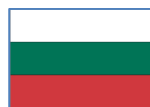
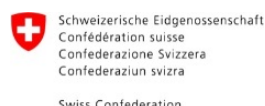
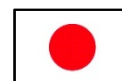
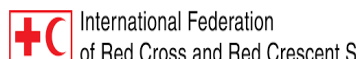


# The Grand Bargain –

## A Shared Commitment to Better Serve People in Need



ICRC



Istanbul, Turkey

23 May 2016

We live in a world where conflicts, natural disasters and disease are driving ever greater numbers of people to seek desperate remedies for their hunger, safety and survival. The world has never been so wealthy and yet on the frontline of humanitarian action, where courageous work is taking place daily, the lack of available resources to save lives is a constantly growing risk. This massive, deepening deficit requires an ambitious, global and collective response.

The Grand Bargain is about harnessing the vast experience and expertise from across the humanitarian ecosystem and bringing it into a realignment which is better prepared for tackling the emergency needs of more than 125 million people, fully recognising the diverse needs defined by their age, gender and abilities.

Its purpose is to ensure that we are able to anticipate and prepare for crises, that we can deliver protection and assistance better to the most vulnerable and that we can restore opportunity and dignity to them. The Grand Bargain recognises that, faced with the reality of our woefully under-resourced humanitarian response, the status quo is no longer an option. We have to do much more far better. We need to find and create efficiency - while also doing more to shrink overall needs and deepen the resource base for funding humanitarian action.

Above all, the Grand Bargain is about the need to work together efficiently, transparently and harmoniously with new and existing partners, including the private sector, individuals and non-traditional sources of funding. This requires us to innovate, collaborate and adapt mind-sets.

We commit to support local and national responders on the frontline, improve the use of cash and increase flexible funding – just three of the ways in which the Grand Bargain will make a difference to the lives of people in need. Setting targets which are global, aggregate and aspirational will keep these changes to our business model on course and allow us to track progress. In the same spirit, an understanding inherent to the Grand Bargain is that benefits are for all partners, not just the big organisations.

By optimising the comparative advantages which exist throughout the humanitarian ecosystem – by playing to our respective strengths and using them collectively as efficiently and effectively as possible - we want to increase the range and diversity of partners willing to contribute. The Grand Bargain is a level playing field where we all meet as equals. It is rooted in the humanitarian principles as well as respect for one another as peers.

We recognise that enhanced trust amongst donors and aid organisations<sup>1</sup> can be achieved by holding ourselves and one another accountable for delivering on the Grand Bargain policy commitments. And we acknowledge that we need to move from the present supply-driven model dominated by aid providers to a demand-driven model more responsive to the people we are assisting.

True to its origins in the UN Secretary-General's High-Level Panel (HLP) Report on Humanitarian Financing, "Too Important to Fail: addressing the humanitarian financing gap", the Grand Bargain's purpose is to get more means into the hands of people in need. By increasing efficiency, we can shift resources away from draining backroom activities to frontline delivery. The HLP estimated the

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<sup>1</sup> The term "organisations" refers to all humanitarian aid providers including the UN, its agencies, funds and programmes, IOM, national and international NGOs, the International Red Cross and Red Crescent Movement.

funding gap for humanitarian action to be US\$15 billion: we believe that greater efficiency and collaboration will create a virtuous circle, drawing in more resources from a wider range of stakeholders.

The Grand Bargain is not a panacea for all the problems of the humanitarian ecosystem. We do not claim to have all the solutions but we believe that by coming together in a small but broadly representative group of the sector we have negotiated a serious and realistic way forward. This should be seen as the first stage of an ongoing process. We hope that it will be widely discussed and we earnestly encourage interested parties – including current partners in humanitarian action but also those who wish to join our collective endeavour – to endorse it and offer their support. The World Humanitarian Summit in Istanbul, where the Grand Bargain will be presented, is one of the opportunities for making a commitment to its principles and their implementation.

