



VOICE
GRAND BARGAIN
project

Risk Workshop

Risk Sharing to reach
the 'Grand' Bargain?

Wednesday 20 March 2019
Christian Aid, London



Panel Discussion: The Grand Bargain and the issue of Risk Management

Opening remarks:

- **Graham MacKay**, Chief Operating Officer, BOND

Moderator:

- **Kathrin Schick**, Director, VOICE

Speakers:

- **Matthew Wyatt**, Head of CHASE, DFID
- **Nasra Ali Ismail**, Acting Director, Somalia NGO Consortium
- **Elena Garagorri Atristain**, Senior adviser, Donor relations, Government affairs and Fundraising, ICRC
- **Michael Mosselmans**, Head of humanitarian policy, practice and programmes in LAC, Christian Aid



After welcoming all the participants, **Graham MacKay** shared his reflections regarding the Grand Bargain and the issue of risk. Within the Grand Bargain discussion, risk remains a neglected issue. However, for organisations working in humanitarian setting, risk is inherent to the job. Understanding it is crucial. From his perspective, there is a direct link between risk, power and money, and power in this context is partly deciding where risk is held: moreover, since controlling money is controlling power, risk often cascades down to the wrong place.

This is why we observe increasing challenges for humanitarian organisations to operationalize the Grand Bargain. The increasing risk aversion from donors create disincentives to collaborating with local and national NGOs (financial constraints, compliance demand). Ultimately the collision between the localization agenda and the increasing risk aversion has distorted the INGO – NGO relationship.

In her introductory remarks, [Kathrin Schick](#) presented VOICE and the network's engagement on the Grand Bargain. VOICE members, signatories or not of the Grand Bargain are committed to the process and engaged through the VOICE GB Task Force to provide an NGO perspective regarding its implementation. This workshop, organised in the framework of the VOICE Grand Bargain project funded by the Belgium MFA, is the last one of a series of three organised in the EU. It aims at looking at the Grand Bargain from a different angle. After the Paris workshop addressing the issue of simplification, NGOs were keen to look into the issue of risk and more specifically risk management and risk transfer.

While this workshop is dedicated to the issue of risk, this panel also offers an opportunity to hear from different stakeholders where the implementation of the Grand Bargain is at. From VOICE members' perspective, the Grand Bargain remains a unique forum that tends to address longstanding issues in the sector. It has shown already some good progress. However, since many of the commitments are transformational and require technical and cultural change in the sector, the political momentum needs to be sustained to provide the necessary resources over a longer period (at least 2 to 3 years more) in order for the Grand Bargain main commitments to become reality.



Matthew Wyatt

The humanitarian system continues to save thousands of lives each year, reduces the effects of disasters and prevent famines. However, the system is not well suited to the changing nature of humanitarian needs: changing contexts, assistance provided over longer time, etc. While needs increase (global appeals are going up), the funding curve is increasing but not proportionally – therefore increasing further the funding gap. The nature of humanitarian aid has also evolved and humanitarian actors are expected to do more than before: e.g. psychosocial support, education in emergencies etc. This contributes as well to stretching the system's capacity.

The Grand Bargain is about addressing some of these issues within the system. It does focus on the right challenges: be it on cash, accountability, nexus, needs assessment. Last year the annual report showed mixed progress. From Matthew Wyatt's perspective, progress has been made this year on accountability to affected population and certainly, the attention to safeguarding has helped. Progress is also observed in relation to the needs assessment work stream. From DFID's approach, the Grand Bargain is also about fostering collaboration rather than competition. Core funding and payment by results create incentives in that regard.

For DFID, the issues the Grand Bargain aims to address remain the right ones. Whatever the forum is, there is a collective responsibility to address them and a political urgency to do it. It is crucial to keep the focus on the affected population to make sure that *'we reach those most in need with what they need most'*. Implementing the Grand Bargain commitments in the field is thus essential.

Matthew Wyatt being the only donor represented in the panel was tasked with the difficult demand to provide a donor's perspective to this issue of risk aversion.



Matthew agreed that there is a need to be honest with risk. Clarifying the different types of risks and the different owners is a pre-requisite. DFID as a donor takes important risk; most of its funding go the riskiest places in the planet. Even if MoU and contractual agreement have specific clauses to mitigate financial risk, DFID feels risky and needs to defend and justify its approach towards the Parliament. Though legally speaking the risk is transferred to contracting agencies, Matthew claimed those clauses are rarely invoked. DFID has to absorb the financial hit at times.

