

**NGO statement  
Update on the Grand Bargain**

Dear Chair,

This statement is prepared in an effort to facilitate consulting with NGOs and reflect views of the broad range of organisations in the community. The ultimate goal of the statement is to raise issues of concern about particular refugees, internally displaced people, stateless situations and to push UNHCR and States to provide better protection, assistance, and durable solutions, and advocate for the protection of rights, in particular within the Grand Bargain measures.

**1. Impact of COVID-19 on accelerating localisation:**

NGOs emphasise that the environment for delivering humanitarian assistance has changed under **COVID-19** and **the need for localisation has accelerated**. Many INGOs and aid agencies staff had to pull out of affected countries, relying to a greater extent on local partners; still, some INGOs stayed, adapting to the limitations of the supply chains, lockdowns, etc. Strengthening principled and effective humanitarian action by NGOs, in particular during the COVID-19 response and recovery, through **local and national action is needed**. Even though there has been no system-wide shift in operational practice of putting local actors first, the evidence indicates that the Grand Bargain has helped to drive progress and brought tangible results in a number of areas.

The international humanitarian community has developed a Global Humanitarian Response Plan (GHRP): COVID-19, for April-December 2020, which integrates key commitments of the Grand Bargain, including the role of local and community-based actors, flexible funds, community engagement, and a simplified and harmonised approach to narrative reporting as well as grant management.

However, NGOs are concerned that progress on localisation may be **slowed in the COVID-19 mitigation phase**, with the global recession and the knock-on effect on the aid funds available. Positive practice that could be scaled up in funding for strengthening local actors, including local governments, institutional capacities to enable localising responses is needed, for example, by UNHCR and NGOs working in partnership with local and national actors.<sup>1</sup>

**2. Achievements and future opportunities:**

**2.1. Localising responses**

Localising responses under workstream 2 (*more support and funding for local and national responders*), core commitment 2.4 (*achieve by 2020 a global aggregated target of **at least 25% of humanitarian funding to local and national responders as directly as possible to improve outcomes***)

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<sup>1</sup> One such example is the COVID-19 Emergency Statelessness fund, established by the [Institute on Statelessness and Inclusion](#), which enables the Institute to raise and channel resources to, strengthen capacities of and work in partnership with NGOs and citizenship rights activists at the frontline of the crisis. For more on the impact of COVID-19 on stateless populations, see: [Impact Report: Stateless in a Global Pandemic, Institute on Statelessness and Inclusion, 2020](#); [Joint Statement by 84 Civil Society Organisations, In Solidarity with the Stateless, 2020](#).

for affected people and reduce transaction costs). UNHCR met the 25% target for providing humanitarian funding to local organisations. NGOs would welcome UNHCR's continuation and reporting disaggregated data (e.g. funding to local actors dedicated to refugee/IDP-led organisations, women-led/women-focused organisations, etc.).

There was an increased level of UNHCR activity in core commitment 2.1 (*increase and support multi-year investments in the **institutional capacities of local and national responders**, including preparedness, response, and coordination*).

- Increasing access of local partners to international humanitarian funding has been a core element of the Grand Bargain. However, there has been no comparable effort to **strengthen the capacities of local and national responders** to absorb international funding. Investments in strengthening the capacities of local partners remained largely static, with only limited increase in support from donors. One unified framework<sup>2</sup> tailored to the capacity of local partners could be more effective than unconnected initiatives of aid agencies.
- Despite the Grand Bargain, it is in principle extremely hard to **partner** for a local NGO with UNHCR or most UN agencies. If the **compliance requirements** of many aid organisations stay as they are, only larger organisations will be able to partner.
- In 2019, UNHCR decided to begin allocating a standard 4% of grants to its local NGO partners as **indirect support costs** and has advocated for a similar approach from donors to organisations in the Syria response, irrespective of type.<sup>3</sup>

We would welcome UNHCR leadership and hope other donors could follow.

The LNGOs would like to ask UNHCR to consider their shrinking space, particularly working on migration and refugee issues. UNHCR may create a post to appoint someone who could specifically look after and protect partner organizations issues with governments and other institutions. Locally, many organizations are facing multiple challenges due to the absence of some unified policy. This needs special UNHCR attention at headquarter level and if possible delegate someone with special assignment for supporting local partners.

