understandings of what the quid pro quo means. The quid pro quo has – unintentionally – enabled further entrenchment of positions adopted by constituent groups (particularly over quality funding and its ‘enablers’) that have been hard to break through. Five years on, signatories still need to understand what the Grand Bargain offers or can bring them individually, as much as what the Grand Bargain offers in terms of improvements to the whole humanitarian system. Pushing the concept of ‘mutual gains’, rather than the language of ‘quid pro quo’, may help reset this conversation and ensure a better balance between the political realities of a negotiated bargain and the humanitarian principles that (should) guide all the signatories’ actions.

### Managing financial, reputational and operational risks

Although not explicitly referenced in the original language of the Grand Bargain commitments, the framework provides an opportunity to better understand and manage some of the financial,

reputational and operational risks inherent in international humanitarian action. Several past initiatives, including the 2010 conference on risk in humanitarian action convened by Denmark and the Organisation for Economic Cooperation (OECD) with ODI support, have outlined how complex it is to clarify and respond to the myriad risks inherent in humanitarian action. The establishment of a high-level dialogue by the International Committee of the Red Cross (ICRC) and the Netherlands in 2018 was therefore hugely important. This initiative has generated momentum, including through country-level consultations and an expert meeting, but there has as yet been no step change in approach from signatories wherein the specific financial, reputational and operational risks to different signatories are clearly identified and prioritised, and concrete mitigating actions agreed and taken.

The 2020 self-reports elicited information that confirms much of the current discourse on risk in humanitarian action. Aid organisations emphasised in particular increasing efforts by donors to reduce their exposure to financial and reputational risks, and how that is cascading down through UN agencies and INGOs, with the result that local responders are often facing the greatest burden. Many donors acknowledged their institutions' low tolerance of financial and reputational risks, explaining that high levels of compliance and controls relate to rules set out by their governments and the increasing need to defend aid expenditures to domestic audiences. Several articulated that they are trying to maintain a balance between the need to be accountable to taxpayers and enabling their partners to be as efficient and effective as possible.

The country consultations and research for this AIR suggest that there is still some way to go before there is a full understanding among signatories of the most prevalent financial, reputational and operational risks, and of the knock-on impact of measures aimed at mitigating these; that there are differences in terminology/understandings of these risks; that there are limited resources for risk management; and that too often there is a lack of transparency between partners on the financial, reputational and operational risks they face, and how they are seeking to manage them. Risk mitigation efforts have been largely undertaken by individual signatories with a focus on their own risk exposure, and appetite for a shift in approach, to focus on how to manage and ensure fairer distribution of these risks across the network of actors from donors through to frontline responders, seems relatively low.

Finally, and perhaps surprisingly, there has been no discussion on the extent to which some of the original Grand Bargain commitments could – if implemented systematically – mitigate some of the reputational, financial and operational risks for donors and aid organisations. For example, a combination of more joint donor assessments or increased sharing of Multilateral Organisation Performance Assessment Framework Network (MOPAN) assessments, expanded roll-out of the UN partner portal and of the 8+3 narrative reporting template, increased transparency of financial and results data, and strengthened investments in the institutional capacities of local partners could, in theory at least, go some way to ameliorate the financial and reputational risks that donors face, while also alleviating the heavy burden of compliance that undermines aid organisations' operational efficiencies/effectiveness. But there is not yet sufficient data to confirm that this is the case, or whether the risk experts in donor governments agree.

At the 2020 annual meeting and in the recent survey on the future of the Grand Bargain, signatories asserted their opinion that the Grand Bargain is an appropriate forum for dialogue on risk and risk management. However, further work is required to identify exactly what the Grand Bargain's added value is in this respect. Certainly, the levels of trust and collaboration developed over the first five years of the Grand Bargain offer an important starting point in tackling this complex and sensitive issue.

### Conclusions

As the Grand Bargain reaches its five-year mark, the key question from many signatories and external stakeholders is whether it has been worth it: have the significant political, financial and human resources investments brought sufficient returns? The answer from the majority of those consulted in this process is yes – but with caveats. Key among these are that it has not yet achieved the goals it set out; that expectations that it would transform policy and practice in quality funding, in localisation, in reducing the reporting burden and in other areas have not been met; and that the level of resources necessary to engage across the breadth of its framework have been far greater than anticipated.

As outlined in this report, signatories have achieved a lot together and, despite a significant degree of scepticism among many stakeholders in the early years, the Grand Bargain has evolved into a key multilateral policy forum with demonstrable results. But signatories should not shy away from the assessment presented in this report that, alongside its successes, the Grand Bargain has also failed to meet some of its self-set targets, that opportunities have been missed and mistakes made and that its goals are still some way away. Rather, signatories should acknowledge these failings and integrate learning from them into the next iteration of the Grand Bargain and other future reform processes.