## 1. Greater transparency

The Grand Bargain commits us to identifying and implementing a shared open-data standard and common digital platform which will enhance transparency and decision-making. This will demonstrate how funding moves from donors down the transaction chain until it reaches the final responders and, where feasible, affected people. The 'do no harm' principle will be safeguarded, both in terms of politicised context and protection concerns. The International Aid Transparency Initiative (IATI) is currently the most advanced option for a shared open-data standard. Consideration will be given to concerns expressed by partners regarding its functionality, but we recognise that it is better to develop an existing standard than to start a parallel process. The Financial Tracking Service (FTS) is a well-established, voluntary information platform for recording international humanitarian aid contributions, which we accept needs further improvements.

*Aid organisations and donors commit to:*

- (1) Publish timely, transparent, harmonised and open high-quality data on humanitarian funding within two years of the World Humanitarian Summit in Istanbul. We consider IATI to provide a basis for the purpose of a common standard.
- (2) Make use of appropriate data analysis, explaining the distinctiveness of activities, organisations, environments and circumstances (for example, protection, conflict-zones).
- (3) Improve the digital platform and engage with the open-data standard community to help ensure:
  - accountability of donors and responders with open data for retrieval and analysis;
  - improvements in decision-making, based upon the best possible information;
  - a reduced workload over time as a result of donors accepting common standard data for some reporting purposes; and
  - traceability of donors' funding throughout the transaction chain as far as the final responders and, where feasible, affected people.
- (4) Support the capacity of all partners to access and publish data.

## **2. More support and funding tools for local and national responders**

National and local responders comprising governments, communities, Red Cross and Red Crescent National Societies and local civil society are often the first to respond to crises, remaining in the communities they serve before, after and during emergencies. We are committed to making principled humanitarian action as local as possible and as international as necessary recognising that international humanitarian actors play a vital role particularly in situations of armed conflict. We engage with local and national responders in a spirit of partnership and aim to reinforce rather than replace local and national capacities.

*Aid organisations and donors commit to:*

- (1) Increase and support multi-year investment in the institutional capacities of local and national responders, including preparedness, response and coordination capacities, especially in fragile contexts and where communities are vulnerable to armed conflicts, disasters, recurrent outbreaks and the effects of climate change. We should achieve this through collaboration with development partners and incorporate capacity strengthening in partnership agreements.
- (2) Understand better and work to remove or reduce barriers that prevent organisations and donors from partnering with local and national responders in order to lessen their administrative burden.
- (3) Support and complement national coordination mechanisms where they exist and include local and national responders in international coordination mechanisms as appropriate and in keeping with humanitarian principles.
- (4) Achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs.
- (5) Develop, with the Inter-Agency Standing Committee (IASC), and apply a 'localisation' marker to measure direct and indirect funding to local and national responders.
- (6) Make greater use of funding tools which increase and improve assistance delivered by local and national responders, such as UN-led country-based pooled funds (CBPF), IFRC Disaster Relief Emergency Fund (DREF) and NGO- led and other pooled funds.

### 3. Increase the use and coordination of cash-based programming

Using cash helps deliver greater choice and empowerment to affected people and strengthens local markets, but remains underutilised. While it is not a panacea, and the context will ultimately define which tool to use, donors and aid organisations should routinely consider cash when evaluating response options and some donors may wish to scale up significantly. Cash cannot meet all needs: investment in public goods, including protection, education and health will still be needed.

Delivering cash should, where possible and appropriate, use, link or align with local and national mechanisms such as social protection systems. It can have the greatest impact when delivered as a single multi-sector transfer, rather than broken into components for shelter, household goods etc. and may be complemented by in-kind assistance, specialised interventions, specific technical support and vouchers. It should include new partnerships, be coordinated across aid organisations and be delivered through common mechanisms. Preparedness, planning and mapping measures are essential to ensuring that cash-based programming can be used to best effect.

*Aid organisations and donors commit to:*

- (1) Increase the routine use of cash alongside other tools, including in-kind assistance, service delivery (such as health and nutrition) and vouchers. Employ markers to measure increase and outcomes.
- (2) Invest in new delivery models which can be increased in scale while identifying best practice and mitigating risks in each context. Employ markers to track their evolution.
- (3) Build an evidence base to assess the costs, benefits, impacts, and risks of cash (including on protection) relative to in-kind assistance, service delivery interventions and vouchers, and combinations thereof.
- (4) Collaborate, share information and develop standards and guidelines for cash programming in order to better understand its risks and benefits.
- (5) Ensure that coordination, delivery, and monitoring and evaluation mechanisms are put in place for cash transfers.
- (6) Aim to increase use of cash programming beyond current low levels, where appropriate. Some organisations and donors may wish to set targets.

