

JOINT INTERNATIONAL RED CROSS AND RED CRESCENT MOVEMENT PAPER ON THE GRAND BARGAIN¹



Rakhine State, Bhutheedaung township. Myanmar.

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INTRODUCTION

Two years into the Grand Bargain process, components of the International Red Cross and Red Crescent Movement (the Movement), particularly the International Committee of the Red Cross (ICRC) and the International Federation of Red Cross and Red Crescent Societies (International Federation), are participating actively in the discussions at all levels, as signatories, as co-conveners of workstreams and also as members of the Facilitation Group. This is a testament to the Movement's adherence to the Grand Bargain's overall objective of "harnessing the vast experience and expertise from across the humanitarian ecosystem and bringing it into a realignment which is better prepared for tackling emergency needs," as well as to the spirit of constructive discussion between humanitarian donors and actors, with a *quid pro quo* spirit.

The Movement believes that the Grand Bargain is setting a precedent in how to roll out a very ambitious and necessary change process to address all issues related to the funding of the humanitarian sector. We are acutely aware of the challenges it faces, namely the need to maintain and keep the "bargaining spirit" alive and the need to find tools to better measure progress, without losing efficiency by overly burdening the process.

We are aware that progress can seem somewhat slow and that some issues can even appear to contradict the "spirit" of the Grand Bargain; however, we are making changes in our own ways of working and we also see signs of similar change among other signatories. We believe that it has been productive to work as peers to make our delivery of humanitarian aid more efficient and effective. This does not mean that the process is perfect: there is still significant work to be done towards transformation.

This paper is intended to share examples of the work we have been doing to further our commitments, to articulate some of our current and ongoing concerns about the process, and to express our expectations going forward.

SECTION 1: COMMITMENTS IN ACTION

Since the Grand Bargain commitments were made in 2016, the Movement has continued to work together around five priority areas:

Reducing duplication and management costs

Since 2013, the Movement has engaged in a process to maximize its collective operational impact during emergencies, and to reduce duplication and management costs while strengthening the role and capacities of National Societies operating in their own country so that they are more solidly placed at the centre of the decision-making process. This Strengthening Movement Coordination and Cooperation initiative, otherwise known as SMCC, has been endorsed by three consecutive Council of Delegates¹ resolutions (2013, 2015 and 2017), and is fully in line with a number of commitments made under the Grand Bargain, specifically in relation to Workstreams 2 and 4.

More concretely, over the past two years, five country laboratories (Haiti, the Philippines, South Sudan, the Syrian Arab Republic and Ukraine) have been set up to test and learn from the SMCC initiative. In South Sudan and Ukraine, the Movement's plans are being piloted to better align the various components' activities, including capacity building of the relevant National Society and reducing duplication of efforts. In the meantime, Movement contingency plans have been implemented in several contexts, notably Armenia and the Bolivarian Republic of Venezuela, to ensure an optimized response to future emergencies. The National Society of the country concerned plays a central role in all these processes. On logistics, several working groups among the Movement's components have been created since 2016 to identify how we can reduce costs and ensure increased interoperability of systems. The areas being explored include cash transfer programming, stockpiling, pipelines, National Society development, and fleet management.

To reinforce coherence of the Movement's actions and to translate their ever-increasing coordination on the ground, the ICRC and the International Federation have agreed on 'One International Appeal' modalities in response to new large-scale emergencies. Over the past two years, the majority of new large-scale emergencies, such as in Haiti, Myanmar, Nigeria, South Sudan and Yemen, have seen this system being applied. While the initial results are encouraging, the effectiveness and efficiencies of this joint approach will be assessed in 2018.

This deep and wide-ranging endeavour is also an important way to further strengthen the essential role National Societies have always played within the Movement, in a spirit of effective complementarity between its local and international components, thereby contributing to the goals of the localization of the humanitarian aid agenda. It is hoped that these efforts and the conclusive results will translate into increased support and funding for them – be it individually or collectively – through mechanisms like the National Society Investment Alliance described below, or the Disaster Relief Emergency Fund (DREF).

