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Independent Review of Individual Donor Assessments in Humanitarian Operations

REVIEW REPORT
NOVEMBER 2020

Conducted by Global Public Policy institute

GPPi

GLOBAL PUBLIC POLICY INSTITUTE

Independent Review of Individual Donor Assessments in Humanitarian Operations

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FINAL REPORT
November 2020

COMMISSIONED BY UNHCR & THE GOVERNMENT OF JAPAN

UNHCR
The UN Refugee Agency

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Acknowledgments

This review was commissioned by UNHCR's Division of External Relations and conducted by the Global Public Policy Institute (GPPi) with financial support from the Government of Japan. UNHCR and Japan are the co-conveners for the Grand Bargain workstream "Reduce Duplication and Management Costs with Periodic Functional Reviews." It is based on an analysis of data provided by OCHA, UNHCR, UNICEF, WFP, and the ICRC.

The review's steering committee was composed of four donor government representatives (from Canada, Japan, the United Kingdom, and the United States) and four agencies (ICRC, InterAction, UNICEF, and UNHCR). The committee provided feedback to deliverables during the course of the review. Management of this project included Hiroko Araki and Stylianos Kostas on behalf of UNHCR and quality assurance was provided by Christine Fu and Joel Kinahan from the UNHCR Evaluation Service.

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Executive Summary

At the 2016 World Humanitarian Summit, humanitarian organizations and some of their largest donors signed the so-called Grand Bargain, a comprehensive agreement that aims to increase the efficiency and effectiveness of humanitarian action. Commitment 4.5 specifically seeks to increase "the proportion of funding used for the direct benefit of affected people." Toward this end, signatories agreed to "reduce individual donor assessments."

This report summarizes the results of an independent review that collected evidence on and analyzed the effects of donor assessments conducted between 2016 and 2019 across five humanitarian organizations: OCHA, UNHCR, UNICEF, WFP, and the ICRC (hereafter referred to as "agencies").[1] Assessments conducted or commissioned by donors include: 1) financial audits and verifications; 2) assessments and reviews of governance structures, systems and processes as well as comprehensive performance assessments; and 3) programmatic evaluations and monitoring exercises.

The report analyzes trends in the volume of formal assessments, captures practices around informal assessments, investigates whether there were overlaps between assessments, and explores why donors choose to conduct so many different assessments in the first place. Moreover, we evaluate how assessments have affected the humanitarian work carried out by different agencies and their cooperating partners. The independent review aims to inform donors and agencies about the progress that has been made when it comes to reducing the number of individual donor assessments and formulates recommendations to help meet Grand Bargain commitment number 4.5.

The review team collected data on the volume of donor assessments and studied the content of these assessments. In addition, we interviewed more than 116 representatives from different donor governments, the five humanitarian agencies that are the subject of this review, as well as their local and international NGO partners at both the headquarter and country levels. The analysis also includes three country case studies: Afghanistan, Uganda and Yemen.

Key Findings

1 **The volume of donor assessments has more than doubled since 2016.**

Data showed that the number of formal donor assessments has more than doubled between 2016 and 2019, with numbers increasing every year. While 2016 saw 62

1 UNHCR commissioned the review and the Government of Japan financed it. They are also the co-conveners of Grand Bargain work stream number 4 ("Reduce Duplication and Management Costs with Periodic Functional Reviews").

assessments, a total of 127 assessments were conducted in 2019. The data also shows that only two donors – the European Commission and the UK Department for International Development (DFID) – were responsible for 93 percent of all assessments reported for the period between 2016 and 2019, while providing only 19 percent of all the funding that went to those five agencies. Other major donors either maintained a light approach to formal assessments or have further reduced their frequency since 2016. In addition, all agencies reported a high number of informal donor assessments, such as frequent non-standardized information requests or monitoring missions at field level.

2 Joint donor assessments remain the exception and are unlikely to increase.

Only 2 percent of all donor assessments were jointly conducted by two or more donors. The main reason for this is that most assessments are project-related and therefore very specific. Most assessments have little thematic overlap, fulfil different purposes, and follow different project-specific timelines. Thus, under the existing reporting practices, widespread harmonization of the content of such assessments is unlikely. Yet, opportunities for joint assessments do exist – in particular with regard to broader institutional assessments. These also offer opportunities for donors to rely more on the results of existing assessments conducted by other donors or entities.

3 A number of reasons drive donors to conduct (more) assessments.

All donors interviewed for this review explained that their need for "domestic accountability" – for instance to lawmakers, national oversight bodies or citizens – requires them to seek assurance. A growing domestic skepticism about multilateral action in some key donor countries has been a particularly important factor driving up the volume of donor assessments. To minimize their own exposure to risk, these donor governments aim to collect more information about the use of their financial contributions to humanitarian agencies. Demand for donor assessments in these countries will therefore likely remain high or even increase further, irrespective of the level of financial contributions these governments actually make. Other factors driving different donor assessment practices include donors' own "humanitarian cultures," their administrative capacities for oversight, and their perception of agencies' internal oversight systems. While many agencies have extensive oversight structures in place and also embarked on strengthening internal oversight over the past years, different donors perceive their oversight performance differently. Some donors deem agency oversight to be insufficient to substantially lower the amount of assessments they conduct. The agencies influence these perceptions through their own efforts to create more transparency and build trust. A history of (alleged) incidents such as fraud cases can also affect perceptions of performance.

4 Donor assessments increase administrative costs, but they also offer opportunities for learning and change.

In general, agencies recognize the reasoning behind donors' demands for accountability and are willing to meet them. The main pain point is the additional staff time that is required to support the multitude of formal donor assessments as well as to respond to additional requests for assurance. Procedural inefficiencies on both the donor and the agency side exacerbate the workload. Ill-designed donor assessments can also strain the relationship between the agency and the donor. On the positive side, donor assessments sometimes create opportunities for learning and are at times instrumental for unlocking organizational change.

5 **Secondary effects of donor assessments on agencies' downstream partners are largely untraceable.**

NGOs operating as downstream partners reported that they are facing more assessments from their partner agencies than in previous years and perceive them as more extensive than necessary. Assessment practices of UN agencies also come with inefficiencies and redundancies, such as duplicative requests from different agencies. Moreover, NGOs highlighted that agencies often expect local NGOs to meet the same reporting standards as international NGOs with more resources and bigger capacity. However, the review team could not determine a direct link between donor assessments and those of the agencies. We did find that contextual factors, such as the local circumstances in a project country, individual working relationships, and differences between national and international NGOs, affect how UN agencies assess their implementing partners.

