

GRAND BARGAIN JOINT STATEMENT ON EFFICIENCY MEASURES IN RESPONSE TO THE HUMANITARIAN FUNDING CRISIS

JUNE 2025

The humanitarian sector is facing unprecedented challenges. The recent funding cuts sent shockwaves across an already overstretched system, disrupting the delivery of lifesaving aid and creating a cascading and knock-on effect on aid organisations, particularly local and national actors. These developments undermine our collective ability to assist affected populations we aim to serve, risk the reversal of hard-won efficiency gains and almost a decade of progress on Grand Bargain commitments.

Given the impact of the financial crisis, the Grand Bargain Signatories identified the need to take action to safeguard principled and needs-based humanitarian assistance, empower local partners, and protect key functions that are at the core of humanitarian action. This Joint Statement aims at advancing these objectives in the spirit of the *quid pro quo* and articulates urgent measures that are anchored in the Grand Bargain commitments that the undersigned donors and aid organisations have agreed to implement in 2025 and 2026. These measures also intend to build on and reinforce the priorities set out in the ERC's "Humanitarian Reset" reform initiative.

COLLECTIVE MEASURES

We acknowledge that increasing the efficiency of humanitarian response at this crucial moment is a shared responsibility. We collectively identify the need to shift towards a system that incentivises collaboration over competition; advance localisation and participation; as well as increase funding flexibilities and reduce requirements.

We recognise that risk-sharing between different actors has become even more important and will therefore aim to apply the risk-sharing principles, developed under the auspices of the Grand Bargain, in existing partnerships to manage risks more effectively and efficiently.

We agree that the achievements made in humanitarian assistance over the past decades must be upheld and that we will need to work together to safeguard core programs and functions which may be at risk of being deprioritised. This includes preserving protection and gender programming and expanding the use of cash assistance.

While this Joint Statement aims to increase efficiency and effectiveness in the immediate term, broader structural and systemic reforms remain necessary, and we will continue to engage in those. This might include working towards a system that is less fragmented with actors, who collaborate more closely through consortia, streamlined funding instruments, and reduced conditionalities.

We also recognise the primary responsibility of governments to ensure that the needs of its people are met, and that our interventions should support and work with existing national systems, whenever possible. As the humanitarian sector is focusing on assisting those in the most severe circumstances, greater collaboration with national governments, development actors and the private sector is vital to ensure that we leave no one behind.

This Joint Statement builds on existing Grand Bargain commitments and does not in any way replace our individual responsibility to implement them. We remain committed to advancing

the Grand Bargain 3.0 objectives in line with the Implementation Agenda 2024-2026 and reaching the agreed overall targets on localisation and flexible funding.

SPECIFIC MEASURES

WE, AID ORGANISATIONS, WILL COORDINATE TO ACHIEVE A LEANER, PEOPLE-CENTRED AND MORE EFFICIENT HUMANITARIAN RESPONSE.

Through the “Humanitarian Reset” and internal restructuring initiatives, we will:

- Prioritise humanitarian responses based on the severity of the needs of affected people, with institutionalised consultations to identify communities’ priorities for our collective action (planning, coordination, financing) and accountability.
- Promote coordination structures that enable co-leadership of local actors, which are context-specific, and built around the needs, priorities and capacities of communities, including area-based coordination, streamlined clusters, or other approaches. HCs and HCTs will be held accountable for delivering against priorities identified by affected people, agreed through a consultation and validation process.
- Significantly increase funding to our local partners including through modalities that promote inclusivity and locally led action, such as local intermediaries and locally led pooled funds.
- Provide at least 70% of Country Based Pooled Funds’ (CBPFs) resources, globally to local and national actors including women-led and women-rights organisations.
- Increase the use of cash in the system by 5% for 2026 (beyond current level of 23% globally). Multipurpose cash will be prioritised whenever appropriate, feasible and with local actors fully involved.
- Incentivise a humanitarian funding model that does not rely on pledging conferences or agency specific emergency appeals by limiting such events only to acute crisis or major developments, and consolidating appeals to donors to the extent possible.
- Adopt a common approach to compliance and reporting requirements including passporting and mutual recognition of due diligence and eligibility processes, streamlining oversight requirements for local partners in line with the principles of risk sharing, and consistently using the 8+3 template.

WE, DONORS, WILL COORDINATE TO ENABLE STRATEGIC DECISION MAKING AND ENHANCE THE QUALITY OF HUMANITARIAN FUNDING.

We will meet at the Director level in the fall of 2025 to coordinate our funding priorities for 2026, and leverage all existing platforms (agency-specific donor support groups, the Good Humanitarian Donorship as well as country-level dialogues), in order to:

- Significantly increase predictable funding to UN/RCRC/NGO-led pooled funds, in particular, locally led pooled funds.
- In 2026, jointly secure at least 15% of HRP funding for CBPFs that can demonstrate progress towards stronger coordination, more equitable partnerships, and more inclusive, sustainable and locally led action.¹

¹ The signatories of this statement recognise that the 15% should not preclude a broader agreement between donors, the ERC and the IASC Principals on a more ambitious global target for all pooled funds in the framework of the Humanitarian Reset initiative.

- Through the Donor Support Groups, ensure collectively that 30% of mandated organisations' budgets are covered by *unearmarked/core contributions* or *softly earmarked* funding (i.e., targeting specific regions or programs), to preserve the system's normative and coordination capacity.
- Prioritise the use of modalities that provide flexibility within *earmarked* contributions including pre-positioned funding, rapid response mechanisms/emergency funds, program-based and strategic partnerships models as well as country earmarking in consultation with partners, while striving to move towards more softly earmarked funding.
- Embed flexible arrangements in contracts with our partners by integrating crisis modifiers, providing pre-financing, upfront funding, and/or allowing provisions for reprogramming.
- Incentivise the implementation of agreed commitments on the role of intermediaries to support a shift towards more equitable partnerships with local partners.
- Agree on collectively reducing overall donor requirements for 2026, by drawing on each other's partner assessments and audits, and widely adopting simplified reporting formats such as 8+3, where relevant.

ACCOUNTABILITY

To ensure accountability for the implementation of this Joint Statement, we agree that progress will be monitored through the Grand Bargain's existing accountability mechanisms, such as the Grand Bargain Self Reporting, the Annual Meetings in 2025 and 2026, and the Independent Report in 2026. We will work with these mechanisms to the best of our abilities, providing the best possible data.

In addition, we will explore with the Grand Bargain National Reference Groups in the seven focus countries if they can play a role in assessing the implementation of this Joint Statement in their context and to share feedback at the Grand Bargain Annual Meetings in 2025 and 2026.

ENDORSERS (AS OF 22 JULY):

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|-------------------|---------------------|
| • THE NETHERLANDS | • DENMARK |
| • NORWAY | • GERMANY |
| • ICVA | • NRC |
| • NEAR | • SAVE THE CHILDREN |
| • UNICEF | • BELGIUM |
| • WFP | • INTERACTION |
| • IFRC* | • CRS |
| • SWITZERLAND | • THE UK |
| • A4EP | • OXFAM |
| • IRELAND | • CARE |

* Regarding the specific measures for aid organisations bullet point 6: *Recognizing the unique nature of the International Red Cross and Red Crescent Movement (the Movement) and notably its Statutes and the Principle of Independence, the Movement will retain its own complementary but separate funding, accountability and reporting lines.*