Joining the participation revolution

Within the Movement, we are learning from each other's experience to become more accountable to people affected by crisis globally. We do not only learn from each other based on our respective approaches, but we

¹ The Movement's Council of Delegates is when all components of the Movement – the ICRC, the International Federation and 191 National Societies – come together every two years to set common strategies and approaches to global humanitarian issues. This is distinct from the International Conference of the Red Cross and Red Crescent where Movement components and all States party to the Geneva Conventions convene every four years to discuss issues of humanitarian concern.

also have a responsibility to ensure smooth connections between our frameworks to enhance our ability to work collaboratively. At the 2017 Council of Delegates, the ICRC and the International Federation co-organized with the Canadian Red Cross and the Swedish Red Cross the workshop “From words to action: Community engagement and accountability in practice” to start discussions on what a Movement approach on the subject should look like. The ICRC and the International Federation have also: co-produced [a social media guide to better engage with affected people](#); started the production of a joint e-learning module on the topic; and launched a discussion on joint minimum standards on Community Engagement and Accountability (CEA) and Accountability to affected populations (AAP).

In 2018, three contexts (Bangladesh, Myanmar and Nigeria) will be prioritized for a Movement-wide approach, where lessons learnt will be captured to inform global policy. Promoting a multi-disciplinary approach is part of our efforts to be more accountable to people affected by crises. By taking an approach that is not based on programmes, we will enhance our ability to ensure that we understand the problems people are faced with and the way they respond to them.

Making the participation revolution a reality is a matter of organizational culture, buy-in from staff, technical support and demonstrating evidence. Both within the ICRC and the International Federation, strong buy-in at management level has been key, as demonstrated in institutional strategies and the investment of resources in this area of work. It will also be important to rely on the active involvement of both the ICRC’s and the International Federation’s leadership to continue shaping organizational culture.

Such leadership endorsement has allowed, for example, the ICRC to pilot in 2017 a self-assessment on AAP in six delegations. The assessment will be used in 30% of the ICRC’s operational delegations in 2018 to start generating figures for its performance on AAP and the degree to which the organization complies with its commitments. Additionally, the ICRC commissioned in 2017 an external evaluation on AAP and on diversity and inclusion in its operations. Out of the 66 emergency response operations led by the International Federation and the National Societies that included a CEA component in 2016 and 2017, 50 of them were carried out in the first three quarters of 2017. In particular, CEA activities have been strengthened and scaled up in the migration response in Europe, the hurricane response in the Caribbean and the plague outbreak operation in Madagascar, among others.

It is imperative that the humanitarian sector moves from rhetoric to action in Workstream 6. There is no doubt that thanks to its unique access to communities in nearly every country in the world, the Movement’s components can and should become champions for institutionalizing the participation revolution recommendations. For example, in the year to come, we hope to demonstrate evidence of how participation and feedback from communities informs programme-based and strategic decisions. It will be increasingly important to work closely with donor Member States to ensure flexibility of funding in order to act, continuously and when necessary, on feedback from communities.

Providing greater support to local and national frontline responders

In addition to the joint work being undertaken in the SMCC initiative (see *Reducing duplication and management costs*), a memorandum of understanding was signed by the ICRC and the International Federation on 31 October 2017 to create a new joint initiative called the National Society Investment Alliance (NSIA). The NSIA will provide multi-year funding to National Societies – particularly those operating in medium, high and very high risk contexts – who actively apply for support (pull logic) on the basis of set criteria and procedures. The overall objective is for National Societies to become more effective, relevant and sustainable organizations in delivering humanitarian services in their countries. The fund will support National Societies in developing and implementing investment plans of up to five years; these plans are built on National

Societies' wider strategic objectives and aimed at complementing existing support from Movement components and external partners. Funding for the establishment of the NSIA has so far been received from the governments of Switzerland and the United States of America; a fund manager has already been appointed.

During 2018, the NSIA steering committee, made up of representatives of both the ICRC and the International Federation, will finalize the strategy and operational modalities of the NSIA and launch the fund. The current priority is mobilizing resources to ensure available funding to support the first round of applications and allocations.

Movement components continue to be committed to pursuing a number of ongoing initiatives aimed at strengthening the role and capacities of National Societies responding in their own countries. These include the implementation of the Safer Access Framework² and the continued global roll out of the International Federation's Organizational Capacity Assessment and Certification³.

In line with the SMCC initiative, the ICRC was also able, in a number of contexts such as Myanmar and Yemen, to support a coordinated approach to National Society development. For example, it ensured that funding would be set aside via the 'One International Appeal' mechanism for the International Federation to support National Society development.

Scaling up the use of cash-transfer programmes, where appropriate

Since 2016, the Movement has demonstrated clear progress in furthering its objective to deliver cash based on needs. Recent successes include the development of a strategic framework to guide cash preparedness and implementation across the Movement through the work of the Movement's Cash Peer Working Group, co-chaired by the ICRC and the International Federation. This marks the first step towards defining a joint internal policy for cash and supports standardized cash programming across the Movement.

