



Grand Bargain 2.0 Spotlight:

Quality Funding

The Grand Bargain Caucus on Quality Funding recognises flexible and predictable funding as a critical tool for humanitarian actors—it supports principled humanitarian action and is essential for prioritised, timely, strategic, and sustainable responses, particularly in neglected and protracted crises. Good practices and strong examples of quality funding already exist—and the Grand Bargain beyond 2023 is the opportunity to bring these practices to scale.

The caucus commitments

In July 2022, the members of [the Quality Funding Caucus](#) unanimously endorsed a final outcome document detailing commitments around increasing multi-year funding, transparency in data reporting, and accountability to donors and crisis-affected populations.

The signatories recognised that multi-year funding:

I. In support of multi-year planning and programmes, is key to effectiveness and efficiency and strengthening local capacity. They also recognised multi-year funding as the preferred type of funding in protracted crises.

II. Must be able to respond to shifting dynamics on the ground, including through timely disbursements, predictable and up-front payments, and flexible

arrangements that allow for context-driven adaptations.

III. Should be channelled as close to the point of delivery as possible, with multi-year characteristics cascaded across the full delivery chain.

Putting promise into practice

Multi-year funding and planning with built in flexibility – the example of NMFA and Sida

The **Norwegian Ministry of Foreign Affairs (NMFA) Strategic Partnership Agreement** with NRC is a five-year agreement through which NRC receives flexible, programme-based funding for all country offices. Similarly, the **Swedish International Development Cooperation Agency (Sida) Humanitarian Partnership Agreement** with NRC is a five-year

strategic framework agreement through which NRC receives annual allocations to several country programmes, as well as multi-year programme-based funding to eight NRC country operations. The Programme-Based Approach (PBA) used by both donors means that NRC is allocated flexible, unearmarked funding at the country programme level, rather than for a specific project or activity. This allows a flexible humanitarian response that can include an integrated package of activities across a variety of sectors, themes, and geographic areas. In addition to the flexibility, multi-year allocations support multi-year planning, longer-term interventions, and a more demand-driven, needs-based response, reinforcing efficiency and effectiveness and leading to better outcomes for the populations NRC works with.

In Mali, the flexible nature of the PBA supported NRC to extend its protection interventions into otherwise neglected, hard-to-reach areas, and the longer-term nature of the funding enabled NRC Mali to increase its livelihood and food security response. Through multi-purpose cash and vouchers, fitting out market gardens, herd restocking, and other activities to reduce the food and nutritional insecurity of vulnerable IDP and host community households, NRC supported populations in meeting current needs and in building resilience to future shocks.

In the Democratic Republic of the Congo (DRC), NRC relied on the flexible nature of the PBA and the multi-year allocation to continue providing services in an otherwise underserved area of the country where others had not been able to continue their projects. NRC supported IDPs to meet their immediate needs for shelter and livelihoods by formalising agreements between IDPs and landowners, and at the same time, providing Information Counselling and Legal Assistance (ICLA) on the rights of IDPs, increasing social cohesion in the community, and possibly preventing later conflict. In this context, the multi-year PBA funding allowed an integrated approach to humanitarian aid delivery that met emergency needs while also having a longer-term impact by supporting displaced people on pathways out of displacement over a multi-year period.

Both Mali and DRC feature on NRC's list of [The World's Most Neglected Displacement Crises](#) and are

examples of the protracted situations in which multi-year and flexible funding are key.

Zooming in on flexibility – more donors stepping up

As the caucus commitments illustrate, multi-year funding must have built-in flexible arrangements to further enable recipient organisations to respond efficiently and effectively.

Flexible and unearmarked funding allows humanitarian organisations to prioritise the use of funds to address the most urgent needs of affected people—needs that can change mid-implementation due to contextual changes—rather than being restricted to implement programmes pre-determined by heavy earmarking. Flexible funds also contribute to a more balanced distribution of resources, such as to neglected crises that are critically underfunded and receive little donor support or media attention. Flexibility also allows partners to respond to underfunded priorities at country level and enables organisations to adjust programming and move from project-specific and supply-driven responses to a demand-driven prioritisation of needs.

The PBA used by NMFA and Sida gives NRC country offices the flexibility to adjust or adapt programmes during implementation, or even re-allocate funding to other programme activities. During the Covid-19 pandemic, NRC DRC rapidly reprogrammed funds to decongest overcrowded IDP camps, and in light of school suspensions, shifted funding to WASH interventions that better targeted emerging needs.

Another way donors can support flexibility is through entering into global or regional agreements that are multi-year and ensure flexibility to implement across multiple countries. The **German Federal Foreign Office (GFFO)** and NRC have such an agreement to support a **Whole of Africa programme**. The approach ensures that NRC country offices can flexibly implement interventions across multiple sectors based on the humanitarian needs of the population, rather than on pre-agreed project deliverables. In addition, if the GFFO at the global level has agreed on an implementation modality, for example Multi-Purpose Cash Assistance, the

modality can be used in any of the programme countries without further approvals or amendments. The Whole of Africa programme also allows NRC to shift up to 20% of a country's budget to another country office without prior approval from GFFO. This flexibility was essential in shifting programming from Ethiopia to respond to emerging needs in Somalia—enabling the programme to reach more people in need of support in a timely and efficient manner.