Following ICRC intervention, Matthew shared Elena's concern that some crises will become 'unfundable'. He argued that the community needs to be honest and transparent about the tradeoffs (reaching people or not) and generally test what it is that donors are willing to do. British parliament and public tolerance is high – but *“we do need to show that we acknowledge and manage risk well, without losing the trust for our work”*.

Nasra Ali Ismail

From Somalia, the NGO perspective is quite different. The Grand Bargain is just becoming a reality. People have now started getting familiarized with it. According to Nasra *‘our patience with the Grand Bargain has to be at the level of our ambition: transformation and systemic changes take time’*.

In Somalia, aid workers work in difficult and hard to reach areas, affected by war, conflict and crisis. Having a real conversation about risk is essential. The Somalia NGO consortia is a coalition of 95 INGOs and NNGOs and since 2016, Nasra said she sees things changing: the number of NGOs taking part of the humanitarian country teams has doubled with local NGOs gaining their seats. The Grand Bargain has been an additional incentive to think through participation and representation.

Over the last two years, ten workshops were organised linked to the GB – first outside Somalia. NGOs messages to donors were mainly around localization and funding. However, when the consortium moved the conversation to Mogadishu in partnership with VOICE and ICVA, in one workshop 43 local NGOs joined the discussion and different priorities came up: needs assessments, burden of multiple reporting compliance requirements, necessity of multiyear financing and policies for anti-corruption and risk were added to the priorities areas NGOs want to focus on.



Lately funding has increased in Somalia. UN funding and the CBPF reaches more NGOs. In 2018 approximately 47% of the Somalia CBPF funded actions undertaken by local actors and 50% towards INGOs. Donors adjusted the criteria for smaller and new actors to access the fund brooding the eligibility requirements: that was a very welcomed step allowing the humanitarian community to meet more people's needs. Funding a diversity of actors in Somalia is the only way to succeed in reaching more people. From Nasra's perspective, this is not an in-fight between INGOs and NNGOs; it is about how collectively the humanitarian community succeed in meeting people's needs. The GB offers space for donors to reflect about the system to make it more effective, and in Somalia by making it more equitable it proves to be the case.

The Somalia NGO consortium initiated a conversation on risk with its members and with stakeholders as it became clear that NGOs needed to do more to educate the communities and donors of the risk they were facing. While the initial intention was to open dialogue and exchange with the UN, the consortium realized that NGOs and UN exposures to risk and management systems were dramatically different. The consortium thus initially focused on undertaking the NGO dimension of risks mapping out the following for its members:

- To identify risk mitigation good practices and gaps as implemented by NGOs in Somalia;
- Update Risk Management Assessments (RMA) guidelines informed by international standards and recent research in Somalia;
- Propose a strategic action plan with benchmarks for the implementation of the guidelines by NGOs;
- Propose a training plan for implementation and use of the guidelines;
- Develop a baseline assessment of members against the guidelines.



From that initial mapping, the SNC can better dialogue with UN and only then request to exchange on how collectively NGOs and UN can harmonize or collaborate more readily on risk.

From Nasra's perspective, one of the biggest issues is cultural one: NGOs need to be more transparent about the risk they face, communicate more about it and take responsibility for it by investing in risk management systems. Risk is inherent to NGO work and donors should realize it and cover it in order to protect the sector but also ensure accountability to affected people.

NGOs need to speak out. When donors do not accept to finance insurance or investment in security, NGOs should be clear about the fact that this makes them more insecure and ultimately will impact services delivered to people. It is a catch-22 situation but dialogue and honest exchange about the reality of the field are important to create contextual solutions for these regions.

The Grand Bargain is an innovative way to have such difficult conversation. In Somalia, ECHO together with other humanitarian donors welcomed a group of local NGOs who are members of the consortium to discuss ways the sector can better deal with concerns and solutions for local actors. They were keen and open to such discussions under the global dialogues of the Grand Bargain. The consortium facilitates the discussion with NGOs around the donor table and some of these issues were raised. Recently that same group of NGOs has decided to create its own consortium and approach INGO who could match to partner with them on a more equal footing (i.e. sharing risk and not transferring them). The collaboration and partnership is directly linked to the Grand Bargain initiative and its work in Somalia. The Grand Bargain has been triggering very interesting conversations and possibly disruptive models. According to Nasra, 2019-2020 may see some of these new models in place that will be important to follow. Her recommendation is that the GB should not be abandoned and the dialogues continue to shape how collectively aid actors respond to changing environments and contexts. We can learn much about how each country and context has dealt with GB before closing the space down, deeming it ineffective or not useful.