Recommendations

To achieve tangible progress on commitment number 4.5 – including a substantial reduction in overall management costs – donors and agencies must address the political dimension that drives the trend toward more assessments. This will require measures aimed at sharing risks more between donors and agencies and building greater trust. Moreover, they should improve technical aspects around the design and management of assessments.

To support these efforts, the review makes four main recommendations addressing these dimensions.

Table 1: Summary of Recommendations

To donors and agencies: Share risks, build trust and foster learning.	Donors should adopt risk-sharing policies to better balance risks between donors and agencies.
	To encourage learning, donors should – as a rule – share assessments with assessed agencies and provide space for a management response. Agencies should proceed similarly with their own downstream partners.
	Agencies should continue to improve the scope and quality of their internal oversight.
	Agencies should rigorously implement compliance-related key performance indicators.
	Agencies should engage in confidence-building activities with donors by proactively sharing information on their internal oversight.

To donors: Improve the design and implementation of assessments.	Donors should exclude requests for assurance on broad organizational aspects in project-oriented assessments. Donors should lighten the burden of institutional assessments by using assessments by the Multilateral Organisation Performance Assessment Network (MOPAN) or relying – as much as possible – on either internal agency audit/ oversight reports or previous institutional assessments conducted by other donors. Donors should establish risk-based criteria for triggering assessments. Donors should establish and ensure consistent assessment standards.
To agencies: Improve the management of assessments.	Agencies should create an assessment backstopping/coordination unit at HQ level if such or comparable structures do not yet exist. Agencies should create a central repository holding their oversight and compliance documents. Agencies should limit duplicative assessments of their downstream partners and design them as a tool for accountability and learning.
To donors and agencies: Utilize all opportunities for joint assessments.	The European Commission, the UK and MOPAN should cooperate to determine aspects of their pillar reviews, central assurance assessments and MOPAN assessments that allow for cross-reliance. Donors and agencies should jointly determine under which circumstances donor assessments can be shared with other donors and then proactively share reports among all actors.

1. Introduction

In 2016, the signatories of the Grand Bargain set themselves the goal to "increase the proportion of funding used for the direct benefit of affected people" (Grand Bargain commitment number 4) by reducing management costs across the humanitarian system. As a part of this commitment, donors specifically vowed to "make joint regular functional monitoring and performance reviews and reduce individual donor assessments, evaluations, verifications, risk management and oversight processes" (Grand Bargain commitment number 4.5).[2]

However, according to the independent annual Grand Bargain reports that monitor progress on all Grand Bargain commitments, little has actually happened in this area. The first independent Grand Bargain progress report covered the year 2017 and stated that "there is an evident reluctance to move to joint performance reviews and to reduce assessments." The review for 2018 explained that "the lack of progress against this core commitment is undermining the collaborative spirit that underpins the whole framework." And the most recent report on the developments (or rather: lack thereof) in 2019 noted the same as in the years before: "there has been scant progress on core commitment 4.5."[3] Compared to the progress achieved on other Grand Bargain commitments – for instance on the goal to simplify and harmonize donor reporting (commitment number 9) – collective efforts on the commitment to reduce the number of individual donor assessments clearly tail behind. Why is that?

Scope and Design of the Review

This independent review maps and analyzes the volume of donor assessments across five major humanitarian organizations: OCHA, UNHCR, UNICEF, WFP, and the ICRC (hereafter referred to as "agencies"). The aims of the review are: a) to inform donors and agencies about current assessment practices; b) to provide further evidence o n the extent and effects of donor assessments since 2016; and c) to provide recommendations for reducing the number of individual donor assessments in order to meet Grand Bargain commitment number 4.5. The review was commissioned by UNHCR and financed by the Government of Japan, the two co-conveners of the relevant Grand Bargain work stream.

2 Australian Aid et al. (2016) *The Grand Bargain – A Shared Commitment to Better Serve People in Need*. Istanbul, Turkey.

3 GPPi (2017) *Independent Grand Bargain Report*; ODI (2018) *Grand Bargain annual independent report 2017*; ODI (2019) *Grand Bargain annual independent report 2018*; ODI (2020) *Grand Bargain annual independent report 2019*.

Five overarching questions have guided the review team's analysis:

1. Has the volume of donor assessments across OCHA, UNICEF, UNHCR, WFP, and the ICRC increased from 2016 to 2019? If so, by how much?

2. Are there any significant overlaps between donor assessments? What opportunities exist for joint assessments?

3. Why do donors conduct (a growing number of) assessments and how do donor assessments relate to the agencies' internal oversight mechanisms?

4. What effects do (more numerous) donor assessments have on the assessed agencies?

5. What effects do donor assessments have on agencies' partnerships with implementing partners?

The review was designed as a desk-based study and draws on document reviews, analysis of assessment data, and interviews with donor, agency and NGO representatives at both the headquarter and country levels. In addition, it includes three country case studies to determine the effects of assessments on the five agencies, and to identify potential knock-on effects on their NGO partners at the country level. The three country cases under review are: Afghanistan, Uganda and Yemen. The review team selected them based on different assessment volumes and their variations in the humanitarian context. The review does not cover project-specific reporting practices or donors' oversight activities when working directly with NGOs.

The review uses a broad definition of "donor assessment," which has been validated by the review's steering group.[4] It includes: 1) audits and verifications assessing financial statements or spending on a particular program or from a particular funding contribution conducted or commissioned by donors; 2) assessments and reviews analyzing the scope and quality of governance structures, systems and processes; and 3) evaluations and monitoring exercises conducted or commissioned by donors assessing specific programs, projects or policies.[5] Such donor assessments can be conducted or commissioned by one or several donors (including individually, jointly or on behalf of other donors). They can also be undertaken at different corporate levels (including at the country, regional or headquarters level, by a single operational unit or country office, or as thematic assessments). Moreover, they can be conducted at different moments in time (including ex-ante, ex-post, periodically, or as regular updates) and have different levels of formality (including highly structured assessments as well as more informal and variable approaches).

4 The review's steering committee consisted of four donor government representatives (Canada, Japan, the UK, and the US) and four agency representatives (from the ICRC, InterAction, UNICEF, and UNHCR). The committee provided feedback on the deliverables over the course of the review.

5 This definition is in line with Grand Bargain commitment number 4.5, which lists "functional monitoring and performance reviews," "evaluations," "verifications," and "risk management and oversight processes" when referring to individual donor assessments.

