



How much are people involved in decisions that affect them?  
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# The Grand Bargain

## Challenge or opportunity for the shelter sector?

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### Introduction

This chapter reviews global trends in shelter and settlements needs in the context of the recently launched aid effectiveness initiative the Grand Bargain,<sup>1</sup> and its goals agreed at the 2016 World Humanitarian Summit.<sup>2</sup> For many, the Grand Bargain is considered a summary of the current priorities of major humanitarian organizations. This chapter explores whether the Grand Bargain can be a friend to the shelter and settlements sector; whether it will improve support; or whether proactive advocacy may be required to prevent its recommendations from causing harm, including where processes become oversimplified, or where the opportunity for technical discussion with donors is reduced.

### Humanitarian funding for shelter and settlements

Funds are the fuel for humanitarian action. Over the past 15 years, the international humanitarian budget has increased by a factor of twelve.<sup>3</sup> Yet recent United Nations humanitarian appeals have fallen short of their targets by as much as 38 per cent.<sup>4</sup> At the same time, the task of supporting

vulnerable households has increased in complexity, but funding instruments are yet to reflect the best practices of humanitarian action. Funding for the recovery of shelter and settlements following crises is a current example of this.

Over the last two decades the shelter and settlements sector has undergone a paradigm shift, from focusing on 'objects' such as tents and houses, to supporting a broad set of activities that foster participation, ownership, tenure, protection and livelihoods. Shelter and settlements needs are still highly visible, the results of assistance can be highly tangible, and opportunities for reducing risk are regularly available. Despite this, the short-term costs per capita can be perceived as higher than those of other sectors.

Alongside this shift, the sector has encountered impediments, such as very short project timeframes, deadlines that do not align with construction seasons, and lower funding than other sectors.<sup>5</sup> Short timeframes can lead to temporary shelter being provided in places where permanent recovery could have started immediately. Misaligned timelines often disrupt the flow of human and material resources due to seasonal changes, while a lack of funding

can lead to a disproportionately small number of households being supported, and opportunities to support local markets and rebuild the national economy are missed.

### Donor accountability

The Grand Bargain was agreed at the 2016 World Humanitarian Summit. It was initiated by a report to the UN Secretary-General from the Inter-Agency Standing Committee (IASC) High-Level Panel on Humanitarian Financing, put forward by the IASC Financing Task Team, as a response to the unmet funding for UN humanitarian appeals.<sup>6</sup> This funding shortfall doubled from an average of US\$4 billion annually in 2011–13, to US\$8 billion in 2014–16. The report proposed three ways to close this gap: reduce risks in order to reduce the scale and number of disasters that occur; broaden the resource base by encouraging new donors; and deliver programs more efficiently.<sup>7</sup>

For the most part, the Grand Bargain repeats and emphasizes some of the principles of the Good Humanitarian Donorship initiative, which was launched in 2003 and is still active.<sup>8</sup> It adds, however, new types of operational commitment, tying donors to more tightly prescribed actions. This represents a departure from previous aid-effectiveness efforts, which measured success primarily against high-level principles.<sup>9</sup>

The Grand Bargain is a welcome advance in donor accountability. The high-level aspiration of the original report, ‘no one having to die or live without dignity’, is consistent with humanitarian principles.<sup>10</sup> It is important to note, however, that the purpose of the Grand Bargain is to improve the efficiency of the humanitarian system. While this may bring some humanitarian benefits on the side, efficiency is neither the same as, nor equal in importance to, successful humanitarian support. The shelter and settlements sector, with its perceived high costs per capita, must be alert in a climate of shrinking and reducing funding, to ensure that shelter and settlements needs are not disqualified as being too expensive to fund.

### The goals of the Grand Bargain

The 24 member states and 35 humanitarian organizations that signed the Grand Bargain committed themselves to ten goals. Here, each is discussed in relation to supporting humanitarian shelter and settlements needs.