#### 4. **Reduce duplication and management costs with periodic functional reviews**

Reducing management costs will increase the proportion of funding used for the direct benefit of affected people. This may only be demonstrated over time, since measuring efficiency and effectiveness **requires baseline information**. Reducing management costs depends upon reducing donors' and aid organisations' individual reporting requirements and oversight mechanisms.

*Aid organisations and donors commit to:*

- (1) **Reduce the costs** and measure the gained efficiencies of delivering assistance with technology (including green) and innovation. Aid organisations will provide the detailed steps to be taken by the end of 2017.

*Examples where use of technology can be expanded:*

- Mobile technology for needs assessments/post-distribution monitoring;
- Digital platforms and mobile devices for financial transactions;
- Communication with affected people via call centres and other feedback mechanisms such as SMS text messaging;
- Biometrics; and
- Sustainable energy.

- (2) Harmonise partnership agreements and **share partner assessment information** as well as data about affected people, after data protection safeguards have been met by the end of 2017, in order to save time and avoid duplication in operations.

*Aid organisations commit to:*

- (3) Provide **transparent and comparable cost structures** by the end of 2017. We acknowledge that operational management of the Grand Bargain signatories - the United Nations, International Organization for Migration (IOM), the Red Cross and Red Crescent Movement and the NGO sector may require different approaches.
- (4) Reduce duplication of management and other costs through maximising efficiencies in procurement and logistics for commonly required goods and services. Shared procurement should leverage the comparative advantage of the aid organisations and promote innovation.

*Suggested areas for initial focus:*

- Transportation/Travel;
- Vehicles and fleet management;
- Insurance;
- Shipment tracking systems;
- Inter-agency/common procurement pipelines (non-food items, shelter, WASH, food);
- IT services and equipment;
- Commercial consultancies; and
- Common support services.

*Donors commit to:*

- (5) Make joint regular functional monitoring and performance reviews and reduce individual donor assessments, evaluations, verifications, risk management and oversight processes.

## **5. Improve joint and impartial needs assessments<sup>2</sup>**

Significant efforts have been made in the past few years to strengthen the quality and coordination of humanitarian needs assessments used for strategic decision-making. This complements state efforts where appropriate. Yet there remains a lack of shared understanding, expectations and commitment to the collective endeavour. The application of current approaches and tools falls short of meeting the decision-making requirements for various stakeholders for both programming and funding. The proliferation of uncoordinated needs assessments leads to duplication, wasted resources and putting a burden on affected populations.

We require needs assessments that are impartial, unbiased, comprehensive, context-sensitive, timely and up-to-date. Needs assessments must provide a sound evidence base for humanitarian response plans and prioritised appeals with due regard for specific accountabilities of mandated agencies. In order to increase the confidence and the relevance of needs assessments for all humanitarian stakeholders, the needs assessment process must be coordinated, impartial, collaborative and fully transparent with a clear distinction between the analysis of data and the subsequent prioritisation and decision-making. The involvement of specialists supporting data collection and analysis can strengthen the collective process. Independent reviews and evaluations can contribute to learning and improvement of practice.

*Aid organisations and donors commit to:*

- (1) Provide a single, comprehensive, cross-sectoral, methodologically sound and impartial overall assessment of needs for each crisis to inform strategic decisions on how to respond and fund thereby reducing the number of assessments and appeals produced by individual organisations.
- (2) Coordinate and streamline data collection to ensure compatibility, quality and comparability and minimising intrusion into the lives of affected people. Conduct the overall assessment in a transparent, collaborative process led by the Humanitarian Coordinator/Resident Coordinator with full involvement of the Humanitarian Country Team and the clusters/sectors and in the case of sudden onset disasters, where possible, by the government. Ensure sector-specific assessments for operational planning are undertaken under the umbrella of a coordinated plan of assessments at inter-cluster/sector level.
- (3) Share needs assessment data in a timely manner, with the appropriate mitigation of protection and privacy risks. Jointly decide on assumptions and analytical methods used for projections and estimates.
- (4) Dedicate resources and involve independent specialists within the clusters to strengthen data collection and analysis in a fully transparent, collaborative process, which includes a brief summary of the methodological and analytical limitations of the assessment.
- (5) Prioritise humanitarian response across sectors based on evidence established by the analysis. As part of the IASC Humanitarian Response Plan process on the ground, it is the

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<sup>2</sup> The below applies to those entities participating in the IASC humanitarian response planning process.



responsibility of the empowered Humanitarian Coordinator/Resident Coordinator to ensure the development of the prioritised, evidence-based response plans.