Methodological Approach

The review builds on three main sources of information:

1. **Semi-structured interviews:** The review team interviewed a total of 123 representatives from: agencies (OCHA, UNHCR, UNICEF, WFP, and the ICRC); select donors conducting a high number of assessments as well as donors conducting only few or no assessments; and national as well as international NGOs. Out of these 123 interviews, 60 were done with agency staff either working at headquarters or in Afghanistan, Uganda or Yemen. Interviewees were selected either based on recommendations from agency focal points or through additional requests for interviewees from the review team. A total of 26 donor representatives were interviewed following inquiries by the review team for the most suitable experts. We also conducted interviews with 31 staff members from 25 different NGOs, based on a selection of international NGOs and national NGOs partnering with UNHCR, UNICEF or WFP in the three case study countries (Afghanistan, Uganda or Yemen). In addition, we interviewed six additional experts on donor assessments. All interviews were informed by interview guidelines prepared ahead of time and tailored to the specific groups of interviewees, and carried out under the explicit agreement that information will not be attributed to interviewees – neither personally nor to their organizations. Annex A provides a list of all interviews conducted for the purpose of this review.

2. **Analysis of assessment data provided by agencies:** The review team analyzed information on donor assessments provided by the five agencies and covering the period from 2016 through 2019. All agencies were asked to submit a complete list of donor assessments that were conducted at the HQ, regional or field levels between 2016 and 2019. The review team cross-checked the data and complemented it by including additional assessments such evaluations or reviews from national oversight institutions if they were publicly available and not included in the list of assessments the agencies had already provided. The different types of data were combined into an assessment database, cleaned to remove non-fitting entries, categorized across different criteria, and subsequently filtered to create descriptive statistics for further analysis. Annex B provides a description of the data management process and its limitations.

3. **Document reviews:** This stage of the research included, among others, a detailed analysis of assessment documents such as terms of reference, assessment guidelines and reports, agency policies on internal oversight as well as independent reviews and evaluations analyzing donors' oversight practices regarding their international partners. Most documents served as background information as well as to deepen or triangulate information gained from the interviews. The review team also conducted an in-depth comparison of three extensive donor assessments to determine differences and similarities.

Quality Assurance

The review was carried out by a joint independent review team consisting of reviewers from the Global Public Policy Institute (Alexander Gaus, Marie Wagner and Julia Steets) and the University of Konstanz (Steffen Eckhard and Vytautas Jankauskas). Drafts of the review report underwent internal peer review by Philipp Rotmann (associate director at the Global Public Policy Institute).

At three points in time – during the inception phase, at the mid-point of the review and when preparing the final draft of the review report – the review team integrated additional feedback from agency focal points as well as the review's steering group.

Limitations and Mitigation Strategies

The review team faced a number of challenges while conducting the review.

- Delays on the side of some agencies in providing assessment information and identifying interviewees was the most critical challenge. While the review team both continuously reminded agencies about missing information and proactively identified interview partners, this nevertheless derailed the initial timeline of the review.

- A second challenge the team encountered early on in the review process was a decision by OCHA to discontinue its participation in the review due to limited staff capacity and more pressing demands resulting from the COVID-19 pandemic. While the review team was able to include data on assessments provided by OCHA prior to this decision and also conducted one interview with several OCHA representatives, further interviews with OCHA staff were not possible. As a result, the review almost entirely lacks OCHA's experience with and perspective on donor assessments.

- A third challenge were delays in scheduling interviews. Most requests for interviews fell right into the period that saw the strictest lockdowns imposed by governments to stem the spread of the COVID-19 pandemic. This disrupted many workplace processes and UN agencies as well as the ICRC were no exception. With the additional workload of responding to increased humanitarian needs caused by the pandemic, interviews for the purpose of this review were at times difficult to schedule. Over time and for most groups of stakeholders, however, the review team was able to conduct the minimum number of interviews foreseen in the approach paper. Oftentimes, we even surpassed that threshold. Nonetheless, it remains a limitation of the review that the evidence the review team collected is not as extensive as initially expected.

- A fourth limitation relates to the accuracy of the information received through expert interviews and data analysis. Ultimately, the validity of the review hinges on the quality of data provided by the agencies as well as an accurate description of the impact of assessments on agencies and their downstream partners by agency and NGO staff. Both a "confirmation bias" (i.e., overstating negative assessment effects due to prejudices held against donor assessments) and a “recency bias” (i.e., overstating more recent assessment experiences due to limited knowledge about past processes) could potentially skew interviewees’ perceptions of assessments and consequently impact our analysis. To mitigate this, the review team always sought to rely on views from multiple interviewees from the same agency or NGO, and to use interviews as well as information from the document and data analysis to triangulate and validate interviewees’ perceptions.

Most of these challenges were expected and outlined as possible limitations in the approach paper, alongside suitable mitigation strategies. The review team thus addressed the challenges accordingly.

2. Assessment Volumes Across OCHA, UNHCR, UNICEF, WFP, and the ICRC

What was the total volume of donor assessments across OCHA, UNHCR, UNICEF, WFP, and the ICRC from 2016 to 2019? To answer that question, this section summarizes our analysis of the quantitative data on formal donor assessments and further provides Grand Bargain signatories with a granular analysis of the scope and types of assessments conducted by donors.[6] In addition, the section discusses informal assessments, such as frequent information requests or monitoring actions. Overall, six findings stand out:

- **Number of assessments:** The number of formal donor assessments has increased every year from 2016 to 2019;
- **Assessment origins:** Two donors, the European Commission and the UK's Department for International Development (DFID), are responsible for 93 percent of all reported formal donor assessments that fell into the evaluated period;
- **Distribution of assessments:** The volume of formal assessments is unevenly distributed between OCHA, UNICEF, UNHCR, WFP, and the ICRC;
- **Location of assessments:** Two thirds of all formal donor assessments that occurred between 2016 and 2019 were conducted at the country level;
- **Types of assessments:** Two specific types of formal assessment, "verifications" by the European Commission and "due diligence assessments" by the UK's DFID, drove up the total volume of assessments;
- **Informal assessments:** Apart from these formal assessments, agencies are facing a variety of frequent informal requests for information to further assure donors.

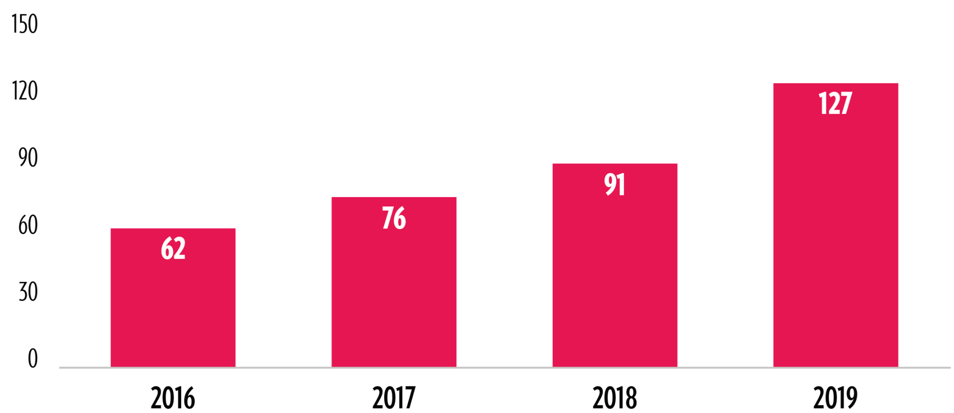
Interviews with donors and agency representatives confirmed these six findings and validated the robustness of the data analysis.

