C4C Quality Funding Practice Paper 2026

Quality Humanitarian Funding Revisited

Background

Discourse within the humanitarian system tends for the most part to lean towards a narrow definition of quality funding based on three principal characteristics: flexible, predictable, and multi-year.

This belies a broader understanding of quality funding as evidenced in multiple but often overlooked policy frameworks of a much-fragmented humanitarian system. This broader understanding is integral to realising ambitions to transform power relations in humanitarian action and maximise the autonomy of local decision makers on the front line of crisis response. In the context of concerns over declining humanitarian funding, emphasis on quality funding which is integral to the efficient and effectiveness of humanitarian response, has added significance.

The purpose of this short brief is to elevate visibility of the wider set of agreed characteristics that underpin the concept of quality funding. ***Nothing presented here is new or even contested.*** For ease of presentation, each of these criteria are presented independently, but all are interdependent, and supported where relevant by good practice identified amongst donors, intermediaries, and local and national humanitarian actors. They apply to all who are responsible for, enable, and support the resourcing of the humanitarian system.

Characteristics of Quality Funding

TIMELY: It is widely recognised that early action, including anticipatory action, can save lives, livelihoods, and protect development gains. In doing so, it reduces humanitarian needs and by extension, saves costs. Depending on context, resulting returns in savings on humanitarian response and early recovery can be multiple times the cost of original investment. Timely funding, an expectation under the Core Humanitarian Standard, also demonstrates a shared sense of urgency and solidarity in times of need. Despite this, by the end of 2025, the UN coordinated global humanitarian appeal was only 35% funded. Funding available for anticipatory action reached 1% of total humanitarian assistance, with 0.3% released to act on warnings (Global Humanitarian Assistance Report 2026). Failure to provide timely funding is unconscionable, even more so when the potential humanitarian impacts of crisis are forewarned. Funding delayed is assistance and protection denied.

ACCESSIBLE: Quality funding does not re-enforce power inequalities in the humanitarian system by unjustly marginalising and excluding access by specific groups. Discriminatory access to funding is an injustice frequently highlighted by local and national actors, with Women Led Organisations (WLOs) and organisations of persons with disabilities (OPDs) particularly disenfranchised. Recommended good practice abounds to promote better access to financing including publishing calls for proposals in locations and languages accessible to all, tailored eligibility requirements, restricted calls for specific groups, and inclusive governance and decision-making forums that determine the award of funding (Guidance note for donors: Promoting inclusive and locally-led action through humanitarian pooled funds, 2024).

LOW ADMINISTRATIVE BURDEN: The Grand Bargain acknowledges that humanitarian funding accompanied by reduced transactional costs reduces undue demands on crisis affected communities and front-line responders. This increases the proportion of time and funding directly available to address needs. This has encouragingly driven efforts to promote multi-year funding and limit and streamline excessive and often duplicative accountability requirements such as due diligence exercises, needs assessments, and reporting requirements. While some progress has been made, consensus and balance to date between on the one hand upstream accountability obligations to taxpayers, parliamentarians, and auditors, and, on the other, downstream accountability to front-line responders and crisis affected communities, largely remains elusive. These are not mutually exclusive. The Red Cross / NGO Code of Conduct explicitly states that we hold ourselves accountable to ***both*** those from whom we accept resources and those we seek to assist.

However, in practice, that prioritisation of the former creates resource draining high administrative demands for the latter and adds weight to the charge sometimes made that the humanitarian system remains colonial, patriarchal, and racist in its approach to partnership with local actors.

DIRECT AS POSSIBLE: The ambition for funding as direct as possible was envisaged in the 2016 Report of the High-Level Panel on Humanitarian Financing as a means to shorten the humanitarian funding chain from donor to end user. Funding as direct as possible in principle improves cost-effectiveness by reducing bureaucracy as well as transactional costs, which in saved time and money contribute to better outcomes for people in crisis. This is articulated in the context of the Grand Bargain itself as a means to provide more support to local actors and is reaffirmed in the Outcome Document of the Grand Bargain Caucus on Quality Funding in the context of multi-year funding which it is acknowledged should be "as close to direct delivery as possible". Grand Bargain accountability mechanisms infer quality in this regard means no more than one intermediary such as INGOs, consortia, or pooled funds.

TRANSPARENT: Transparency in humanitarian funding, based on the *Do No Harm* principle, allows everyone to "follow the money" by provider, intermediary, end recipient organisation, and location. It is an important demonstration of accountability that promotes trust and confidence in, and within and across, the humanitarian system. Transparency also informs and enhances the quality of decision-making reducing risk of wasteful duplication and critical gaps in the use of resources. It is integral to being able to monitor organisational and collective progress on the Grand Bargain target of funding as directly as possible to local and national actors. Some progress has been made in reporting the flow of funds via now long-established digital platforms, namely OCHA's Financial Tracking Service (FTS) and the International Aid

Transparency Initiative (IATI). Greater investment in modernisation of organisational systems and practices to benefit from rapidly evolving digital information management systems provides greater opportunity to improve transparency.