### Key lessons learned

Often said but still worth repeating: the Grand Bargain is a unique forum for collaboration and problem-solving among the main international humanitarian aid actors. There is no comparable place where these constituent groups come together, in relative equality despite their different sizes, budgets and levels of power, to identify and resolve tensions and challenges in the humanitarian aid system. That there remain a number of outstanding issues to be resolved is more reflective of the complexity of these issues than any lack of resolution on the part of the majority of signatories to find solutions and improve institutional and system-wide policy and practice.

Allied to this, the fact that the Grand Bargain is not a formal body, that it is a voluntary process, has enabled signatories to adapt the framework to the evolving geopolitical context, to grow the membership and to expand into thematic areas beyond the original remit. This ability to adapt has been critical in enabling signatories to overcome or work around long-term obstacles to change, and to exploit the mechanism's added value in relation to emerging challenges and work to address them.

The value of any multilateral mechanism lies in its ability to demonstrate and communicate results to its members and stakeholders. The self-reporting process and the AIR approach are by no means perfect

– though they have undergone various iterations and adaptations over time. But the combination of a self-assessment and an external public review of that self-assessment has proven effective in holding signatories to account for their commitments, requiring them to demonstrate the results they are achieving individually and assessing, to the degree feasible, what this all amounts to in terms of system-wide progress.

In terms of structure and governance, the point made in the 2018 AIR remains valid: despite efforts to adapt and streamline its structures, the Grand Bargain is still unwieldy and exhausting to navigate for even the largest signatories. To a degree this is inherent in the breadth of thematic areas that signatories agreed to work on through the original framework. But, even despite the identification of core commitments in 2018 in an effort to narrow the collective focus, the multitude of workstreams, sub-groups, pilots and initiatives has presented a real practical challenge.

The governance framework has improved substantially over the five years, responding to the realisation that steering the ever-growing membership (now 63, including most of the world's largest aid actors) required a more hands-on leadership style than had been envisaged in the original agreement in 2016. Successive Eminent Persons, and the individuals and institutions serving on the Facilitation Group and as co-conveners of workstreams, have taken on these leadership roles, in many cases for the duration of the five-year period, and in doing so have set aside their own institutional agendas and priorities. However, the complexity of issues and agendas and the technical and political blockages to be navigated require *dedicated* resources for each of these levels of leadership. This has not been the case thus far.

There has also been a tendency, discussed in the 2018 AIR, for signatories to wait to be 'led' into action: an expectation that the Eminent Person or Facilitation Group would determine what actions needed to be taken, and by whom. This is particularly the case in relation to constituency groups, where sometimes entrenched policy positions have been hard to overcome. Working in an inclusive and consultative process and soliciting the views of the wider signatory group is important. But the complex and political nature of some of the commitments is such that someone has to take the first step, and that sometimes a more private bilateral or small group negotiation is required to unblock political obstacles. Key in terms of more strategic leadership is the need to enable adaptation, to identify when a strategy needs to change in response to shifts in the global environment, or because it simply is not working. In this respect it is important for the leadership to identify the incentives for change, devise strategies to influence these or find ways of making progress within constraints that signatories cannot influence.

Successive AIRs have also highlighted the unintended consequence of creating the 10 workstreams. The idea had logic, but implementation has resulted in siloed conversations, resulting in missed opportunities and stifled progress. The evolving dialogue on the new iteration of the Grand Bargain is seeking to address this. Following the adage 'form should follow function', the signatories should focus on creating appropriate structures that enable an integrated approach to these new integrated priorities, and adapting these to new understandings and evidence of what works.

Signatories themselves recognise that much of the work done in the last five years has been at a technical level. In all workstreams this technical focus has been important, but this primary focus on technical issues

has diverted attention from the fact that many of the long-standing obstacles that the Grand Bargain was created to address were political in nature. Looking ahead, a reset is required of the ‘bargain’ that signatories committed to back in 2016. It is a ‘bargain’ between aid actors wherein different constituent groups recognise they are each accountable for making a contribution to collective goals. But it should also be seen as a ‘bargain’ with affected populations and with global taxpayers, wherein signatories commit to improving the way they engage and serve the former, and how they spend the latter’s money. It would be naïve to believe that the kind of transformational change envisaged by the Grand Bargain can be motivated by a sense of shared humanity alone – these are political actors, making political decisions. Political tactics are thus required to unblock the remaining challenges to progress and forge appropriate compromises. But at the same time, it is important to re-emphasise that at the heart of these efforts lie affected populations – and the legal and moral obligation international humanitarian actors have to continually improve and strengthen the response to their needs.