#### 1. Greater transparency

The main task under this goal is to strengthen the International Aid Transparency Initiative.<sup>11</sup> This could benefit the shelter and settlements sector if it encourages the compilation of data disaggregated by sector – something that donors, the UN and NGOs have not systematically produced. In the past it has been difficult to demonstrate the scale of shelter and settlements needs to justify investment, or to assess investment against the humanitarian results achieved. Data disaggregated by sector could be a useful advocacy tool for raising the profile of shelter needs and attracting more appropriate investment.

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

The focus here is to build the capacity of local and national responders. The ability of the sector to respond at scale has long been a challenge, so on a basic level an increase in sector capacity must be welcome. As for most sectors, it is likely that this approach will be more successful in countries where there are frequent crises and continuing programmes in preparedness, risk reduction and peace-building. Such programmes tend to be few in the shelter and settlements sector, however, which is rarely a strategic sector of development programming for donors; indeed, some donors have specifically identified construction programmes as an area they will not fund.<sup>12</sup> So this goal presents an opportunity for shelter and settlements organizations to advocate for building capacity in areas where there are gaps, rather than directing all new funding to building up established programmes.

Most of the new funding under this work stream, however, currently goes to pooled funds,

which are not traditionally a good source of income for shelter and settlements programmes. The competition between sectors in the allocation of pooled funds often leaves the sector with a disproportionately small share in comparison to its demonstrated needs.<sup>13</sup>

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

Cash programmes have been used for shelter and settlements recovery for many years. Conditional cash transfers have been used for phased construction and rental payments, and multipurpose cash used to support host families. While one aspect of this goal is to 'increase the use of cash', the type of cash transfer is not specified. This is good news for a sector where the most appropriate cash modality varies. Multipurpose cash payments may work in situations where households prioritize shelter over debt, health and food security, or where cash is traditionally used to procure shelter. In these situations, secure handling would be required for large sums of money, and markets would need to be working. Usually few of these conditions are met, however, so conditional cash is required. In contexts that require a high level of technical expertise to mitigate the effects of severe hazards such as earthquakes, and where phased construction is required to allow for specialist monitoring, a combination of cash and technical advice may be more appropriate. It has sometimes been a challenge to have this more nuanced message heard against the promotion of multipurpose cash, because it embodies the principle of beneficiary choice. The sector may need to resist the push to 'increase the use of cash'<sup>14</sup> in contexts where cash is not customarily used to procure shelter materials or technical advice, at least not in the quantity required following humanitarian crises.

Half of the commitments under this goal aim to identify best practice, develop standards and guidelines, and build the evidence base. These may provide opportunities to balance the two goals of beneficiary choice and technical quality.

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

This goal's main activity significant for shelter and settlements is the UN's joint procurement initiative, aimed at avoiding competition among agencies for scarce material supplies. During large emergencies, bottlenecks have occurred as different agencies try to procure shelter materials from the same suppliers. All agencies have the same deadline for their orders, so it is difficult for suppliers to prioritize. Suppliers have often resorted to substituting lower-quality goods to meet demand, and to raising prices while demand is high. This is one example of the Grand Bargain 'efficiency' goals highlighting more complex operational dynamics. Often the problem is a lack of suppliers to provide goods of sufficient quality, rather than poor coordination. Stockpiling is one way to avoid these pitfalls, for example the humanitarian staging area set up ahead of the 2015 Nepal earthquakes, managed by the International Organization for Migration (IOM). Joint procurement could expedite recovery if these stockpiles were opened up to a wide group of implementing partners. An alternative example of improved efficiency is where donors have shared their own stockpiles directly with implementing partners, for example the UK Department for International Development's work with the IOM after the Haiti earthquake of 2010. As well as streamlining administration, this ensured a consistent quality and flow of non-food items, which local markets at the time could not provide.