- (6) Commission independent reviews and evaluations of the quality of needs assessment findings and their use in prioritisation to strengthen the confidence of all stakeholders in the needs assessment.
- (7) Conduct risk and vulnerability analysis with development partners and local authorities, in adherence to humanitarian principles, to ensure the alignment of humanitarian and development programming.

## **6. A participation revolution: include people receiving aid in making the decisions which affect their lives**

We need to include the people affected by humanitarian crises and their communities in our decisions to be certain that the humanitarian response is relevant, timely, effective and efficient. We need to provide accessible information, ensure that an effective process for participation and feedback is in place and that design and management decisions are responsive to the views of affected communities and people.

Donors and aid organisations should work to ensure that the voices of the most vulnerable groups considering gender, age, ethnicity, language and special needs are heard and acted upon. This will create an environment of greater trust, transparency and accountability. The following commitments will help promote the Core Humanitarian Standard<sup>3</sup> and the IASC Commitments to Accountability to Affected Populations.

*Aid organisations and donors commit to:*

- (1) Improve leadership and governance mechanisms at the level of the humanitarian country team and cluster/sector mechanisms to ensure engagement with and accountability to people and communities affected by crises.
- (2) Develop common standards and a coordinated approach for community engagement and participation, with the emphasis on inclusion of the most vulnerable, supported by a common platform for sharing and analysing data to strengthen decision-making, transparency, accountability and limit duplication.
- (3) Strengthen local dialogue and harness technologies to support more agile, transparent but appropriately secure feedback.
- (4) Build systematic links between feedback and corrective action to adjust programming.

*Donors commit to:*

- (5) Fund flexibly to facilitate programme adaptation in response to community feedback.
- (6) Invest time and resources to fund these activities.

*Aid organisations commit to:*

- (7) Ensure that, by the end of 2017, all humanitarian response plans – and strategic monitoring of them - demonstrate analysis and consideration of inputs from affected communities.

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<sup>3</sup> <http://www.corehumanitarianstandard.org/>

## **7. Increase collaborative humanitarian multi-year planning and funding**

Multi-year planning and funding lowers administrative costs and catalyses more responsive programming, notably where humanitarian needs are protracted or recurrent and where livelihood needs and local markets can be analysed and monitored. Multi-year planning must be based on shared analysis and understanding needs and risks as they evolve. Collaborative planning and funding mechanisms for longer programme horizons that are incrementally funded can produce better results and minimise administrative costs for both donors and aid organisations. They can identify results which highlight the linkages between humanitarian, development, stabilisation and conflict management initiatives that are fundamental to decreasing humanitarian needs.

*Aid organisations and donors commit to:*

- (1) Increase multi-year, collaborative and flexible planning and multi-year funding instruments and document the impacts on programme efficiency and effectiveness, ensuring that recipients apply the same funding arrangements with their implementing partners.
- (2) Support in at least five countries by the end of 2017 multi-year collaborative planning and response plans through multi-year funding and monitor and evaluate the outcomes of these responses.
- (3) Strengthen existing coordination efforts to share analysis of needs and risks between the humanitarian and development sectors and to better align humanitarian and development planning tools and interventions while respecting the principles of both.

## **8. Reduce the earmarking of donor contributions**

Flexible funding facilitates swifter response to urgent needs and investment in fragile, potentially volatile situations, emergencies and disaster preparedness, as well enables response to needs in situations of protracted and neglected conflicts. It strengthens decision-making bodies which include key stakeholders such as affected and refugee-hosting states as well as donors. It supports management systems and the use of cost-efficient tools as well as reduces the amount of resources spent on grant-specific administration, notably procurement and reporting.