### Recommendations for the Grand Bargain 2.0

On 1 February 2021, the Principals and Ministers of the Facilitation Group met with the Eminent Person to discuss the status of the Grand Bargain at the five-year mark, agree on what remains to be achieved and propose how the collective of signatories could move forward. Building on consultations among the wider group of signatories, the Eminent Person and the Facilitation Group of Ministers and Principals agreed on a revised and refined ‘Grand Bargain 2.0’ for a period of two years to mid-2023. They agreed on an overall objective for this next phase, namely to ensure ‘better humanitarian outcomes for affected populations through enhanced efficiency, effectiveness and greater accountability’. This objective was complemented with two new enabling priorities – better-quality funding and improved support to local responders, with increased engagement of affected populations.

The following summary recommendations are based on preliminary suggestions made to the Facilitation Group by the research team in late March 2021, and are informed by the extensive body of research and knowledge the team has collated through four successive AIRs, by additional policy and research support the team has provided to the signatories during the period 2017–2021 and wider research by the Humanitarian Policy Group (HPG)/ODI on key themes related to the Grand Bargain. These recommendations are intended to support a clearer focus, a stronger function and a simpler format for the Grand Bargain 2.0 and are elaborated in more detail in Section 3.2 of this report.

#### A clearer focus

There is already a recommitment from signatories to the overarching objective of the Grand Bargain 2.0, but the two enabling priorities are complex and need to be further unpacked to enable a clearer focus of effort in this next phase.

#### Recommendation 1: Clarify the theory of change and plan of action

The draft Grand Bargain 2.0 Framework prepared by the Facilitation Group in May 2021 offered an important starting point in setting out some of the outcomes for this new two-year phase. The Facilitation

Group should now elaborate a brief but clear theory of change, setting out the logic by which the two enabling priorities will support achievement of the overarching objectives of the Grand Bargain. This should then support development of an action plan that explains how the two enabling priorities link to or are derived from the core commitments, and sets out the outputs and activities required to achieve them. The action plan should include targets that are ambitious but achievable within the two-year timeframe (i.e. by mid-2023) and measurable (i.e. data exists or can be easily accessed in order to measure progress against the targets), as well as clear roles and responsibilities for agreed actions.

### Recommendation 2: Enable better quality funding

One of the key aims of the Grand Bargain was to secure better-quality funding to support more efficient and effective operations. There remain substantial political challenges to increasing the volume or proportion of international funding that is flexible and predictable. Adopting a pragmatic approach, the signatories need to adopt actions that reduce or navigate some of these challenges, providing funding options that enable varying degrees of control by donors and grant-giving aid organisations over how funds are spent, while also enhancing the flexibility and predictability necessary to ensure more effective and efficient humanitarian responses. Key recommendations include:

- Clarifying what a ‘critical mass’ of quality funding means.
- Promoting a suite of funding models to increase the volume of and access to quality funding, including increased use of core funding and programme-based approaches, expanded use of pooled funds, standardising inclusion of overhead costs in agreements with local partners and increasing flexibility within existing agreements.
- Creating an enabling environment for more predictable and flexible funding, including more consistent application of existing reporting criteria and standards to enable better tracking of funding flows, greater transparency through more timely and comprehensive publication of financial data to agreed standards and systems, enhanced visibility for quality funding allocated and its impact, and improved intersectoral needs analysis and prioritisation to inform more evidence-based decision-making.

### Recommendation 3: Increase support for local responders

The expectations generated by the Grand Bargain go beyond the language of the commitments on localisation. Recognising this, the signatories should now elevate the original ambition and focus on securing a fairer and more appropriate distribution of leadership and decision-making authority, as well as access to funding, between international and local actors. A series of actions can be taken individually and collectively to achieve this over the next two years, including:

- Signatories should identify how they can facilitate more local humanitarian action in line with their existing mandates, working to support a system-wide operational shift based on their own comparative advantages.
- Signatories should collectively adhere to long-standing pledges to support local-level leadership, and increase practical and financial support to enable access for local actors to international mechanisms.
- Signatories should articulate expectations in terms of the role of intermediaries.
- Signatories should work with local partners to better define elements of a ‘quality’ partnership, recognising that there is no ‘one-size-fits-all’ approach.