6 The quantitative data that formed the basis for the analysis summarized in this section covers donor assessments conducted between 2016 and 2019. However, contrary to what is suggested by the definition of donor assessments used in this study, it excludes monitoring missions and informal assessments due to a lack of data. Annex B provides a description of the data sources, the data cleaning process, and the limitations of the data.

Number of Assessments: The Overall Quantity Has More Than Doubled Since 2016

The review team collected information on 416 donor assessments conducted between 2016 and 2019. After cleaning the data (see Annex B for further details), a total of 356 donor assessments, including assessments conducted by national oversight institutions, remained in the dataset that was subsequently analyzed. A breakdown of the number of donor assessments for each year reveals a clear upward trend (see Figure 1).

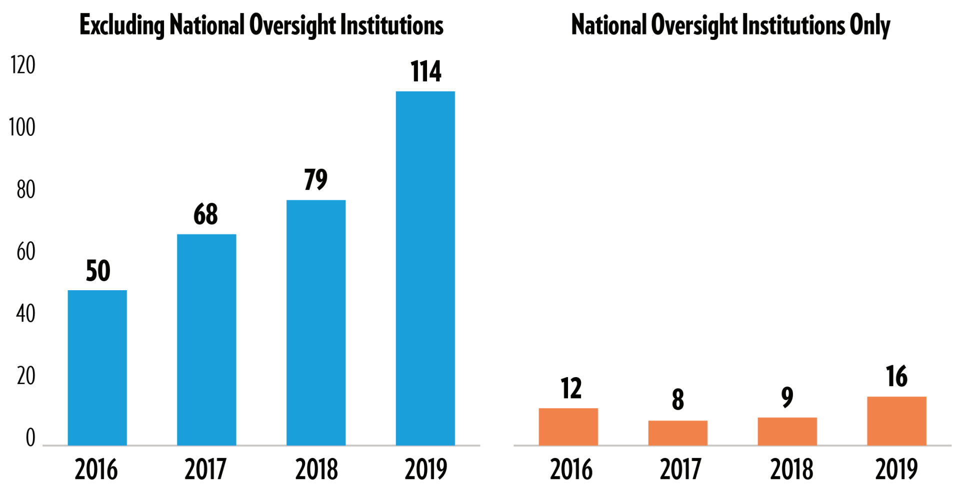
Figure 1: Overall Quantity of Donor Assessments (Including National Oversight Institutions)



Each year, the volume of assessments has increased by between 20% and 40% as compared to the previous year, leading to a more than 200% increase in donor assessments between 2016 and 2019. Between 2018 and 2019, the growth in the number of assessments was particularly steep. A more detailed breakdown of the data shows that this continuous increase was driven both by the formal assessments completed by donor agencies as well as audits and reviews from national oversight entities (Figure 2 on the next page).[7] The growth in the number of assessments from national oversight institutions from 2018 to 2019 – which expanded from 9 to 16 audits and reviews in a year's time – contributes to the overall marked increase in formal assessments in 2019.

7 In the assessments by national oversight institutions (e.g., U.S. Government Accountability Office, UK National Audit Office, European Court of Auditors), the respective donor country entities focus directly on government organizations and only indirectly (as downstream partners) on the agencies.

Figure 2: Breakdown of Donor Assessments by Donors and National Oversight Institutions per Year



Assessment Origins: Two Donors Conduct Most of the Formal Assessments

A breakdown of the formal assessments conducted shows that two donors are responsible for the overwhelming majority of these assessments. Excluding assessments conducted by national oversight institutions, the European Commission (through its different Directorate-Generals) and the UK's DFID are jointly responsible for 93% of all donor assessments examined in this review (Figure 3). Between 2016 and 2019, DFID conducted 197 assessments (63% of the total), whereas the European Commission conducted 91 (29% of the total).

When we include assessments initiated by national oversight institutions, the figures change slightly. We counted 45 such assessments across the five agencies between 2016 and 2019. In these assessments, the intention was not to directly review the agencies, but rather to evaluate the donors and their actions. However, interviews with agency representatives made it clear that these reviews can also require a significant amount of information from agencies.[8]

With those 45 assessments included, the European Union and the UK are responsible for 91% of all donor assessments examined in this review. The share of assessments coming from the European Union (which includes the European Commission and the European Court of Auditors) hereby increases, whereas the share by institutions from the UK slightly decreases (Figure 4 on the next page).

8 We included assessments by national oversight institutions if they were reported by multiple agencies as assessments or if their methodology note clearly required a significant involvement on the part of agencies.

Figure 3: Distribution of Donor Assessments Among Donors Excluding National Oversight Institutions

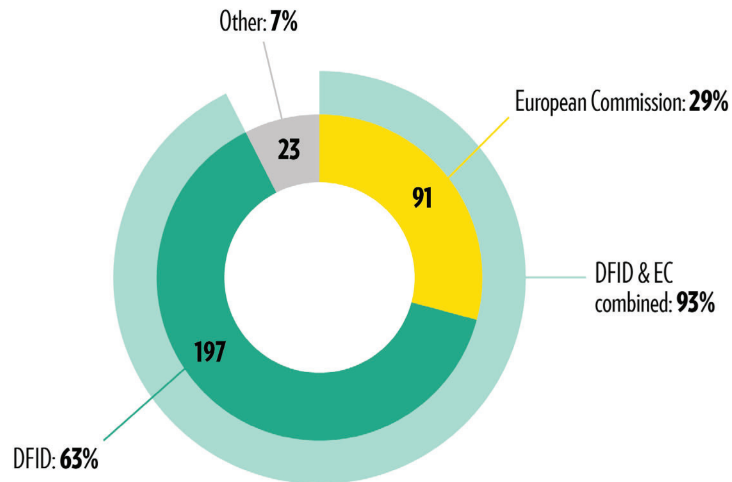
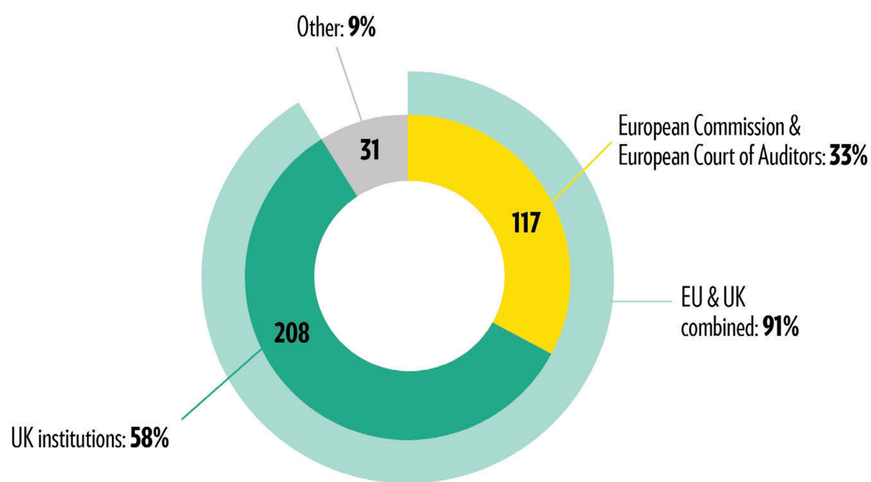