Donors can also enhance flexibility even when allocating project-based funding. When armed conflict broke out in Sudan in April 2023, the **Swiss Agency for Development and Cooperation (SDC)** contacted NRC to communicate their flexibility and openness to NRC's suggestions for programme adaptation. They requested NRC to present a short summary of the status of the ongoing SDC-funded project and to propose a way forward given the contextual changes. SDC was open to modifications to the projects focus, activities and geographic coverage. In addition, the simplified process to amend the project in the emergency context enabled a more timely, effective response that accommodated emerging needs.

Similarly, the NMFA and Sida PBA were key in supporting NRC in South Sudan to respond to the influx of refugees and returnees displaced from Sudan. Approvals to adjust NRC's approach—to move to a new geographic area outside of the original country programme strategy—were granted within 24 hours.

The case for cascading

Multi-year funding and built-in flexibilities must be channelled as closely as possible to the frontline, and key intermediaries like UN agencies can play a central role in cascading the characteristics of quality funding to implementing organisations.

OCHA's Country Based Pooled Funds (CBPFs) are one mechanism that aims to channel funding to frontline responders, particularly local and national actors. With the introduction of new CBPF Global Guidelines in 2023, CBPF partners can now receive funding with an implementation timeframe of up to 24 months. This funding is seen as a key enabler to

support the strengthening of local capacity and for the sustainability of activities—particularly those that require a longer implementation period to achieve impact, such as behaviour change activities.

Another example of multi-year funding and the need to cascade it to frontline responders comes from **Education Cannot Wait (ECW)**. Through their **Multi-Year Resilience Programmes (MYRPs)**, ECW invests in countries affected by conflict and experiencing protracted crises, leveraging longer-term predictable financing to bridge relief efforts to development interventions. MYRPs are intended to support more collaborative education responses, facilitating joint planning and joint programming over three to four years. In Nigeria, the three-year MYRP—with funding allocated to an NRC-Street Child consortium, Save the Children, and UNICEF and implemented with other partners—supports both the hard inputs necessary to respond to immediate and medium-term education access needs, as well as the technical guidance and support necessary to build the capacity of the education system more broadly. As this type of programming and the achievement of sustainable outcomes requires longer-term investments, ECW's multi-year approach is key.

Amid these encouraging developments, there is still room to ensure that quality funding is cascaded at scale to frontline responders. Each year, nearly half of humanitarian aid goes to just three UN organisations (WFP, UNHCR, and UNICEF). Focusing on the quality-funding cascading potential of UN agencies—particularly the funding they receive as lightly earmarked or that can be considered a core contribution—is key to seeing change at scale. Not only is it fundamental that **funding channelled to multilateral organisations is itself quality funding, but it is critical that these characteristics cascade from the first-level recipients to frontline responders**. This must include flexible and multi-year allocations when possible, but also efforts to reduce lengthy, burdensome, and duplicative due diligence processes to enable timelier distributions; a lightening of bureaucratically heavy negotiations when seeking approvals to adjust activities to emerging needs; and an overall reduction in reporting frequency that takes attention away from implementation.

INGOs also have a role to play in cascading quality funding when flexible and multi-year allocations are provided from back donors. INGOs should take a critical look at their partnership approaches and aim to invest in modalities—like NGO consortia and other equitable partnership approaches with local and national actors—that share the benefits of multi-year and flexible arrangements across all partners.

Accountability to affected populations

Quality funding is inherently linked to accountability to affected populations. For humanitarian response to be grounded in listening to and acting upon the feedback and perceptions of people we work with, community feedback mechanisms must run on a loop, and therefore cannot be effective if constrained to run on a short-term timeframe due to short-term funding. Participation and feedback-sharing is a process built on trust and requires time to develop. Additionally, preferences and feedback from affected populations can change over time, particularly when there are changes in the context—quality funding is an essential foundation for supporting a response to these changing needs and preferences.

In addition, humanitarian actors need time and dedicated resources to develop positive engagement with local communities and put in place inclusive structures and sustainable processes that ensure people—particularly those who may be disproportionately disadvantaged like women, girls, children, young men, persons living with disabilities and older people—can take a leading role in designing, shaping, and evaluating humanitarian responses. These processes take time to be effective and it is only through a foundation of quality funding that we can aim to be accountable to the populations we work with.

The Grand Bargain beyond 2023

While every organisation will tailor the implementation and operationalisation of quality funding to match its own opportunities and limitations—i.e., there is not a one-size-fits-all approach—building on our agreement of the characteristics and advantages of quality funding gives us a good starting point.

As the Grand Bargain moves beyond 2023, NRC looks forward to continuing its engagement with donors, UN agencies, other INGOs, and local and national actors to both promote and embody quality funding and to push forward the ambitious priorities outlined in the Quality Funding Caucus Commitments—as well as their links to other Grand Bargain priorities.

Building on the good examples already in practice, now is the time to work individually and collectively to move the needle on the issue of quality funding and bring it to scale together.