Since the end of 2017, cash experts from the Movement have come together on a quarterly basis to discuss ways to overcome common challenges around cash and to define common approaches to support greater delivery. The Movement is also developing a joint approach to the collection and reporting of its combined numbers, which will highlight the true capacity of its cash activities and provide clarity on the positioning of the Movement as one of the world's biggest cash players. This has commenced with the identification of standard metrics for measurement; investments in information management and the development of a cash hub, a Movement platform for learning and knowledge hosted by the British Red Cross, are facilitating the collation of total cash numbers. The Movement has also come together to provide a unified message to donors and policy makers on cash approaches. Recently, the ICRC and the International Federation presented a joint analysis of common risks and compliance challenges during the annual Risk and Audit Conference in Geneva, Switzerland, hosted by the International Federation.

Despite this progress, challenges remain and the Movement is working to overcome them. These challenges include the capacity to deliver cash-based programmes, the effective use of data management, and subsequent issues of data protection, common across all programmes but being spearheaded, somewhat, by the rapid growth of cash-based programmes. The counting and reporting of our cash figures at the global level will be a key focus for our joint approaches going forward as we seek to collectively position ourselves in the

² A structured approach developed by the ICRC and embedded in the Movement's Fundamental Principles to strengthen National Societies' ability to safely access communities in sensitive environments. The Movement's Fundamental Principles: humanity, impartiality, neutrality, independence, voluntary service, unity and universality.

³ A detailed self-assessment of strengths and weaknesses in key areas of institutional capacity, which has been undertaken by 107 National Societies.

humanitarian cash space. This of course relies heavily on our ability to align our reporting systems and effectively measure the work of some 190 National Societies, the International Federation and the ICRC globally.

Bringing creativity to finance the humanitarian development nexus

The rigidity of financing rules and traditions has been one of the key challenges facing efforts to strengthen the humanitarian development nexus. We see some of these barriers starting to move, although there is potential for much more. For example, the World Bank partnered with the ICRC for the first time in 2017 to provide some 20 million United States dollars to finance the ICRC's operations in Somalia, covering both emergency relief activities and resilience-building initiatives. A memorandum of understanding, signed in early May 2018 by the World Bank and the ICRC, harnesses their mandate, capabilities and resources, while shaping the humanitarian and development agendas or operational considerations and representing a concrete step towards maximizing the wider ecosystem's impact on those most left behind in contexts of armed conflict and other situations of violence.

On the preparedness side of the nexus, the International Federation has been working with the German government and other partners to develop robust mechanisms for forecast-based financing (FbF). In December 2017, the International Federation established the FbF window for its DREF to provide eligible National Societies with funding for predefined early action, based on forecasts. The mechanism will use a trigger-based decision-making process (focused on "no-regret" action) with no other criteria than reaching the trigger for the release of funds.

At a time of limited public budgets, of systemic failures in protracted conflicts, of growing and evolving needs on the ground, new financing models offer new opportunities for humanitarian impact. In this vein, the ICRC has created the world's first "humanitarian impact bond" to help transform the financing of aid in conflict-affected countries. The capital raised – 26 million Swiss francs – will be used to build and run three new physical rehabilitation centres in the Democratic Republic of the Congo, Mali and Nigeria over a five-year period, providing services for thousands of people. This innovative funding mechanism has been created to encourage social investment from the private sector to support the ICRC's health programmes. In addition, both the ICRC and the International Federation are actively exploring partnership opportunities with non-traditional actors such as private-sector companies, specialized funds and international financial institutions, including the World Bank (see above), to diversify their resource base and modernize the existing model for humanitarian action.

SECTION 2: ISSUES OF CONCERN FOR THE MOVEMENT

Increased donor requirements

The Movement has been observing an increasing tension between the will to increase the efficiency of the humanitarian ecosystem and the shared objective to lighten the burden of reporting. Rather than decreasing, donor requirements to report on a variety of issues or to apply sanctions that limit who the Movement can work with in the field, are in fact increasing. Whilst we understand that this increased pressure stems from an intention we all share – as much transparency and accountability as possible – additional reporting requirements should be balanced against the efficiency of the overall ecosystem. Furthermore, there is a need to keep a principled approach in order not to deviate too many resources from the actual assistance and protection we aim to bring to the affected communities.

Additionally, we see a concerning trend that efficiency is often equated with the least costly option: efficiency should be measured more broadly than purely through cost savings. It is considerably more expensive

to operate in some countries than in other contexts; often, significant investments need to be made to drive an overall efficiency gain.