### **5. Improved joint and impartial needs assessments**

This goal focuses on improving the quality and coordination of data. Increased sharing of data and the coordination of assessments should be of great benefit to the recovery of shelter and settlements, given the critical links to other sectors such as water, sanitation and hygiene; camp management; and protection and livelihoods – particularly in urban areas.

The sector must be alert, however, to the risk that consolidating large amounts of data for joint

needs assessments might lead to a reduction in the questions asked and data gathered per sector. Shelter and settlements needs are often reduced to the number of damaged buildings; nuances such as market analysis, tenure needs and spatial uses are lost. When needs assessment data is used to calculate the cost of recovery, this can result in an extremely crude measure, usually based on multiplying the average cost of building a new house (which typically increases drastically with inflation following a crisis) by the number of damaged buildings.

A further risk is that joint needs assessments do not guarantee proportionate funding between sectors; there are widespread concerns that inter-agency competition for funding will continue to obstruct better data-sharing and collaboration in assessments. Figures for shelter and settlements can suffer in any process where sectors are competing for funding, due to the perception of a high per capita cost.

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

The bulk of commitments under this goal deal with community feedback, which has been developing in the sector for some time. Perhaps the most beneficial for those with shelter and settlements needs is for donors to ‘fund flexibly to facilitate programme adaptation in response to community feedback’. For the shelter and settlements sector, although household feedback during the process is essential, the crucial moment for participation is right at the start, so that affected families can help shape the response. If this commitment can promote flexibility for the response design to change quickly after funds have been approved, it could remove the need to commit rigidly to exact unit costs, materials or tenure types in initial response proposals that later become impediments to meeting changing needs. It remains to be seen whether this creates earlier opportunities for community-led approaches, under which design takes longer to crystallize,

such as settlement approaches (see Chapter 13) and the Participatory Approach for Safe Shelter Awareness (PASSA).

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

While multi-year humanitarian funding (MYHF) is included in the Grand Bargain goals primarily because it is believed to significantly reduce procurement costs, it can also foster medium-term planning between the humanitarian and development sectors. Due to the length of time needed to recover shelter and settlements after crises – usually years rather than months – MYHF is one of the most important funding instruments for the sector.

Since 2014 the UK’s Department for International Development has conducted some encouraging pilots using this instrument in protracted conflicts. While the European Community Humanitarian Office and the US Office of Foreign Disaster Assistance have also become willing to discuss initial response grants of more than a year, it remains to be seen whether donors will commit to MYHF immediately following disasters in the same way. Recent research has shown that the time needed to recover from earthquakes, for example, is at least five years, yet the trend in humanitarian funding is still an incremental process of short-term funding for a maximum of one year at a time, or less.<sup>15</sup>

While most of the 22 donors who signed the Grand Bargain have reported activities enabling increased multi-year financing, sometimes they are simply making larger allocations to pooled funding arrangements, rather than expanding short-term funding instruments, and the smooth administration of MYHF has yet to be realized. It is likely to take some time for donors to align funding with multi-year planning, due to the relationship between humanitarian budget lines and their wider organizational structures. For the full benefit of MYHF to be felt by communities affected by crises, implementing partners must also adapt their internal systems to let the

funding flow, to avoid ‘stop–start’ programming. For example, some administration processes require organizations to release money on an annual basis, despite donors providing multi-year funding; this can halt programming for several months.

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

A key concern for the shelter and settlements sector is earmarking according to response phase, for example ‘emergency’, ‘recovery’ and ‘reconstruction’. This often prevents the process of providing shelter from proceeding smoothly and, in the worst cases, leads to responses designed around short-term goals when longer-term goals could provide better value for money. For example, temporary solutions such as tents might be distributed en masse in situations where materials and labour are available for reconstruction to start immediately.