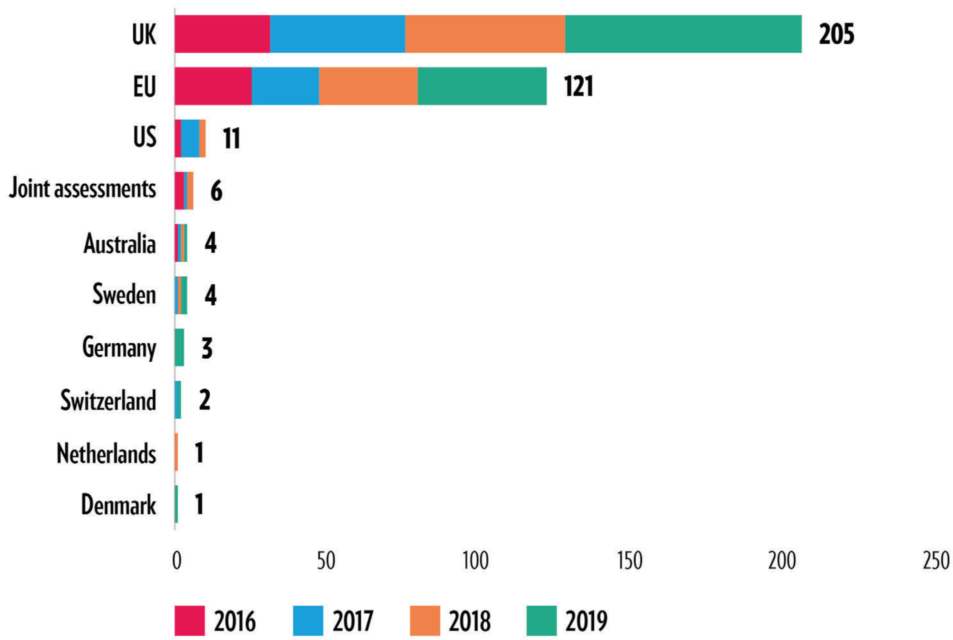
Figure 4: Distribution of Donor Assessments Among Donors Including National Oversight Institutions



In addition, agencies reported 31 formal assessments by institutions from Australia, Canada, Sweden, Denmark, Germany, the Netherlands, Switzerland, and the United States (Figure 5). Interviewees did not refer to assessments which came from these donors as being particularly challenging.[9]

9 The review team was unable to determine a precise amount of time spent on different assessments to enable an objective comparison between different donor assessments. The review relies instead on interviewees' perceptions, which are closely aligned when it comes to judging assessments from different donors.

Figure 5: Distribution of Assessments per Donor (Including National Oversight Institutions)



Distribution of Assessments: The Volume of Assessments Is Unevenly Distributed between the Five Agencies

Beyond showing which donors conducted assessments, the data also allows for a breakdown of the numbers according to the agencies that received them[10]: between 2016 and 2019, UNHCR, UNICEF and WFP saw more assessments than OCHA and the ICRC (Figure 6 on the next page).

Beyond differences in the total numbers of assessments per agency, the aforementioned increase in assessments is also unevenly distributed among the five organizations. The data shows that the increase in donor assessments mostly occurred at UNICEF, UNHCR and WFP, whereas the number of assessments conducted at OCHA and the ICRC either decreased (OCHA) or remained largely consistent during the review period (ICRC; see Figure 7 on the next page).

10 All the data that underpins the findings discussed in this section includes assessments from national oversight institutions. We included these assessments because they require (at times extensive) input from agencies and are thus not materially different from assessment directly conducted by donors.

Figure 6: Overall Number of Donor Assessments per Agency

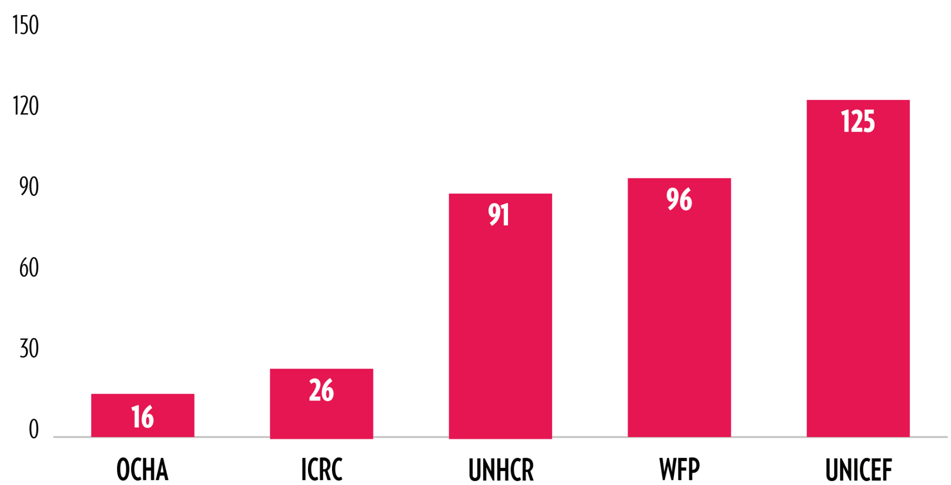
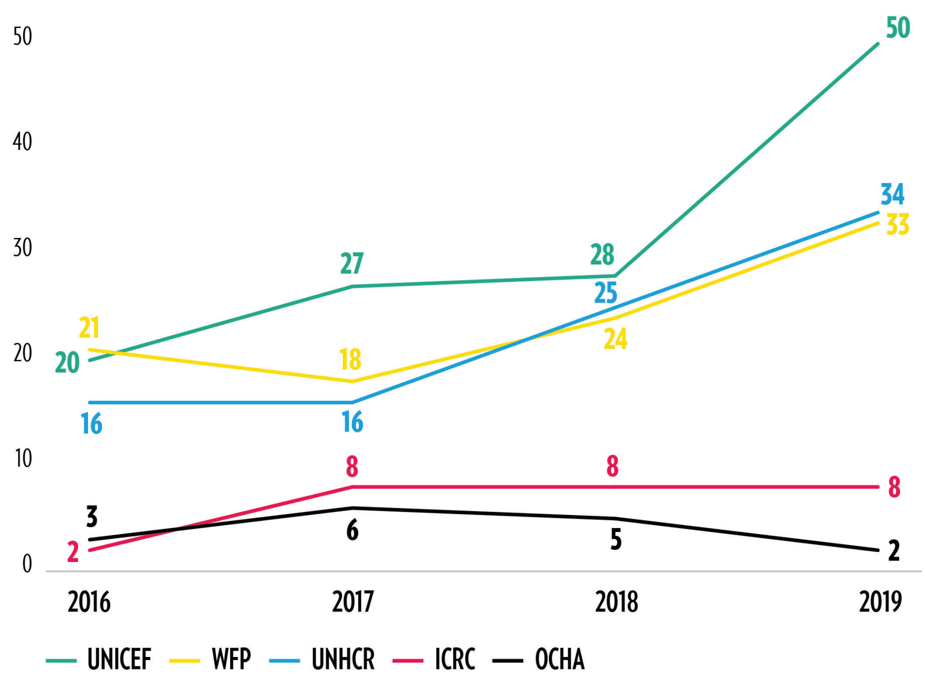