Flexible funding requires accountability throughout the length of the transaction chain from donor to the field. Reducing earmarking should be considered as a means to achieving humanitarian collective outcomes. Increasing donors' confidence in the quality of aid organisations' own prioritisation processes will encourage donors to increase the flexibility of their contributions.

The Secretary General's recommendation to double the Central Emergency Response Fund (CERF) to USD\$1 billion and to increase the portion of appeal funding to the UN Country-Based Pooled Funds (CBPF) to 15 per cent, including through new and additional sources, is recognised as important for increasing the amount of unearmarked and softly earmarked funding. The possibility of opening the CERF for direct funding to civil society organisations should be explored.

*Aid organisations and donors commit to:*

- (1) Jointly determine, on an annual basis, the most effective and efficient way of reporting on unearmarked and softly earmarked funding and to initiate this reporting by the end of 2017.
- (2) Reduce the degree of earmarking of funds contributed by governments and regional groups who currently provide low levels of flexible finance. Aid organisations in turn commit to do the same with their funding when channelling it through partners.

*Aid organisations commit to:*

- (3) Be transparent and regularly share information with donors outlining the criteria for how core and unearmarked funding is allocated (for example, urgent needs, emergency preparedness, forgotten contexts, improved management)
- (4) Increase the visibility of unearmarked and softly earmarked funding, thereby recognising the contribution made by donors.

*Donors commit to:*

- (5) Progressively reduce the earmarking of their humanitarian contributions. The aim is to aspire to achieve a global target of 30 per cent of humanitarian contributions that is non-earmarked or softly earmarked<sup>4</sup> by 2020.

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<sup>4</sup> See annex on earmark definition

## **9. Harmonise and simplify reporting requirements**

Reporting requirements have grown over the years for specific and valid reasons including legal requirements associated with accountability and managing risk, to build trust, raise funds, for diplomatic purposes and to improve quality. A wide range of sectors and organisations report to one another, including institutional donors, UN agencies, IOM, international and national NGOs and the Red Cross Red Crescent Movement. We have a common interest in ensuring that programmatic reporting is substantive and qualitative while also lean enough to allow for the most efficient use of resources to assist people in need

*Aid organisations and donors commit to:*

- (1) Simplify and harmonise reporting requirements by the end of 2018 by reducing its volume, jointly deciding on common terminology, identifying core requirements and developing a common report structure.
- (2) Invest in technology and reporting systems to enable better access to information.
- (3) Enhance the quality of reporting to better capture results, enable learning and increase the efficiency of reporting.

## **10. Enhance engagement between humanitarian and development actors<sup>5</sup>**

The High-Level Panel on Humanitarian Financing and Core Responsibility Four of the Secretary-General's Report (change people's lives – from delivering aid to ending need) both articulate the importance of shrinking humanitarian needs while also recognising the humanitarian financing gap. This is particularly important in situations of fragility and protracted crises.

A better way of working is not about shifting funding from development to humanitarian programmes or from humanitarian to development actors. Rather, it is about working collaboratively across institutional boundaries on the basis of comparative advantage. This way of working does also not deviate from the primacy of humanitarian principles.

*Aid organisations and donors commit to:*

- (1) Use existing resources and capabilities better to shrink humanitarian needs over the long term with the view of contributing to the outcomes of the Sustainable Development Goals. Significantly increase prevention, mitigation and preparedness for early action to anticipate and secure resources for recovery. This will need to be the focus not only of aid organisations and donors but also of national governments at all levels, civil society, and the private sector.
- (2) Invest in durable solutions for refugees, internally displaced people and sustainable support to migrants, returnees and host/receiving communities, as well as for other situations of recurring vulnerabilities.
- (3) Increase social protection programmes and strengthen national and local systems and coping mechanisms in order to build resilience in fragile contexts.
- (4) Perform joint multi-hazard risk and vulnerability analysis, and multi-year planning where feasible and relevant, with national, regional and local coordination in order to achieve a shared vision for outcomes. Such a shared vision for outcomes will be developed on the basis of shared risk analysis between humanitarian, development, stabilisation and peacebuilding communities.
- (5) Galvanise new partnerships that bring additional capabilities and resources to crisis affected states through Multilateral Development Banks within their mandate and foster innovative partnerships with the private sector.