SUPPORTS COST RECOVERY: Direct and indirect costs are an intrinsic part of programme delivery as in any business model. Making provision in full for such costs incurred by intermediaries and local and national actors in the humanitarian financing chain is a responsible practice. It avoids unmet and even deferred legitimate expenses which when incurred threaten the capacity and sustainability of humanitarian actors. Local and national actors are especially exposed to additional unanticipated costs on the front line in high-risk operational environments. Growing numbers of donors and intermediaries now have policies on sharing indirect cost recovery, though the rates those policies permit and the amounts local partners actually receive remain far below the costs they carry (How underfunding local organisations' overheads undermines humanitarian action, 2026). Progress in this regard was a specific expectation of the Grand Bargain Caucus on the Role of Intermediaries in Humanitarian Action and the IASC Guidance on the Provision of Overheads for Local and National Actors developed by UNICEF, Oxfam and Development Initiatives. The slow pace of system wide progress is indicative of reluctance to shift power and resources envisaged under the localisation agenda.

FLEXIBLE: Flexible funding, a guiding principle of the Good Humanitarian Donorship initiative, is the lifeblood of humanitarian operations. It enables speed and agility in decision making, hence shortened reaction times in anticipating, preparing for, and responding to humanitarian needs, and ultimately contributing to better outcomes for crisis affected populations. The granting of flexible funding, which in its truest form is entirely flexible and does not require pre-approval processes, is also an explicit demonstration of trust between donors, intermediaries and end recipients based on mutual accountability that underpins the Grand Bargain. This accountability must be respected by all stakeholders and visible throughout the humanitarian financing chain. To local and national actors, flexible funding importantly demonstrates in practice commitment by donors and intermediaries to transform power relations in the humanitarian system. It strengthens organisational capacity to work across the triple nexus, especially in situations of protracted crisis, by enabling resources to be redirected in time, location, and activity as needs and priorities demand rather than being trapped in a cycle of rigid project-based approaches.

STRENGTHENS LOCAL CAPACITY: Acknowledging and investing in the capacity of local actors leads to efficiency gains while also promoting local ownership, strengthening civil society more broadly, and specifically strengthening local capacity to prevent, prepare for, and respond to future shocks and crises. The Inter Agency Standing Committee (IASC) recommends that institutional capacity strengthening for local partners should occur before, during and after a crisis, emphasising its continuous nature. It also recommends that it should be considered not merely as a support cost, but as an integral part of the response strategy to support more inclusive participation and decision making within humanitarian coordination structures and enhance reach and quality of response. Such an approach therefore strengthens the whole of the humanitarian system and creates a stronger platform for responsible and accountable transition of international actors. Resourcing of capacity strengthening of local actors should be guided by their needs and locally appropriate ways of learning in collaboration with development partners.

PREDICTABLE: Despite it being one of the most widely referenced characteristics of quality humanitarian funding, the original Grand Bargain makes ***no*** specific reference to predictability. In the Grand Bargain Caucus on Quality Funding, it relates to the predictability of tranches to be paid within the framework of multi-year funding only. Regardless, its relevance remains true and simple in any context. Predictable financing provides a "time horizon" enabling decision making and planning in the use of resources now and in the future across a range of scenarios. It provides a platform for business continuity, cash-flow management, informed risk taking, leveraging of co-funding, and brokering of strategic partnerships. Its absence, especially in times of increasing austerity and waning commitment to ODA, represents to those on the front line of crisis response a vulnerability and threat, a failure to commit, a questioning of solidarity, a betrayal of equitable partnership.

MULTI-YEAR: A preferred model of funding which promotes efficiency and effectiveness, multi-year funding of 24 months or more also contributes to predictability. In addition, it reduces time and administration costs consumed by the pursuit of short-term funding which itself carries a high-administrative cost, and avoids the constant demands and inefficiencies of repeated short-term planning cycles. It enables not just longer-term but better planning, including nexus-based approaches, focused on improved outcomes for crisis affected people rather than short-term outputs. In this regard, multi-year funding demonstrates recognition and appreciation for the reality that change, especially transformative change, requires time and patience. It strengthens organisational sustainability of recipients and avoids the weight of uncertainties associated with the end of one funding contract and the start of another during which programme continuity is lost and institutional capacity is undermined as staff leave in search of more secure employment. When negotiating procurement contracts, it provides financial leverage to secure value for money based on economies of scale.