Elena Garagorri Atristain

ICRC remains convinced that the Grand Bargain is a unique opportunity to improve the system in which donors, implementing agencies and the Red Cross Red crescent movement operate. Last year the annual report and annual meeting stressed that the Grand Bargain was over-managed and under-governed. For the Grand Bargain to achieve this change process there needs to be a constant political pressure and Elena Garagorri Atristain stressed the need to be collectively more tactical on how the community wants to achieve it (and avoid wasting time in nitty gritty discussions in headquarters).

For ICRC the main win to get out of the Grand Bargain is to re-gain flexibility at frontline level but in order to achieve this goal, flexibility at headquarter level is necessary. This is where the tension is. There is a contradiction between the funding conditions applying to implementing agencies and what frontline actors aim at doing: without funding flexibility, it's difficult commit to a participation revolution, without funding predictability working with communities on resilience is really challenging. Rather, funding patterns indicate that donors are keen to transfer risk and not share it. Therefore, for the Grand Bargain to be a reality, ICRC seeks to maintain the political pressure and would like to see the contradictions between the commitments and the reality being addressed.



ICRC and the Netherlands were tasked by the facilitation group of the GB and the eminent person, Kristalina Georgieva, to map out the issue of risk as it relates to the Grand Bargain. From ICRC's perspective, looking at the issue of risk is essential to achieve the Grand Bargain as it was envisaged in 2016. Each institution, each stakeholder in the Grand Bargain and beyond is looking at the issue of risk from its own perspective; seeing only its own exposure. Through this work, ICRC and the Netherlands are aiming at bringing the big picture.



However, there is a risk also in this process. Highlighting the risk humanitarian implementing agencies are confronted with, at frontline level, may lead to making those actors “unfundable” and donors further more rigid when the aim was to gain more flexibility. Talking about risk can also lead to increased risk aversion. There have to be concessions – and that is going to be difficult for all the engaged actors. This is why reviving the initial spirit of the Grand Bargain is to Elena very important.

To conclude Elena suggested 3 elements of reflections and suggestions:

- The Grand Bargain cannot be implemented in a piecemeal approach. Signatories need to work together and be better organised, including on the issue of risk;
- Honest and open conversations need to be held to move from risk transfer to risk sharing. However, it also needs to be clear that even if optimally shared there will always be residual risk (for each actor down the chain). Elena suggested thinking out of the box: can insurance cover this residual risk? Would the private sector be willing to step in?;
- Lastly, Elena proposed joining forces and looking beyond fiduciary and compliance issues. She proposed organizing missions for the parliaments, addressing the public. And she concluded *“it’s not us against the parliament. It’s a joint effort in the interests to all of us”*.



Michael Mosselmans

For Michael Mosselmans, the Grand Bargain remains a good direction to go to. Aiming at delivering better, being more participatory, gender sensitive and locally led are from Christian Aid's perspective a positive steps. However, as Michael formulated it: *'We all agree that we are not there yet. This is why we cannot let this initiative fold.'*

The localization agenda is for Christian Aid a key priority. Within the START network, Christian Aid took part to the initiative called 'Accelerating localization through partnership' whose objective was to empower LNGOs by empowering the NGO national network.



The [Charter 4 Change](#) offers an important forum to improve practices and collectively identify the way forward for localisation. It now gathers 35 INGOs and 235 LNGOs. At Grand Bargain level, Michael sees encouraging signs: IFRC and the Swiss government, as co-conveners of the localization workstream led three 'demonstrating' missions in Bangladesh, Nigeria and Iraq. The multi-stakeholder dimension of the GB, replicated in these missions, helped identifying good approaches.

In addition to the localization agenda, the Grand Bargain 'participation revolution' is equally essential. Michael referred to the ACT Alliance project: survivor led response, which put communities in the driving seat of their own recovery and response.

From Michael perspective, donors have the opportunity to influence change in the system. They need to incentivise the application of the Grand Bargain.

As signatories reached the third year of implementation, Michael reflected on the main challenges he has identified:

- There is an issue of lack of trust in INGOs particularly in complex emergencies. This was clearly reported during the demonstrating missions in Bangladesh and Nigeria;
- The impact (and risk) of reputational issue have a direct effect on NGO like Christian Aid fundraising capacity. A reduction of private funding means that less can be done on partner capacity building;
- Local and National NGOs find it difficult to attract funding for human resources out of project implementation phase. Staff retention and development is a real issue but this also affects NGOs capacity to prepare for and run audit or communication activities following project closure. NGOs would like donors to finance such additional costs that would contribute to learning, development and better quality of programming.