## 2.2. Cash and voucher assistance

**Cash programming/cash and voucher assistance** continued to expand, instituting common standards. Funding to local actors slowly increased<sup>4</sup> and brought the recognition of the opportunities that the cash workstream brings to localization, including resilience building of local actors. Therefore, the commitments on direct funding to local actors to deliver cash programming should be met, as targeted investments to strengthen the capacity of local partners are bringing results, shifting power from international actors to affected populations, enabling them to use aid to address priorities they (not we) determine. UNHCR committed to scaling up cash assistance, with the aim of doubling the amount of funds programmed for cash-based interventions in aid delivery by the end of 2020. UNHCR identified the best delivery models with maximum cost-effectiveness and impact, while mitigating the risks and ensuring coordination. **We would like UNHCR to ground this statement in evidence and share its cost-effectiveness data and evidence transparently and publicly**, including gender and risk assessments of cash programmes conducted<sup>5</sup>. UNHCR expanded its use of cash-based interventions, mainly in the form of multi-purpose cash grants. UNHCR is a signatory to the UN Common Cash Statement and made progress under three of its themes (procurement, interoperability and

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<sup>2</sup> Unified framework needs to be defined, i.e. a common approach to ID/OS within UN system.

<sup>3</sup> Grand Bargain Annual Independent Report 2020, HPG, June 2020.

<sup>4</sup> Grand Bargain Annual Independent Report 2020, HPG, June 2020.

<sup>5</sup> The GB Cash Working Group recommendations in [CaLP SOC report](#), most importantly need to unblock the coordination issue, connections to needs assessments.

programming). UNHCR increased the volume of cash being programmed, providing \$650 million in cash and voucher programmes, including 617.5 million (95%) as unrestricted cash and \$30.5 million in vouchers in 2019. That constituted over 25% of UNHCR's overall programme expenditure in 2019, thereby meeting its own target to double the use of cash programming compared to 2015 (11%). NGOs would welcome if UNHCR could share any figures on the efficiency and effectiveness of UNHCR cash delivery<sup>6</sup>. We would also like UNHCR to demonstrate work with local actors in equal partnerships that build on the opportunities of cash programs to strengthen the capacities of local actors.

### 2.3. Harmonisation of UN partnership agreements

Since 2019, UNHCR has instituted **two-year partnership agreements** with its downstream partners and currently has 34 such partnerships in place. Many UN agencies and INGOs are limited in the ability to pass down multi-year funding because they do not receive it as a lump sum, but rather in staggered payments made on an annual basis over the course of a multi-year framework agreement. These allocations are confirmed and released only following a performance assessment against specific indicators or benchmarks. Most INGOs are only able to contract downstream partners in relation to funding they are guaranteed to receive, or in some cases only once they actually receive it, because they do not have reserves to draw on or their financial rules require the money to be in their account before it is committed onwards. As such, they can only pass down the funding they actually receive, not what is pledged. At the discretion of country representatives, UNHCR two-year partnership agreements can now be instituted with downstream partners, regardless of the availability of multi-year funding for these operations. Other UN agencies should follow UNHCR's example with support from donors and the Member States that sit on agencies' executive boards (which include many States who are not signatories to the Grand Bargain). NGOs appreciate UNHCR's efforts in this respect and ask that you continue to lead by example by providing more predictable and flexible funding from the outset of your two-year partnership agreements with NGO partners. However, while NGOs appreciate UNHCR's leadership on partnership agreements, the lack of certainty over funding in Year 2 still represents a major challenge in NGOs' ability to plan and implement activities. We are asking UNHCR to take additional steps to provide more predictable and flexible funding from the start date of two-year partnership agreements.