DOES NO HARM: Central to humanitarian action is the principle of *do no harm* which is inherent and crosscutting to all of the characteristics of quality funding referenced herein. The Grand Bargain Caucus on the Role of Intermediaries highlights in particular the risk that local actors can be unintentionally harmed by the nature of their relationships with donors and intermediaries. Delayed funding and hence delayed humanitarian response leads not only to poorer outcomes for crisis affected people, but it can also compromise long-established and hard-won legitimacy and respect of local partners in the communities they serve amongst the population at large, peers, and local authorities. Donor demands for visibility or unnecessary information on programme participants can undermine their dignity and protection, while also undermining the perceived neutrality and independence and hence acceptance of humanitarian response and those that provide it. The award of donor funding only to, or predominantly to, large INGOs can negatively impact the space, role, and capacity of local and national actors.

SHARES RISK: Humanitarian action is challenged by diverse risks such as insecurity, access constraints, and budget cuts, which complicate and frustrate effective aid delivery. Such risks demand strong risk management practices. However, a unilateral organisational approach to risk management based on protecting self-interest common in the commercial sector does not translate well to an interdependent humanitarian system driven by ambition for shared outcomes for people in crisis. It can result in transfer or generation of new, unmanageable, and even unacceptable risk for other actors, especially local and national actors on the front line of response in high-risk environments. The IASC Risk Sharing Framework states that risk sharing in the humanitarian sector should be understood as "a reasonable sharing of the burden of preventative measures and reasonable sharing of responsibility for materialising risks." This requires contractual funding agreements which provide safe space for open and non-punitive dialogue to collectively assess risks, as well as equitable distribution of the costs of preventing and absorbing risks.

PRINCIPLED: Humanitarian assistance is guided by the principles of humanity, impartiality, neutrality, and independence. Assistance should be provided wherever it is found on the basis of need without distinction and without taking sides in hostilities. It must be autonomous from political, economic, military, or other objectives. These principles are re-enforced in the Red Cross / NGO Code of Conduct. However, concerns of increased politicisation of humanitarian aid by donors in an increasingly competitive and multipolar world threaten to undermine these principles. Humanitarian funding should not be used as a crisis management tool. It must not be diverted from one crisis to another, and it must be safeguarded from the effects of foreign policy and security tools such as sanctions and counter-terrorist measures through humanitarian exemptions. Such tools cause legal, financial, security and reputational risks for intermediaries and local humanitarian partners alike leading to over-compliance and de-risking.

CONCLUSION

As outlined in the introduction to this brief, none of the characteristics of quality funding highlighted in this document are new or contested. It is hoped that increased attention and adherence to these characteristics will shift emphasis from a narrow framing of quality funding to a more holistic new "north star" based on already collectively agreed solutions to greater efficiency and effectiveness of humanitarian response. Derived from consensus amongst donors and intermediaries, and enabling of locally led humanitarian action, they offer a much under-recognised, though not new, consensus and, ultimately, better outcomes for crisis affected communities.

Table of documents from which characteristics of quality funding are derived

CHARACTERISTICS OF QUALITY FUNDING

Reference Documents	Timely	Accessible	Low Administrative Burden	Direct as Possible	Transparent	Supports Cost Recovery	Flexible	Strengthens Local Capacity	Predictable	Multi-Year	Does No Harm	Shares Risk	Principled
Principles of Good Humanitarian Donorship	✓						✓	✓	✓				✓
2016 Report of High Level Panel on Humanitarian Financing		✓	✓	✓	✓		✓	✓		✓			
Grand Bargain		✓	✓	✓	✓		✓	✓		✓			
Grand Bargain Caucus on Quality Funding - Outcome Document	✓		✓	✓	✓			✓	✓				
Grand Bargain Quality Funding - One Pager						✓	✓		✓	✓			
Grand Bargain Political Caucus to Scale up Anticipatory Action - Problem Statement and Caucus Strategy	✓												
Grand Bargain Caucus on Funding for Localisation - Outcome Document		✓		✓	✓								
Grand Bargain Caucus on Role of Intermediaries - Outcome Paper Towards Co-Ownership					✓	✓		✓			✓		
Overhead Cost Allocation in the Humanitarian Sector - IASC Research Report						✓							
Strengthening Participation, Representation, and Leadership of Local and National Actors in IASC Humanitarian Coordination								✓					
Risk Sharing Platform: Risk Sharing Framework												✓	
Country-based Pooled Funds Global Guidelines	✓	✓		✓			✓	✓				✓	✓
Core Humanitarian Standard	✓			✓							✓		✓
Charter4Change		✓			✓	✓		✓					
Red Cross / NGO Code of Conduct													✓

If your organisation has best practice examples of quality funding which you would like to share to inspire change in practice, please email (c4c-advocacy@dgroups.io).

This brief was written by Calm Byrne of Trócaire on behalf of the Charter for Change Advocacy Working Group. Thanks to all the Charter for Change endorsers and signatories for their collaboration, inputs and expertise in forming this collection of good practices relating to quality funding.

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