

FOCUS ON THE FRONTLINES:

How the Grand Bargain can deliver on its promise to improve humanitarian aid¹

In 2016, donors, UN agencies, NGOs, and the Red Cross met at the World Humanitarian Summit in Istanbul to agree on a Grand Bargain on humanitarian aid. Recognising that the humanitarian system was unattuned to the trends of conflict and displacement, the humanitarian community adopted 51 commitments on issues like multi-year funding, transparency, and cash-based programming to more effectively and efficiently respond to humanitarian crises. Five years on, those gains are yet to be seen.

The combination of COVID-19, climate, and conflict has only amplified humanitarian needs, outstripping humanitarian financing. Over 235 million people around the world require humanitarian assistance – **40% more than in 2020**, and 88% more than in 2016. However, **humanitarian assistance has only increased by about 8% since 2016, from \$22.9 billion in 2016 to \$24.8 billion in 2020**. And despite the fact that in 2020, 22 of 25 Humanitarian Response Plans were for crises that had endured for five years or longer, the average length of our UN humanitarian grants is still one year, hindering efforts to support sustainable solutions for long-term displacement. In the status quo, the pace of humanitarian aid cannot meet growing humanitarian needs, particularly in increasingly protracted crisis and displacement contexts; as such, addressing the efficiency and effectiveness of aid remains paramount.

KEY PRIORITIES TO FULFILL THE GRAND BARGAIN'S PROMISE

Aid reform is possible, with renewed high-level political engagement, sustained dialogue among decision-makers, and fewer priorities, focused on critical levers for improving the reach, scale, and responsiveness of aid in the longer term.

We suggest five areas of focus to drive transformational change in the sector: 1) more, better, and faster funding to frontline implementers; 2) radical transparency in terms of humanitarian financing flows and outcomes; 3) a more equitable approach to

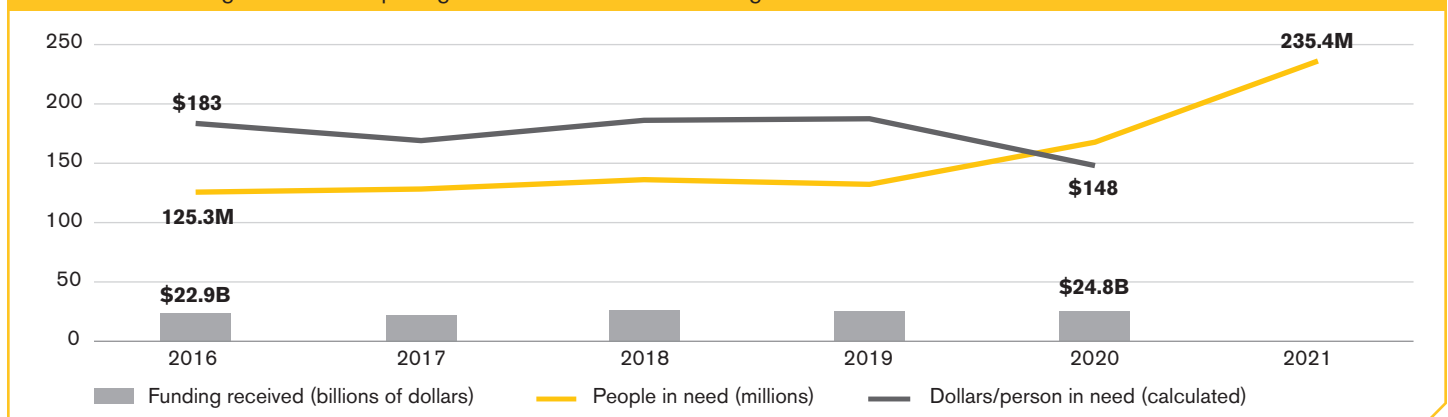
working with local actors and centering communities affected by crisis; 4) clearer definition of global leadership and coordination of cash assistance; and 5) greater use of cost-effectiveness tools to ensure maximum reach, scale, and benefits for communities in need.

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

Year to year, two-thirds of all humanitarian assistance goes to UN agencies. Through the COVID-19 Global Humanitarian Response Plan (GHRP), 77% of donor funding went to UN agencies, with **only 20% going directly toward NGOs**. While UN agencies typically cascade a portion of their funding to implementing partners, in reality that funding **can take up to eight months to reach frontline actors**. At the same time, crises are increasingly protracted—85% of humanitarian need remains concentrated in 20 countries, of which 13 are protracted crises averaging 15 years – yet progress toward more multiyear and flexible financing has been limited. To make the humanitarian system more responsive, we recommend three key changes to the current financial system:

- *Increase volume of aid to frontline implementers* given that they struggle to access direct funding. By 'frontline implementers,' we mean those actors who are best placed to intervene on the frontlines of humanitarian action, be they local actors, international NGOs, or a partnership of the two. We need to agree on a set percentage or target of funding going directly to frontline responders, regardless of whether ODA levels remain stable or contract. Access to indirect funding, such as UN pooled funding mechanisms, should also increase and complement alternative funding approaches and mechanisms, such as NGO consortia.
- *Accelerate the speed of aid* by ensuring the timeframe from announcement of donor pledges to disbursement of funds takes no longer than three months in acute emergencies. Frontline organisations – especially community-based ones – do not always have the luxury of using reserved financing in an acute emergency. Speed of disbursement is therefore critical.