One drawback of un-earmarked funds is that sectoral allocations must be negotiated within implementing organizations, rather than sector teams having a direct technical conversation with a donor via a specific response proposal. Organizations that balance their funding across a range of sectors may not welcome extra internal negotiating. A further drawback is that donors may assume they have covered specific aspects of a response, such as sectors, when sometimes they have not. It is then difficult to advocate for funding to be directed towards under-funded activities.<sup>16</sup>

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

For shelter and settlements practitioners, the advantages or disadvantages of simplified reporting requirements will depend on the kind of information required. At its best, donor reporting encourages a dialogue with donors on technical matters, which can be helpful because donors employ generalist humanitarian staff rather than sector specialists. At its minimum, donor reporting becomes a one-way financial

accounting exercise, and a group of institutional donors recently stated that their reporting requirements are derived mainly from a need to be accountable to their governments for the use of funds. Such reporting, though necessary, does not allow for the same level of dialogue, nor an opportunity to document the detail required for adequate institutional learning. The sector has an opportunity to influence here by contributing to the pilot project of a common reporting template, in Iraq, Myanmar and Somalia until April 2019.<sup>17</sup>

### **10. Enhance engagement between humanitarian and development actors**

This goal was officially mainstreamed in March 2018 on the basis that the humanitarian–development nexus is a cross-cutting issue to be integrated into other work streams, such as needs assessments and MYHF.

The priorities of this goal included shrinking humanitarian needs, securing new funding, plus shared risk analysis so that humanitarian and development aims are aligned. Work streams focused on finding durable solutions for refugees, social protection systems and disaster risk reduction.

## **Conclusion**

At this early stage, the Grand Bargain is a step forward in donor accountability. It provides a platform from which to advocate for system-level changes to remove certain impediments to meeting shelter and settlements needs after crises. The most positive goals for the shelter sector appear to be ‘Greater Transparency’, where better-quality information about the sector could be used to raise its profile; the ‘Participation Revolution’, which could shape a more responsive design process; and the ‘Increase in Multi-Year Humanitarian Funding’, which could lead to more realistic timelines for the entire recovery process. Goals such as ‘Support to Local Responders’ and ‘Harmonizing Reporting’ also offer clear advantages for the

sector, such as greater capacity and opportunities to discuss technical priorities. The remaining goals will require involvement and advocacy by actors in the shelter and settlements sector and

their champions in donor agencies, to ensure that the Grand Bargain's overarching aim of efficiency does not lead to unintentional negative impacts on those with shelter and settlements needs.