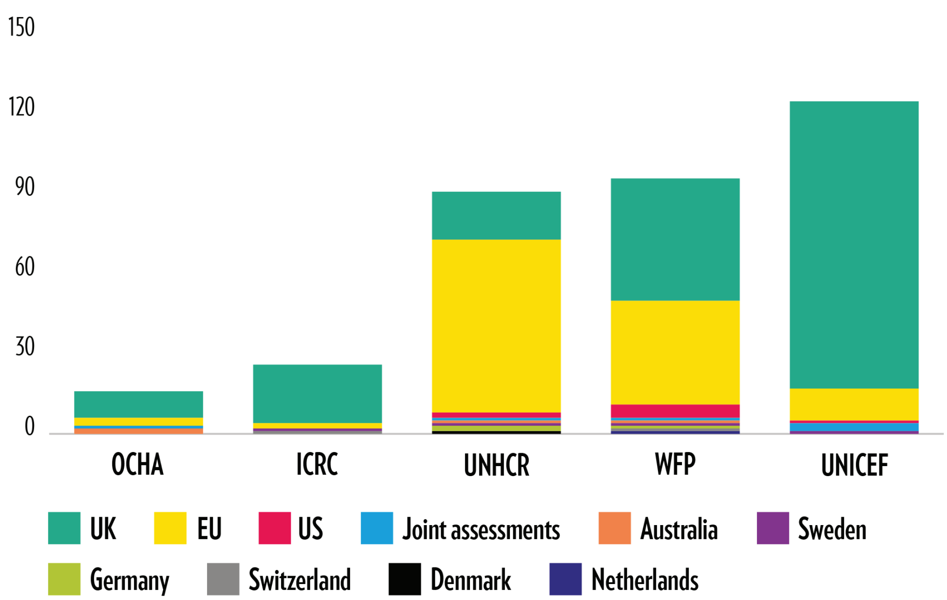
Figure 7: Yearly Breakdown of Donor Assessments per Agency



The data does not allow us to determine a clear cause for this. An analysis of donor contributions to the five agencies shows that overall funding volumes do not directly correlate with assessment volumes (see chapter 4). Instead, the amount of earmarked funding, which for instance has increased since 2016 in the case of UNICEF, appears to be more relevant in explaining the increase in assessments.[11]

A second aspect revealed by analyzing the data is that the share of assessments by the UK and the EU varies considerably across the five agencies (Figure 8). OCHA, the ICRC and UNICEF received a much higher share of assessments from the UK than from the EU, whereas that pattern is reversed for UNHCR. In interviews, both EU and UK officials explained that this is likely a consequence of the number of projects within each organization, as the EU and UK trigger most of their formal assessments either prior to releasing funds or afterwards to verify financial records. For instance, in the case of UNHCR, the high number of assessments from the European Commission can be attributed to projects in Greece (12), Lebanon (8) and Turkey (7) according to the available assessment data. This also reflects the European Commission's priority to manage migration in and via Greece and to provide emergency assistance to Syrian refugees remaining in or near Syria.[12]

Figure 8: Aggregated Numbers of Assessments per Donor and Agency



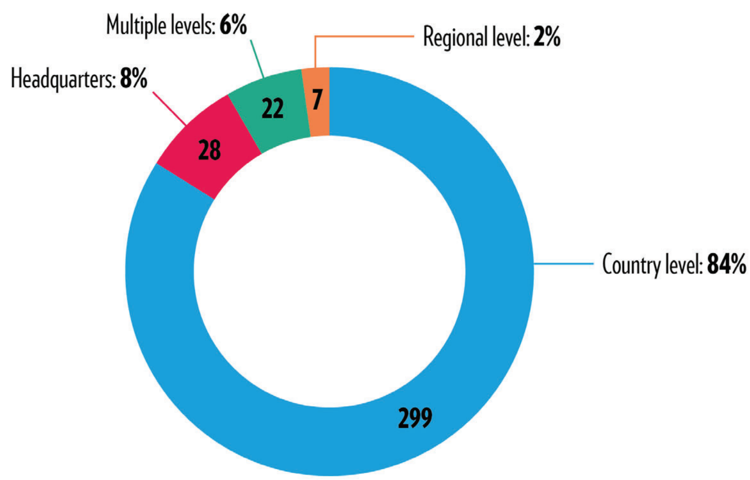
11 A detailed analysis of the number of projects or earmarked funding received by the different agencies between 2016 and 2019 was beyond the remit of this review, as was a correlation with the received assessments.

12 The factsheet *Managing Migration: EU Financial Support to Greece* (February 2019) breaks down the assistance (excluding bilateral assistance) the European Union provided to different entities, including UNHCR, between 2014 and 2020 to manage migration in Greece.

Location of Assessments: Most Formal Donor Assessments Are Conducted at the Country Level

Where are donor assessments taking place? The data is straightforward: of all formal assessments, 84% are conducted at the country level (Figure 9). Only a few donor assessments are specifically geared toward headquarters (8%) or focus on both the headquarters and country levels (6%). Assessments that have a regional dimension – meaning they review regional offices or multi-country programs – are even rarer (2%). Interviewees from all five agencies confirmed this dominance of country-level assessments.