### Recommendation 4: Realise the participation revolution

In the new enabling priorities, participation of affected populations appears to be more of an ‘add-on’ than an integrated approach to achieving the improved humanitarian outcomes envisaged. Now is the moment for signatories to pause and reflect in a more considered way on how they can move to a more demand-driven humanitarian response, developing an objective more akin to the original ambition of a participation ‘revolution’. In support of this, the following measures should be implemented by signatories with immediate effect:

- Expand good practices on survivor- and community-led approaches, wherein communities are empowered (financially and technically) to design and implement their own responses.
- Establish a mechanism for independently soliciting the views of target populations on the strategic-level response.
- Establish a frank and ongoing dialogue between donors and aid organisations at global, regional and/or country level focused on improving system-wide practice on sharing, learning from and adapting programmes in response to feedback received from affected populations.

### A stronger function

The Grand Bargain has always been and is now more explicitly recognised as a multilateral *political* mechanism. Signatories should exploit more fully its advantages in this respect, focusing on how the mechanism can be used to address political obstacles to progress against the two enabling priorities. This requires adoption of political tactics to enable negotiation and compromise across signatory groups, and ensuring meaningful outreach to local governmental and non-governmental actors, enabling them to inform and support solutions to the challenges that are hindering greater progress.

### Recommendation 5: Shift tactics – a ‘caucus’ approach

Signatories should adopt a ‘caucus’ approach (to complement the core coordination structures of the Grand Bargain) to tackle the most acute or sensitive political obstacles to progress. Caucuses should be time-bound, task-specific groups of the most relevant signatories that work together, under authority delegated by the collective of signatories, to negotiate solutions or compromises required to overcome obstacles that cannot be dealt with in the wider forum of signatories – such as how to reduce donor assessments and reaching a global agreement on coordination of multipurpose cash assistance.

### Recommendation 6: Increase outreach to local governmental and non-governmental actors

Signatories should engage more consistently at a political level with local actors including through expanding the current concept of country-level dialogues developed by workstream 2; developing and implementing a strategy for engagement with affected states at regional and global levels using existing bilateral channels and multilateral mechanisms; and enabling representation of a local signatory on the Facilitation Group – with the same approach to selection, role and accountability as other members, but with additional financial support to enable a local signatory to perform this function.

### A simpler format

Learning lessons from the past five years, signatories need to ensure that the current format of the Grand Bargain is appropriately adapted to its new focus and function. This requires both a streamlining of the multiple workstreams and sub-groups and a strengthening of the leadership and governance functions – thereby decreasing the burden on signatories, while increasing the capacity of designated leaders to provide strategic direction, maintain political momentum and ensure appropriate accountability.

#### Recommendation 7: Reinforce leadership and governance

A more explicitly political function for the Grand Bargain 2.0 requires more robust political leadership. Delivering this kind of leadership requires the institutions that assume roles on the Facilitation Group or as co-conveners or leaders of caucuses to provide dedicated and consistent staff capacity to deliver their leadership functions.

#### Recommendation 8: Simplify the coordination structures

Past AIRs have stressed the need to streamline the structures and bureaucracy around the Grand Bargain to ensure greater efficiency and focus of effort. In this regard, the team recommends:

- Transferring as far as possible any outstanding technical discussions to other forums, including IASC Results Groups, on the understanding that the Facilitation Group and leaders of these forums (who are generally also signatories to the Grand Bargain) will ensure regular exchange of information, identification of gaps and opportunities for collaborative working.
- Maintaining one thematic coordination mechanism or workstream for each of the two enabling priorities – quality funding and localisation/participation. These mechanisms should be led by a combination of signatories from across constituency groups; should focus predominantly on political issues rather than technical discussions and on delivering the relevant elements of the action plan outlined above; they should engage with each other to ensure appropriate synergy of effort between the two enabling priorities; and they should have clear and consistent lines of communication with relevant forums outside the Grand Bargain (e.g. IASC, OECD-DAC, Good Humanitarian Donorship (GHD)).
- Using the proposed caucuses as additional, complementary mechanisms that are created ad hoc to perform time-bound, task-specific functions – namely to find solutions to the most acute obstacles to progress identified in relation to either of the two enabling priorities (as per Recommendation 5).
- Ensuring that both the two remaining workstreams and the caucuses report on a regular basis to the Facilitation Group and the wider set of signatories through a combination of regular briefings and updates at working and Sherpa levels, and via the Secretariat.