In relation to commitment 4.2 (*harmonise partnership agreements and share partner assessment information as well as data about affected people, after data protection in order to save time and avoid duplication in operations*) the **UN partner portal** continued to be rolled out in 2019, with one additional agency (UNFPA) becoming a member. Although there has been no substantial increase in the number of UN agencies using the portal, the number of INGOs and NNGOs registered on it is substantial; at the end of 2019, 9,248 organisations were registered, 6,225 of which were national and local organisations (approximately 87% of UNHCR's partners in 2019). French- and Spanish-language versions of the portal were developed in 2019, with a view to expanding access to this tool for local partners. Feedback from INGOs signatories to the Grand Bargain and NNGO users suggests that the portal is proving valuable, in particular for streamlining the tendering process and reducing duplicative applications and reporting. The portal is helpful in automatically (not manually) screening partners, helping identify new partners in new emergencies more quickly. It is believed the portal is providing

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<sup>6</sup> Following the analysis methodology agreed in the Grand Bargain Cash Group (which is moving from the total volume of cash towards publicly sharing data on the efficiency with which it is delivered).

more equal access to the tendering process for local actors and is enabling harmonisation of due diligence procedures, and it is recommended that UNHCR further progress in that respect<sup>7</sup>.

#### **2.4. Multi-year Funding, reduced earmarking, increased indirect cost support**

As regards workstream 7 and 8 on Enhanced Quality Funding, and Commitment 7.1.a in particular (*signatories increase multi-year collaborative and flexible planning and multiyear funding. Aid organisations ensure that the same terms of multi-year funding agreements are applied with their implementing partners*), recent progress on the volume of multi-year funding provided by bilateral donors has yet to benefit the vast majority of NGOs and their local partners. We ask that UNHCR **cascades more multi-year funding to its frontline implementers** and champions our request to agree to a cascading target with other UN Grand Bargain signatories by the end of the original Grand Bargain's mandate in May 2021. We further encourage UNHCR to join forces with the quality funding workstream to advocate for the provision of a critical mass of flexible and predictable funding.

Commitment 8.2+8.5 (*donors progressively reduce earmarking, aiming to achieve a global target of 30% of humanitarian contributions that is unearmarked or softly earmarked by 2020*). Aid organisations reduce earmarking when channelling donor funds to their partners, UNHCR saw a sharp increase in country-level earmarking – from 20% in 2012 to 45% in 2019, though unearmarked funds remained stable at approximately 15% of the total budget. We strongly recommend that **UNHCR reduces the earmarking** of its funding to NGOs, in line with its Grand Bargain commitment.

UNHCR provides 7% and 4% of grant amounts as indirect support costs for INGOs and NNGOs, respectively. We need to stress, however, that the ICR rates granted by UNHCR are in fact preventing some actors from being willing to work with UN agencies, as both rates (international or local) are simply not allowing to cover real ICR, forcing NGOs to subsidize UNHCR funding. We recommend that UNHCR raises the percentage of indirect cost recovery for NNGOs alongside what it provides for INGOs, and considers the overall **increase in indirect cost support**.

### **3. Risks and challenges ahead:**

#### **3.1. Costs efficiency, technology efficiency**

NGOs would welcome continued progress in workstream 4 (*reduce duplication and management costs with periodic functional review*), as it is important for field organisations with limited resources. The focus on the workstream remained using UN Reform initiatives to secure efficiency gains for UN agencies. UNHCR continued to contribute to the UN Business Innovations Group, which is rolling out Business Operations Strategy out to 131 countries to expand and capture collaborative activities, joint actions and cost savings. We would **welcome engagement with NGOs for more transparent and comparable cost structures**, and overall collective efforts. The Systematic Cost Analysis Consortium, comprised of five INGOs, has been discussing pilots of a method for reporting on cost-efficiency of many types of humanitarian assistance with UNHCR for several years. We welcome UNHCR's increased engagement with the Norwegian Refugee Council under the Money Where It Counts initiative to develop a protocol for harmonised financial budgeting and reporting. We hope UNHCR will pilot these tools and continue to engage in meaningful dialogue with NGOs to advance our Grand Bargain commitments on reducing management costs and fulfil its role as co-convenor of the workstream.

Progress on commitment 4.1 (*reduce the costs and measure the gained efficiencies of delivering assistance with technology, including green, and innovation*), as UNHCR increased the use of biometric

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<sup>7</sup> Including e.g. barriers related to connectivity issues in remote locations, or access by small IDP/refugee/women-led organisations.

registration to 69 refugee operations worldwide (from 63 in 2018). However, the detrimental impact of the increasing use of biometric registration on stateless populations,<sup>8</sup> must be taken into account when assessing progress made on commitment 4.1. Overall, we are pleased to see UNHCR taking steps to use technology in registration processes, but think that more could be done to “measure the gained efficiencies”, as the original commitment of States.