FIGURE 1. Rising needs are outpacing available humanitarian funding



¹ This brief summarises the main findings and recommendations of IRC's *Focus on the Frontlines* report, which shares IRC's vision for the future of the Grand Bargain (the 'Grand Bargain 2.0') based on our experience on the ground and engagement with this forum.

■ *Improve quality of aid through multiyear, flexible financing* for longer-term programming by agreeing on a cascading target down the transaction chain. A comparative analysis of two IRC cash programmes in Somalia found that longer-term programming cost 44% less in delivery for every dollar transferred (Figure 3). Predictable funding also helps frontline responders engender trust with communities and work with displaced and host communities to identify sustainable solutions that support greater self-reliance for displaced populations and allow displaced and host communities to thrive together.

2. RADICAL TRANSPARENCY ON HUMANITARIAN FINANCING FLOWS AND COLLECTIVE OUTCOMES

The Grand Bargain 2.0 should commit to improvements in not just the International Aid Transparency Initiative (IATI) but also the Financial Tracking Service (FTS), the main online tool to track funding flows. Currently, **the FTS does not provide visibility on where 80% of GHRP funding has been cascaded past first-level recipients**, such as UN agencies.

This creates challenges for a more coordinated and outcome-driven humanitarian response, risking programmatic duplication, gaps in service provision, and reduced impact. The lack of transparency precludes tracking progress on whether funding is reaching affected populations and the organisations that directly serve and partner with them. UN agencies should commit to reporting the amount and duration of pass-through funding to all partners, including community-based, women-led, and women’s rights organisations. Similarly, NGOs must invest in centralised, standardised data systems to better track and report pass-through funding, just as IRC has committed to do by 2024 or earlier. In addition, transparent and consistent tracking against collective outcomes, with data disaggregated by age and gender, would further facilitate coordination and increase effectiveness and impact for the most vulnerable populations.

3. A MORE EQUITABLE APPROACH TO WORKING WITH LOCAL ACTORS AND CENTERING IMPACTED COMMUNITIES

The Grand Bargain set forth a commitment to channel at least 25% of humanitarian funding to local and national frontline responders, but it remains unclear what progress has been made toward this commitment, due to a lack of financial transparency and of common definitions. A major challenge to localisation and

capacity sharing with frontline responders has been extraordinary compliance and risk reduction requirements from donors, which can impede partnerships with and greater representation of local actors in decision-making fora. Our evidence confirms that the quality, reach, and impact of programming improves by partnering with local actors, in particular women’s rights organisations. To more effectively share capacity and power with local partners, **IRC is committing to increasing its resources to local actors by half in 2021; continuing to build partnerships with local actors, half of whom will be women-led/focused; channeling 25% of funding to local and national responders by 2024; and working to reach a common definition and methodology for calculating that metric.**

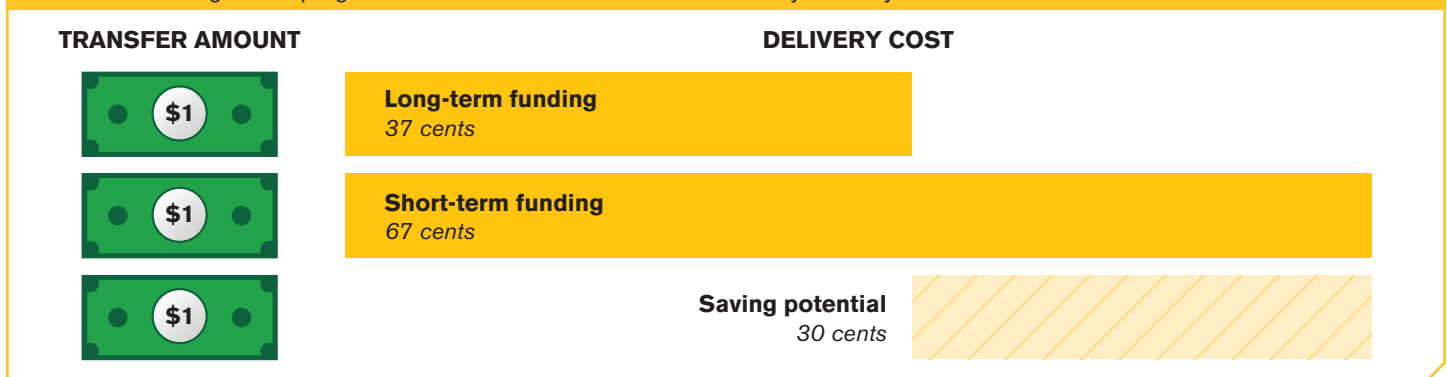
The Grand Bargain 2.0 must also encourage discourse around maximising power for people and organisations affected by crisis, helping them increase their influence in the humanitarian sector and over decision-making that affects them. This will require not only a new financing model, but also new programme models that increase the agency of people we aim to serve.