- 1 Agenda for Humanity (nd) *Initiative Grand Bargain*. [www.agendaforhumanity.org/initiatives/3861](http://www.agendaforhumanity.org/initiatives/3861).
- 2 Agenda for Humanity (2016) *World Humanitarian Summit 2016*. [www.agendaforhumanity.org/summit](http://www.agendaforhumanity.org/summit).
- 3 Donations recorded by the United Nations Office for the Coordination of Humanitarian Affairs. C Lattimer and S Swithern (2017) *Global Humanitarian Assistance Report 2017*. Development Initiatives Ltd. <http://devinit.org/wp-content/uploads/2017/06/GHA-Report-2017-Full-report.pdf>.
- 4 High-Level Panel on Humanitarian Financing (2016) *Report to the Secretary-General: Too Important to Fail – Addressing the Humanitarian Financing Gap*. United Nations.
- 5 The lack of funding sometimes occurs because initial appeals include only 'emergency shelter'. See for example the Flash Appeal for the Haiti Earthquake 2010, comparing food aid with shelter: United Nations (2010) *Haiti Earthquake 2010 Flash Appeal*. Office for the Coordination of Humanitarian Affairs, New York and Geneva. [www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/Flash\\_2010\\_Haiti\\_SCREEN%20R.pdf](http://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/Flash_2010_Haiti_SCREEN%20R.pdf).
- 6 High-Level Panel on Humanitarian Financing (2016).
- 7 The High-Level Panel on Humanitarian Financing defines efficiency as more flexible funding, greater transparency and cost-consciousness.
- 8 Good Humanitarian Donorship (2018) *About GHD*. [www.ghdinitiative.org/ghd/gns/home-page.html](http://www.ghdinitiative.org/ghd/gns/home-page.html).
- 9 For example, Organisation for Economic Co-operation and Development (2018) *Paris Declaration and the Accra Agenda for Action*. [www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm](http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm).
- 10 Such as International Federation of Red Cross and Red Crescent Societies, and International Committee of the Red Cross (1994) *Code of Conduct for the International Red Cross and Red Crescent Movement and Non-Governmental Organizations (NGOs) in Disaster Relief*. [www.icrc.org/eng/resources/documents/publication/p1067.htm](http://www.icrc.org/eng/resources/documents/publication/p1067.htm).
- 11 The International Aid Transparency Initiative. [www.aidtransparency.net](http://www.aidtransparency.net).
- 12 For example, Comic Relief.
- 13 See United Nations (2010) on Haiti, and United Nations Development Programme (2015) *Flash Appeal for Response to the Nepal Earthquake April–July 2015*. United Nations Office for the Coordination of Humanitarian Affairs. [www.undp.org/content/undp/en/home/librarypage/climate-and-disaster-resilience/-un-nepal-earthquake-flash-appeal.html](http://www.undp.org/content/undp/en/home/librarypage/climate-and-disaster-resilience/-un-nepal-earthquake-flash-appeal.html).
- 14 Under the Cash work stream of the Grand Bargain, Commitment 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'; and Commitment 6: 'Aim to increase use of cash programming beyond current low levels, where appropriate. Some organisations and donors may wish to set targets.'
- 15 Stephen Platt studied the speed of recovery from ten different earthquakes between 1994 and 2011, based on recovery indicators of access, housing, schooling, livelihoods, power, safety, amenity, ecology and economy. S Platt (2017) 'Factors affecting the speed and quality of post disaster recovery and resilience recovery'. In R Rupakhetly et al (eds) *Earthquake Engineering and Structural Dynamics in Memory of Ragnar Sigbjörnsson: Selected Topics*. Springer, Switzerland, pp. 369–403.
- 16 Examples include funding the Global Shelter Cluster, where un-earmarked funds are provided to an implementing partner and then allocations are made internally.
- 17 NGOs wanting to participate in the country-level pilots of the reporting approach should contact Jeremy Rempel: [Jeremy.Rempel@icvanetwork.org](mailto:Jeremy.Rempel@icvanetwork.org).

# Partnerships

## Improving shelter programming through collaboration

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Recovering from a humanitarian disaster, and meeting people's shelter and settlement needs, require partnerships between a variety of disaster-affected groups, including donors, civil society, utility and service providers, government and non-government organizations, the private sector, and beneficiaries. This is especially true in cities and towns, which have dense populations and complex social structures, and are home to half of all the world's people.

### The Grand Bargain

Partnership lies at the heart of the Grand Bargain, the agreement that resulted from the World Humanitarian Summit in 2016 (see Chapter 7 for a discussion on this). Indeed, that 'an agreement between more than 30 of the biggest donors and aid providers'<sup>1</sup> exists at all is testament to extensive consultation among all parties to that process. In particular, the Grand Bargain promotes partnership at the local level: providing local ownership; harnessing local expertise; empowering beneficiaries by greater use of cash transfers; increasing participation by disaster-affected people and including them in decision making; and stronger collaboration between development and humanitarian agencies.

### Leading the way

Until recently, donors and their international partner agencies have taken the lead, shaping disaster response, recovery and development programmes with varying degrees of involvement by beneficiaries. Policies have been linked to the interests of individual donors, in some cases limiting what can be achieved. Furthermore, the variety of donor funding requirements, monitoring, and performance stipulations has overwhelmed some response organizations seeking support from many sources.