### 3.2. Harmonising reporting requirements

In the workstream 9 (*harmonise and simplify reporting requirements*), in spite of NGOs’ best efforts, apparently, little progress had been made by the end of 2019 in rolling out the finalised 8+3 narrative reporting template. In past years this workstream has consistently made good progress, but it stalled in the latter part of 2019. Many signatories are unaware that the pilot had been concluded and the template finalised, and just six signatories (9%) had rolled the template out globally to their downstream partners by the end of 2019, according to the Grand Bargain Annual Independent Report<sup>9</sup>. It would be necessary to roll out training to local NGOs on the 8+3 reporting template. The opportunities that the template offers to **reduce the narrative reporting burden, particularly for smaller organisations**, are not being realised. In addition, we hope UNHCR will continue efforts to simplify financial reporting in connection with harmonisation of cost classification.

There are calls for collaboration with workstream 1 (*greater transparency*) and 9 (*harmonise and simplify reporting requirements*). The commitments are broad and lacking in detail. Activity on commitment 4.5 (*make joint regular functional monitoring and performance reviews and reduce individual donor assessments, evaluations, verifications, risk management and oversight processes*) show little evidence that these efforts are having a tangible impact. Several donors, according to the Grand Bargain Annual Independent Report<sup>10</sup>, referred to their efforts to **share assessment or partner information with other donors**. The practical impact on many of their partners (particularly those with multiple donors) is likely to be limited, according to the aid organisations signatories.

### 3.3. Linkages of Grand Bargain commitments

In the fourth year of the Grand Bargain, there remains a need to address the long-term challenges that **inhibited positive change** in the international humanitarian system. The set of 11 Grand Bargain core commitments (from initial 51) still need to be **more interconnected and linked**. UNHCR continued engagement through participating in the ongoing dialogue between workstreams with the intent to improve the implementation and improve workstreams objectives as well as the linkages across the workstreams.

UNHCR seems to make connections across workstreams, demonstrating efforts to achieve more localised and people-centred approach in the programming. This included the Ethos document, co-led by UNHCR and IOM, endorsed in June 2019, which will be incorporated in the revision of IASC Operational Guidance on Coordinated Assessments in Humanitarian Crises. The quality criteria for HNOs and multi-sectoral needs assessments developed in 2018, and further enhancements to and roll-out of the Data Entry and Exploitation Platform, a tool for data management and analysis in 35 countries and 25 crises. In 2019, UNHCR engaged in leading or co-leading multisectoral needs assessments (59% of joint multi-sectoral needs assessments in displacement crises in 2019, compared

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<sup>8</sup> See [Sustainable Development Goal 16.9: ‘Legal Identity’, Nationality & Statelessness, Institute on Statelessness and Inclusion, 2018](#).

<sup>9</sup> Grand Bargain Annual Independent Report 2020, HPG, June 2020.

<sup>10</sup> Grand Bargain Annual Independent Report 2020, HPG, June 2020.

to 46% in 2018). We recommend that UNHCR includes gender analysis (both in stand-alone and multi-sectoral needs assessments).

Still, looking from the NGOs point of view, the majority of signatories continue to focus on particular institutional priorities, with the result that efforts are spread too thin to achieve system-wide change. The scope of the commitments is broad, there is a pick-and-choose approach, multiple sub-groups, consultations and reporting processes, which we, the NGOs, find difficult to navigate. **The positive practice is not being scaled**, largely due to a lack of appetite or **motivation to take the risks** inherent in changing entrenched business practices.

#### **4. Conclusion:**

We commend UNHCR for its ongoing participation in the Grand Bargain and would welcome further engagement in advancing the agenda on behalf of the whole humanitarian community. The Grand Bargain will reach its first 5-year phase in 2021 and in the near future it needs to be elevated to a higher level of ambition through sustained political dialogue between its signatories at key decision-maker level. **NGOs stand ready to support this dialogue, as well as faster Grand Bargain implementation.**

Thank you.