A CASE IN POINT: Humanitarian funding for Gender-Based Violence (GBV) prevention and response

GBV prevention and response remains under-prioritised and underfunded in the sector; **less than 1% of humanitarian funding went to GBV programmes between 2016 and 2018**. According to the FTS, GBV only comprised 1.29% of overall GHRP funding, as of March 2021, even though the pandemic incurred a spike in GBV around the world. In addition to the aid reforms recommended in this document, the Grand Bargain 2.0 can help prioritise GBV **by promoting partnerships with women’s rights and women-led organisations**, as part of the 25% commitment to localisation, and **tracking GBV allocations across donors and implementing organisations**.

Localisation – and a more equitable distribution of power in the aid sector – cannot happen without the direct participation of crisis-affected populations, particularly women, girls, and other marginalised communities, in deciding and addressing their most important needs, rather than our deciding on their behalf. Implementing organisations should systematically and proactively – rather than reactively – seek feedback, participation, and collaboration as part of programme cycle management. As such, the entire humanitarian system needs to grow more comfortable with ceding decision-making power directly to the people we serve.

FIGURE 2. Longer-term programmes in Somalia cost 44% less in delivery for every dollar transferred



4. A DEFINED, PREDICTABLE GLOBAL HUMANITARIAN CASH COORDINATION MECHANISM

While the Grand Bargain has made progress in increasing cash assistance, there remains a need for a defined, global coordination process with greater accountability, resources, and leadership. The notable lack of cash coordination has curbed the ability of smaller, national actors to effectively engage in cash coordination, only 28% of whom reported engagement in cash aid, based on a 2018 review. The Grand Bargain 2.0 presents an opportunity to work with the Inter-Agency Standing Committee to issue clear guidance on cash coordination in line with multiple recommendations from the Cash Learning Partnership and the Good Humanitarian Donorship initiative. The Grand Bargain 2.0 can track outcomes of this new mechanism with an indicator on strategic, predictable cash coordination.

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

Despite a goal of increased efficiency in the humanitarian system, the Grand Bargain has been unable to measure or track progress, in part due to the lack of a common definition of "efficiency." IRC and our partners in the Systematic Cost Analysis (SCAN) Consortium (now [Dioptra](#)) have tried to engage UN agencies around improving efficiency, with limited success to date. Achieving reach, scale, and impact in the context of constrained aid resources requires systematic attention to the cost-effectiveness of programmes, yet such tools have not been standardised or mainstreamed. We recommend the Grand Bargain 2.0 consider evidence-based tools, such as Dioptra, to assess costs against outcomes.

We need renewed commitment and high-level engagement.

Financial flows are the greatest drivers of, and barriers to, effective humanitarian action. Bilateral and multilateral donors therefore have the strongest role to play in reform. They must engage at the highest levels to agree on time-bound reforms that can support lasting solutions for people in crisis. **The Grand Bargain 2.0 should engage its full membership in regular negotiations and high-level political decision-making.** Under the leadership of the Eminent Person, Sherpas from different constituencies must identify and negotiate priority reforms among those presented at the technical level, with a clear timeline for implementation. Signatories' Principals must then agree to implement and monitor the most salient reforms in their own organisations. In addition to working toward greater transparency and downstream accountability in decision-making processes (Figure 3), the Grand Bargain 2.0 should support greater diversity by engaging with actors in and from the Global South.

CONCLUSION

A more effective, responsive humanitarian system is possible, by focusing on lifting current barriers to aid reform and prioritising greater accountability, transparency, and funding. As such, our key recommendations for the Grand Bargain 2.0 are to:

1. Increase the volume of aid – both direct and pass-through funding – to frontline implementers;
2. Improve the quality of aid by making it flexible and multi-year, and by working to reach frontline implementers faster;
3. Better track humanitarian financing flows for greater transparency and accountability of reform commitments;
4. Support a more equitable distribution of power for people affected by crisis and organisations working on the frontlines;
5. Scale the coordination of humanitarian cash and use of cost-effectiveness tools and assessments to strike the best balance between costs and outcomes for people in need.

FIGURE 3. A better decision-making process for the Grand Bargain 2.0