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<sup>5</sup> While being unable to make these commitments in their entirety, the Red Cross Red Crescent Movement commits to enhancing its engagement with development actors

The following donors and aid organisations endorse the Grand Bargain:

- |                              |  |
|------------------------------|--|
| 1. Australia                 | 1. Food and Agriculture Organization of the United Nations (FAO)                           |
| 2. Belgium                   | 2. InterAction   |
| 3. Bulgaria                  | 3. International Committee of the Red Cross (ICRC)   |
| 4. Canada                    | 4. International Council of Voluntary Agencies (ICVA)                                      |
| 5. Czech Republic            | 5. International Federation of Red Cross and Red Crescent Societies (IFRC)                 |
| 6. Denmark                   | 6. International Organization for Migration (IOM)  |
| 7. European Commission       | 7. Steering Committee for Humanitarian Response (SCHR)                                     |
| 8. Germany                   | 8. United Nations Children's Fund (UNICEF)   |
| 9. Italy                     | 9. United Nations Development Programme (UNDP)   |
| 10. Japan                    | 10. United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)      |
| 11. Luxembourg               | 11. United Nations High Commissioner for Refugees (UNHCR)                                  |
| 12. The Netherlands          | 12. United Nations Population Fund (UNFPA)   |
| 13. Norway                   | 13. United Nations Office for the Coordination of Humanitarian Affairs (OCHA)              |
| 14. Poland                   | 14. United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) |
| 15. Sweden                   | 15. World Bank   |
| 16. Switzerland              | 16. World Food Programme (WFP)   |
| 17. United Kingdom           |  |
| 18. United States of America |  |

*Note: The World Health Organization (WHO) will lead a discussion on the Grand Bargain commitments with its Member States.*

## Annex I. Earmarking modalities

		Terminology	Definition	Remarks
Unearmarked	A	Fully flexible core contribution	Financial contribution to the aid organisation budget, fully flexible (within the boundaries set in mandates, governing body regulations etc.)	
	B	Fully flexible core contribution to the CERF	Financial contribution to CERF budget, fully flexible within the CERF regulations.	
	C	Core contribution	Financial contribution to a significant part of the aid organisation's mandate, e.g. restricted to the humanitarian operations of a double-mandated organisation.	The aid organisation can be instructed to distribute at its discretion – on several strategic objectives/regions/crises so as to avoid the entire contribution being used in one context.
Softly earmarked	D	Core contribution with limitations	Financial contribution, but with exclusions pertaining to a small number of specific countries.	The aid organisation can be instructed to only use funding outside of certain areas or countries.
	E	Directed to a geographical region or a strategic objective	Financial contribution, fully flexible within the boundaries of the strategic objective (e.g. health or education) or region (e.g. Africa).	Should reflect priorities in the Strategic Plan approved by the relevant governing body.
	F	Directed to a Country-Based Pooled Fund	Financial contribution directed to a specific Country-Based Pooled Fund, otherwise fully flexible.	
Earmarked	G	Directed to an aid organisation's country operations	Financial contribution, directed to a specific country, otherwise fully flexible.	Should reflect priorities set by the relevant governing body with regard to country operations.
	H	Directed to sub-objective/target	Financial contribution, directed to subcategories of strategic objectives, e.g. health/malaria or education /teacher training, but without geographical limitations.	Should reflect priorities in the Strategic Plan approved by the relevant governing body.
Tightly earmarked	I	Directed to a specific project	Financial contribution directed to a specific project in a specific country.	
	J	Directed geographically and thematically, tied financial	Financial contribution, tied to certain conditions in terms of purchase restrictions, directed to a specific country/region <b>and</b> to a specific objective. E.g. financial contribution for <i>purchase of ABC for school feeding in X-land.</i>	
	K	Directed geographically and thematically, in kind.	In-kind contribution directed to a specific country/region <b>and</b> to a specific objective. E.g. <i>rice for school feeding in X-land.</i>	
	L	Donor-initiated projects/directed contributions	Financial contribution coupled with the demand for a specific project in a specific country fulfilling donor priorities.	Not reflecting Strategic Plan of the aid organisation i.e. it becomes a service provider. This will also put strain on non-project support costs (overhead costs)