Partnerships between donors can significantly reduce complexities when providing a rapid response if, for example, they take a similar approach to shelter and settlement programming. If donors share their shelter and settlement policies and methodologies for immediate response, recovery, disaster risk reduction and development, their technical, material and process positions can be fully understood by everybody before a disaster occurs. These matters include preparedness and pre-positioning; cash approaches and support to markets; non-food item standards and in-kind support; and speed and duration of response.

Pre-disaster collaboration in which donors state their political, regional or other preferences can be used to develop proportionate and appropriate global responses. Where donors take on regional responsibilities, they can hold other donor partners in reserve as backup, or act as channels for shelter and settlement funding from numerous sources. Where donors work together to make the best of global disaster resources, response coverage is likely to be wider, and programmes more predictable and consistent. Working collaboratively helps smaller donors, or those that are limited in what or where they can fund, to carve out roles that contribute to shared shelter and settlement efforts. This kind of openness provides opportunities to work more closely with the Global Cluster, in order to provide more dependable, timely and efficient assistance. Partnerships can make it possible to identify gaps in funding and to take remedial action. Donors might also be persuaded to focus on niche elements of response (where appropriate), to develop class-leading shelter and settlement expertise.

### Sharing the way

An important emphasis of the Grand Bargain is that national stakeholders must be involved, and that international stakeholders must continue to build effective partnerships with them. Donors, and their international implementing partners, need to create incentives for local and national responses, and cooperate fully with communities as equal peers. It is also important that they are *seen* to be doing this. Investing in building capacity among beneficiaries (including representative organizations) can lead to enduring relationships that increase long-term effectiveness and efficiency. This type of preparedness can help avoid competition among donors for shelter and settlement implementing partners when they are in short supply.

This requires donor programmes to be flexible, adaptable, transparent, fair, respectful and innovative. This may mean, for example, funding national shelter partners to procure short-term management capacity, or providing technical and administrative expertise or subcontracted services to avoid organizations in a large-scale response being overwhelmed. Investments to manage post-disaster surge should be made before disasters strike, to support long-term organizational resilience and capacity building. This will require devolved approaches that build and respect implementation and leadership capabilities in communities that are vulnerable to disasters, including representative response agencies and private sector organizations.

## Beneficiary participation

Beneficiaries are potentially strong advocates and lobbyists for national and local support, and are also good communicators of community information. Mobile phones have changed the way information is generated and shared, helping beneficiaries plan for, and respond better to, emergencies. Distribution of cash, regular household surveys, easier access to markets, and negotiating competitive deals for materials are examples of beneficiaries playing active roles in meeting their own needs. Beneficiaries will become increasingly important in determining what happens, and in raising delivery standards.

Beneficiary authorities and communities are ideally placed to describe their own needs, and may best understand how to survive disaster shocks and protect their homes, belongings and livelihoods. They should participate in risk assessments before disasters, and in post-disaster impact and needs assessments. As essential participants in disaster risk reduction, they are able to anticipate the impact of threats, thus strengthening their ability to respond appropriately and take responsibility for what they do. They are uniquely placed to identify disaster recovery needs and to respond accordingly. For this reason donors' processes for assessing and approving funding requests must be flexible enough to include beneficiaries' contributions to all phases of preparedness and response.

## Conclusion

Understanding the constraints, incentives, needs and opportunities of *all* groups involved in a disaster response is essential. Shelter and settlement programmes have a strong bearing on people's health, wellbeing and protection, and therefore offer unique opportunities for collaboration. Grand Bargain commitments should create enduring and inclusive partnerships. These will enable those people who have the most to gain – victims of conflict and naturally triggered disasters – to shape the programmes and services that will help them recover.

<sup>1</sup> Agenda for Humanity (2016) *Initiative Grand Bargain: Summary*. United Nations Office for the Coordination of Humanitarian Affairs. [www.agendaforhumanity.org/initiatives/3861](http://www.agendaforhumanity.org/initiatives/3861).