Figure 9: Location of Donor Assessments



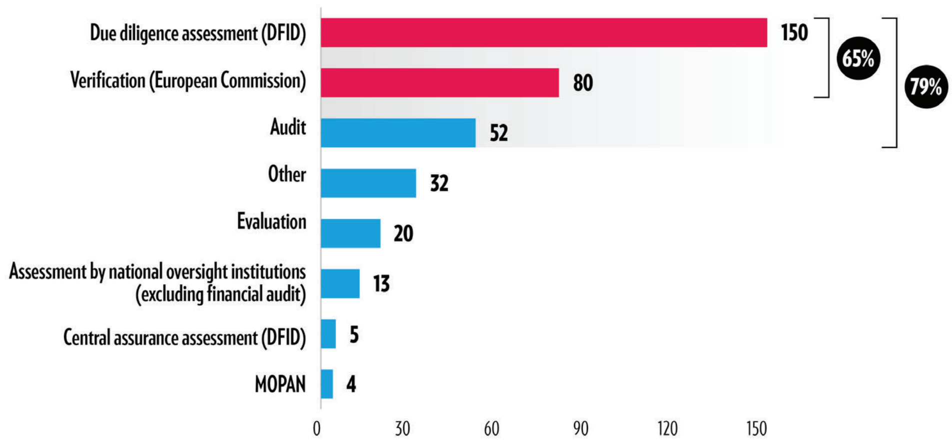
One explanation of this pattern is the decentralized nature of some donors and agencies, which inevitably shifts the responsibility of disbursing grants and managing donor contributions to their country-level staff. Another explanation provided by donors is that most of their assessments are specific to a project or program, and are therefore designed to take place in the same location as the management and implementation of these programs.

With most donor assessments conducted at the field level, it is critical to recognize that the majority of reported effects are thus experienced by country-level agency staff as well as the donor relations officers usually involved in those assessments.

Types of Assessments: Two Categories of Formal Assessments Drive Up the Overall Number of Assessments

"Due diligence assessments" by DFID and "verifications" by the European Commission are the two most common types of assessments reported by agencies (see Figure 10 on the next page).

Figure 10: Types of Assessments



Note: The number of verifications listed here represent verifications by different Directorates-General of the European Commission. A detailed breakdown of, for instance, the data for UNHCR and WFP shows that across those two agencies DG ECHO was responsible for about one-third of the reported verifications whereas other Directorates-General were responsible for the rest. Agencies included non-ECHO verifications in the data provided, adding a certain number of verifications performed under the development financing instruments but which agencies nevertheless reported to view (at least partially) to be part of their humanitarian portfolio.

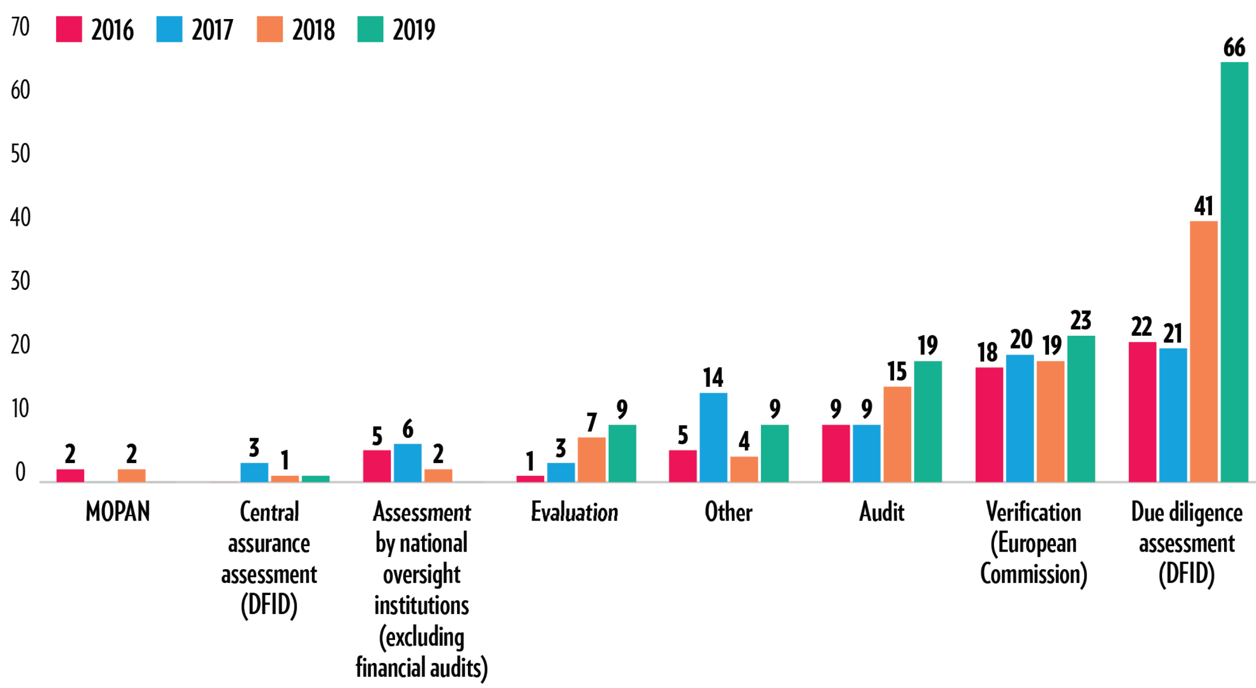
A due diligence assessment is a risk management tool to ensure that a partner selected to receive DFID funding for a specific project or activity is capable of managing those funds and follows the standards which are important to DFID: "Its purpose is to assess the ability of the preferred partner to deliver a specific DFID project or program of work."[13] European Commission verifications, now called "expenditure verifications", are financial checks after a project has ended to determine, based on a sample of transactions, whether the claimed expenses are eligible according to the financial regulations of the European Union.[14] As a person familiar with European Commission verifications explained to the review team, they are akin to a financial audit but without the otherwise required explicit audit opinion (although nevertheless with the potential consequence of a recovery of funds or requests for corrective measures). Which partner and project receives a verification is determined by an annual verification plan of the Directorate-General responsible for the contract. The annual verification plans of the different Directorates-General are themselves based on risk assessments. Those two types of assessments alone – due diligence assessments and expenditure verifications – represent 65% of all assessments included in the dataset compiled for this review and are thus further detailed in section three, which compares different assessments.

13 DFID (no date) *Due Diligence Guide*, p. 28.

14 In March 2020, the European Commission revised the Terms of Reference for expenditure verifications and issued additional guidance on them that is relevant to UN agencies, titled *Common Understanding on the Use of the Terms of Reference for Expenditure Verification for Operations Implemented by UN Organisations that Are among the Signatory Parties of the EU-UN-FAFA*.