Risk is another challenge for the humanitarian community. At government level, there are real conflicts between the humanitarian department and others departments in charge of audit, compliance but also sanction, counter-terrorism agenda. As each department follows its own agenda, certainly for fair and motivated reasons, this generates inconsistency and challenges which INGOs and other partners are confronted with.

The moderator Kathrin Schick took the floor and shared perspective on the evolving concept of risk. While lately for INGOs the focus has been mainly on fiduciary and security risks, legal and compliance risks are growing in importance (linked with the increasing attention to counter-terrorism and the impact of sanctions on humanitarian aid delivery in the field). Reputational risk is equally becoming more prominent. Information and data breach and loss (plus GDPR) are new issues to deal with. Overall, risk is coming higher up the agenda with a much wider concept and definition. The InterAction studies (the first one released in 2016 and the second just recently published – see below) offer useful overview of what the issue of risk entails and where it applies. These studies also provide very concrete and useful recommendations for the different actors of the humanitarian community.



The Grand Bargain 2018 annual reporting exercise, Victoria Metcalfe, ODI

In the afternoon session, Victoria Metcalfe from Overseas Development Institute (ODI), shared few remarks on the annual reporting process. Signatories to the Grand Bargain have received a new template for this year reporting exercise.

The main objective with this new template is to shift reporting from activities to outcomes – for ODI to be able to capture what the GB is doing for its signatories. ODI, on behalf of the Facilitation Group, is aiming at collecting better quality data in order to identify where concrete and tangible achievements are.

In the Autumn 2018, based on last year annual report and meeting, a prioritisation exercise was undertaken at workstream level: 11 core commitments were identified and a set of indicators developed. Since this is the first year signatories need to report against those indicators, Victoria understands that this can be a challenging exercise.

Within the narrative part of the reporting template, signatories have the opportunity to present strategic view on the GB that complements the detailed data on each commitment that will be provided in the Excel spreadsheet. For ODI and signatories, this reporting template is expected to make progress easier to identify in a more readable and digestible manner.

ODI organised webinars to help signatories fill in their template. The deadline for submission of the report was set on the 23rd of March 2019. Interviews will then be scheduled to clarify or deepen the report. ODI first complete draft independent report is to be submitted to the Facilitation Group in the end of April.

The annual Grand Bargain meeting will take place on the 27th of June 2019 – on the margin of the annual ECOSOC Humanitarian affairs segment.



Workshop sessions

In the afternoon three workshops were organized.

NGOs and Risk: Managing uncertainty in Local-International Partnerships

Lindsay Hamsik, Senior Manager, Humanitarian Policy, InterAction

During this workshop, Lindsay presented to the participants the newly released report: *'NGOs and Risk: Managing Uncertainty in Local-International Partnerships'*. This report examines how risk is perceived and managed in partnerships between international and national NGOs working in humanitarian response. It follows from the 2016 report *'NGOs and Risk: How international humanitarian actors manage uncertainty'*, which was also produced by InterAction and Humanitarian Outcomes.

In humanitarian emergencies where access is limited and risk is high, people's ability to obtain vital assistance often depends on partnerships between national and international aid organizations. In recent years, driven by the Syrian conflict, significantly larger portions of international humanitarian aid have been implemented through and alongside national and local entities.

However, humanitarians often face countervailing pressures that complicate these partnerships, including:

- Intensifying financial scrutiny
- Legal constraints
- Repercussions for losses in highly volatile and high-risk environments



These challenges create obstacles to effective and quality partnerships. Growing demand for international-local partnerships, increasing humanitarian needs around the world, and deepening risk aversion distorts partnership dynamics, resulting in greater risks and hindrances for humanitarian delivery.

The report presents the findings of an 18-month study that examined how risk is perceived and managed in partnerships in high-risk settings. Accompanying the report are two case studies that take a closer look at partnerships and risks in northeast Nigeria and South Sudan.

Download the report here: <https://www.interaction.org/wp-content/uploads/2019/03/Risk-Global-Study.pdf>



Grand Bargain annual independent report: focus group discussion hosted by ODI

Victoria Metcalfe, Research Associate, Humanitarian Policy Group, ODI

Having been commissioned by the Facilitation Group again to conduct the Grand Bargain's annual independent report (third annual report), ODI is now collating data to inform its analysis of the progress made and remaining challenges of the Grand Bargain. The methodological approach remains largely the same as in previous years but building on its conclusions from the second annual report, ODI has been asked to focus on what results or outcomes the signatories have achieved thus far and whether these have brought about long-term system-wide change. In this regard, ODI took the opportunity of the workshop to solicit views of VOICE members and colleagues. Specifically, ODI discussed with participants of the workshop the following questions:



- What are the 2-3 key achievements or outcomes of the Grand Bargain since 2016?
- To what extent have or will these lead to long-term system-wide change?
- What challenges remain? How can these best be addressed?