A one-system approach

In our original paper in May 2016, we shared our concern that the Grand Bargain should avoid taking a one-system approach. Since then, a number of global multilateral initiatives have begun to take shape, including the reforming and repositioning of the United Nations (UN). There has sometimes been ambiguity or confusion as to whether particular initiatives, such as an aim for collective outcomes at the country level, are intended and appropriate for the internal purposes of the UN or for the broader ecosystem. Consequently, we would like to highlight, again, that effective collective action will only succeed if multiple systems and strengths of different actors are recognized.

We are convinced that a lot of the added value of this process is that it offers the framework for donors and the full range of humanitarian “families” (e.g. non-government organizations, the Movement, UN) to sit together, complementing for example the Good Humanitarian Donorship (GHD) and the Inter-Agency Standing Committee (IASC).

A single approach platform for financial data

Both the ICRC and the International Federation have taken internal steps to publish their financial data using the International Aid Transparency Initiative (IATI) standard. This does not obviate a number of concerns that both organizations have shared with the co-conveners of the transparency standard. These concerns are mainly that the standard, which was created for development actors, is presently not fit for the commonly agreed purpose to add transparency to the humanitarian ecosystem without burdening actors with additional reporting. Consequently, the Movement is also concerned about the dashboard the standard includes, which discriminates in its functioning and overall ranking of actors like the ICRC and the International Federation who have slightly different flows of money. We remain convinced that transparency should be increased, and that publishing to IATI is only a small part of the whole conversation – a means to an end. We would like to encourage the workstream to continue to consider this in their discussions.

SECTION 3: THE MOVEMENT’S EXPECTATIONS

Risk sharing

The Movement encourages all signatories to the process to acknowledge that many of the commitments contained within the Grand Bargain involve signatories taking on higher levels of risk. This is against the backdrop of a sector that faces significant scrutiny over fraud, safeguarding and counter-terrorism issues and low levels of tolerance for any such system failures. Donors and agencies should be open and transparent about their level of risk tolerance, and if and how this can be managed to deliver on Grand Bargain commitments.

The Movement also supports and encourages a more open discussion on the increasing trend to transfer risk – mostly fiduciary – down the chain of recipients. Unless risk is shared and joint accountability is taken on board, we see this trend as having a damaging effect, not only in the immediate burden it represents to actors, but also in reducing incentives for overall transparency.

Equally, where signatories have delivered on their commitments to improved reporting practices, reduced earmarking or other efficiencies, these benefits should be cascaded down the delivery chain.

Investment of quality money

The first two years of the Grand Bargain have seen the beginning of a fruitful conversation between donors and humanitarian actors on the added value of flexible contributions to humanitarian action that can be brought to the affected communities, on one hand, and on what donors would need, in turn, to be able to provide such kind of support. Additionally, the Movement welcomes recent discussions which are starting to link non-earmarked funding with multi-year contributions since this can help leverage the benefits of the efforts both constituencies are taking.

Greater investment in, and respect for, National Societies

The channelling of humanitarian financing is only one of the commitments made at the Grand Bargain that focuses on localization, and yet, it has sometimes been the exclusive focus of discussion. More direct financing channels alone will not be sufficient to fully benefit from the advantages that local actors represent for an effective and efficient humanitarian response. In our view, long-term investment and support for organizational development and leadership are key.

This is one of the motivations leading to the establishment of the NSIA. Through its focus on the long-term sustainability of National Societies and their leadership, it will allow them to be more effective in their own programming and in becoming a “partner of choice”, both for the authorities, as appropriate, and for international stakeholders.

Many Grand Bargain signatories are already partnered, in various ways, with National Societies, drawing on their extensive community-based network of volunteers to meet their goals. We would like to remind signatories of the importance of the principles of partnership, especially the principles of equality and ensuring that public acknowledgement is given to the work that is carried out by National Societies on behalf of international partners. We would also like to recall the crucial importance of respecting the Movement’s Fundamental Principles in all activities that involve components of the Movement.

SECTION 4: FINAL REFLECTION

Last but not the least, the Movement would like to reiterate how the Grand Bargain is but one of the three main recommendations that the High-Level Panel (HLP) on Humanitarian Financing issued in January 2016. As the HLP’s report highlighted, in order to close the gap between the growing humanitarian needs and the resources available to meet them, the international community needs to first and foremost use political action by States to shrink the needs of those affected by humanitarian catastrophes and to work towards increasing the spectrum of humanitarian donors and types of humanitarian financing.