#### Recommendation 9: Strengthen accountability

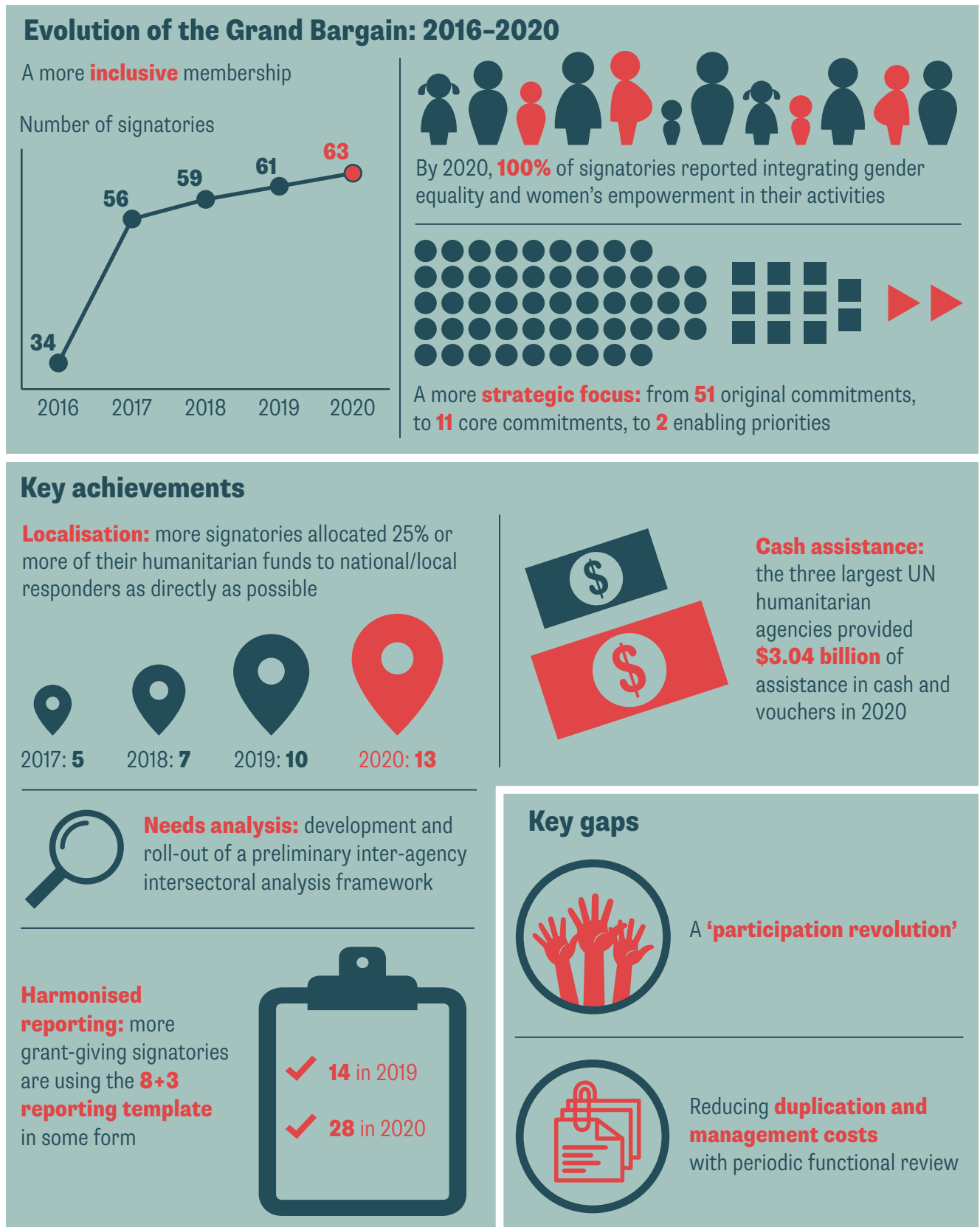
In the Grand Bargain 2.0 it will be important to retain some of the key elements of the current accountability process, but also to underpin this with a wider understanding of who the signatories are accountable to, including affected populations and taxpayers in donor countries. The latter is often forgotten in policy debates, particularly among aid organisations, but accountability to those who



provide the larger share of international humanitarian funds is critical to enabling the kind of changes in donor policy and practice that aid organisations are asking for. Building on the current mechanism, the research team recommends the following:

- The current accountability process should continue to take place annually, with a more comprehensive review or stock-taking exercise at the conclusion of this next phase in 2023.
- The format and scope of the self-reports should be further streamlined to ease the burden of reporting.
- More pragmatic and measurable targets and indicators should be developed against which signatories should report data to evidence their individual and/or collective progress. Where relevant and useful, existing targets and indicators should be reused or adapted.
- The self-reporting should be analysed through an independent process that provides a robust analysis, with due regard for the subjectivity inherent in self-reports.

Figure 1 The Grand Bargain 2016-2020





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

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