Input from this workshop session as well as discussions of the day will inform ODI analysis and upcoming annual independent report.

Identifying and reducing risks associated to a Nexus approach hosted by VOICE

Celia Cranfield, Senior Advocacy Officer, VOICE

Vincent Stelhi, Director of operations, Acci3n Contra el Hambre Spain

The Grand Bargain Nexus work stream has been closed last year. Signatories were asked to mainstream nexus commitment throughout the other work streams and are asked to report against those within their annual reporting. In parallel, the EU is rolling out its nexus approach in 6 pilots countries. VOICE is proposing through a study and field workshop in Myanmar to provide an NGO perspective and contribution to that piloting exercise.

In this break out session, participants were first asked to identify the existing risks NGOs are confronted with when programming through a nexus approach. And in a second step, a brainstorming exercise was proposed in order to reflect on how best to address and mitigate those risks and what an enabling environment looks like.



The following risks were identified:

- Potential risk of instrumentalisation of aid & risk of the nexus to be used to legitimise political agendas
- Impact on the capacity for humanitarian actors to remain principled and be perceived as such
- Risk in terms of security: how to coordinate with military and other actors?
- NGOs also question what the definition of the triple nexus is? Who defines it? Will NGOs get a definition of peace imposed on them?
- The following operational risks and challenges were mentioned:
- Timescale: how to adjust short and long term vision (and how to deal with short, medium and long-term expected results)?
- Will the nexus bring sufficient flexibility?
- The lack of understanding and common language between actors engaged in the nexus: more clarity on roles and complementarity is needed
- Planning and coordination mechanisms are not aligned and not equally inclusive (e.g.: Humanitarian Country Teams are inclusive, development coordination is rarely). How will the nexus approach impact humanitarian needs assessment processes?
- There's a power balance issue between the development sector vis a vis humanitarian one.
- The current funding environment and architecture at EU level does not enable a nexus approach.



Participants suggested the following mitigation measures and recommendations:

- The context should drive the response: adopting a people and community perspective to define what the nexus should aim at.
- To foster accountability to affected population, NGOs and other actors should be encouraged using the CHS
- More staff training and awareness raising on conflict sensitivity and 'do no harm' principle are needed
- Clarity on roles and mandates within coordination mechanisms should be sought and development coordination be more inclusive
- Within the Grand Bargain – find a space to discuss risks and needs of a nexus approach
- Engage with donors to identify in the current funding architecture where existing flexibilities are to fund nexus oriented programmes.
- NGOs should maintain a healthy level of caution in engaging in a triple nexus approach and advocate for a definition of this third pillar.



Final Plenary Session

Dominic Crowley, VOICE President, shared his closing remarks. He insisted on the opportunity that the Grand Bargain offer to make meaningful changes to the way in which humanitarian aid is funded and delivered. It is an agreement of great – but yet unrealised – potential. Dominic reacted to Matthew’s comments about the challenges of grasping the ‘high-hanging fruit’. “It is one thing to do the easy things – to pick the ‘low-hanging fruit’ - to have some quick wins for the process. It is quite another to address the deeper challenges. But we should not shy away from doing so simply because these ones are hard to grasp. Indeed, it is precisely because they are hard that we should grasp them.” Regarding the issue of risk, Dominic reinforced ODI and InterAction’s interventions and highlighted the importance of collecting and gathering evidence from practitioners. Risk is broad, complex and changing and “if the ambition of the Grand Bargain is to be realised, we must address the nature of risk in its many manifestations”.

Dominic concluded on the important role and engagement of the NGO community on the Grand Bargain and experiences to share in relation to risk management and risk sharing. “We look forward to the next Grand Bargain meeting in Geneva, and the upcoming ODI report, and hope that they both will provide clear and actionable recommendations in relation to these issues.”

[Read here Dominic Crowley’s closing remarks.](#)



VOICE stands for 'Voluntary Organisations in Cooperation in Emergencies'. VOICE is a network of more than 80 non-governmental organisations (NGOs) active in humanitarian aid worldwide. VOICE is the main NGO interlocutor on EU humanitarian affairs and disaster risk reduction and it promotes the values of humanitarian NGOs.

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