Apart from the overall prevalence of due diligence assessments (DFID) and verifications (European Commission) among all the formal assessments counted for this review, a breakdown of the different types of assessments by year shows that the growth in donor assessments is driven by DFID's due diligence assessments in particular (Figure 11 on the next page). While the number of due diligence assessments was largely similar in 2016 and 2017, it significantly increased in the years after and tripled between 2016 and 2019 (from 22 to 66).

Figure 11: Annual Distribution of Common Types of Donor Assessments



Informal Assessments: Agencies Frequently Experience Informal Requests for Information

Beyond the formal assessments discussed so far, donors also issue other forms of assessments, including non-standardized requests for information and assurance, monitoring missions at the field level, or monitoring conducted by contracted third-party organizations when donors are unable to verify projects in-house. For the purpose of this review, those types of information requests qualify as informal assessments. Interviews revealed that such informal assessments are very common, but also that donors differ substantially in the extent to which they use such alternative oversight mechanisms.

The five agencies explained that information requests outside of and in addition to the normal reporting cycle are routine. In some instances, they receive requests for information "on a weekly basis," while for some donors, "hardly a day passes where we do not get a request for information." Interestingly, some donors – like the US, for instance – rely heavily on these informal-but-frequent information requests to receive assurance, instead of conducting formal assessments (like the European Commission or DFID do). A few donors conduct both formal assessments and frequently request additional information as an addition.

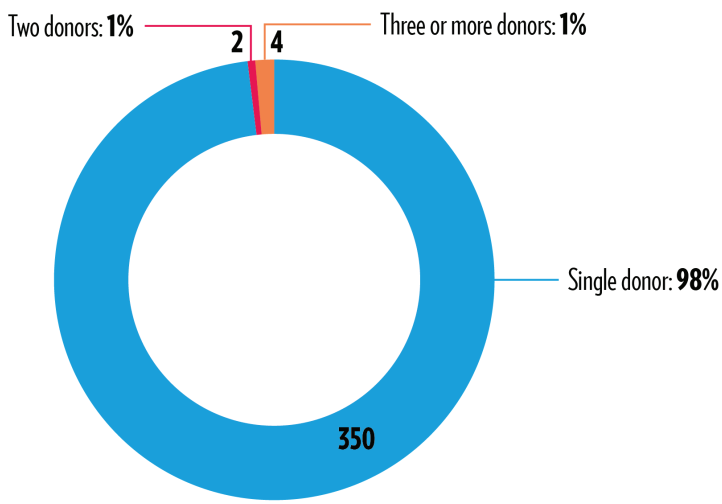
Another type of informal assessment highlighted by interviewees are monitoring missions, which are very common coming from donors who have a presence at the country level and the capacity to conduct such large-scale endeavors. To carry out monitoring missions, donor representatives visit project sites and receive briefings from their implementing partners. For example, the European Commission has a policy requiring at least one field visit for every action it funds. If access is limited due to security concerns or a lack of staff capacity, some donors rely on (frequently remote) third-party monitoring to receive the necessary assurance that projects are implemented, that partners are adhering to the grant agreement and that funded actions meet the intended objectives. Sometimes, such third-party monitors are also commissioned to conduct visits to project sites as additional spot checks.[15]

15 SAVE (2016) *The use of third-party monitoring in insecure contexts. Lessons from Afghanistan, Somalia and Syria*.

3. The State of Joint Assessments

Grand Bargain commitment number 4.5 defined a clear goal: donors should conduct more joint assessments instead of individual ones. However, the reality is that joint donor assessments are still the exception. In fact, a substantive collaboration between donors to conduct joint assessments and in turn reduce the volume of individual donor assessments has not yet happened: 98% of all assessments analyzed for this review qualify as individual donor assessments conducted by a single donor or national oversight institutions. Only six of the 356 donor assessments analyzed for this review were joint assessments (Figure 12). Those joint assessments were either evaluations by two donors (two separate evaluations covering programs jointly funded by two donors) or four assessments by the Multilateral Organisation Performance Assessment Network.

Figure 12: Individual and Joint Donor Assessments



According to the donors who conduct formal assessments, the lack of joint assessments does not stem from a general unwillingness to collaborate, but rather from the specific and time-sensitive nature of donor assessments. Analyzing in detail both the donor assessments that are most common (European Commission verifications and DFID's due diligence assessments) as well as those assessments that are regarded as very extensive but infrequent (such as European Commission pillar reviews, DFID's central assurance assessments, as well as MOPAN assessments) reveals that each of these formal assessments looks at different aspects, fulfills a particular purpose, and is conducted following donor-specific schedules. Our analysis shows that each assessment type is materially distinct with limited overlap between types, which validates for the most part the arguments brought forward by donors for why they have not conduced joint formal assessments (Table 2).[16]

When comparing the European Commission's verifications and DFID's due diligence assessments – the two largely project-oriented assessments that make up the most common formal assessments in the dataset – we find that they have very little in common except for their attention to finances. They are conducted at different times in the project life cycle: the European Commission's verifications are, in most cases, completed after a project's completion, while DFID's due diligence assessment is conducted prior to releasing funds. They also focus on substantially different aspects: the Commission's verifications are essentially a financial audit verifying the legality and eligibility of expenses as well as reviewing financial procedures and controls linked to the audited expenses, whereas DFID's due diligence assessments focus on organizational structures, safeguarding mechanisms and policies.

The EC's pillar review, DFID's central assurance assessment (CAA) and MOPAN's performance assessment – which can be categorized as "institutional assessments" – have some similarities: all three are primarily conducted at the headquarter level, carried out with relatively low frequency and very extensive in scope (as determined by the number of questions asked and the level of detail required to answer them satisfactorily). These similarities make these three assessments suitable for comparison. However, they differ substantially in their scope and the relative importance placed on the various questions posed. The EC pillar review is much more concerned with internal control and risk management and puts more emphasis on the financial perspective of budget implementation. The focus on budgets is most clearly shown through multiple questions about accounting mechanisms and the use of financial instruments. In comparison, DFID's CAA is more geared toward establishing a basis for further, more specific due diligence assessments. In particular, it includes questions about internal governance structures and control mechanisms as well as risk management.[17] Recently, DFID also introduced safeguarding-specific central assurance assessments to reduce the risk of sexual exploitation, abuse and sexual harassment (SEAH) in the projects and programs it funds. MOPAN assessments concentrate on yet another angle: effective performance.[18] And they do so in a way that the two other assessments do not, namely by looking at the organization as a whole. MOPAN assessments consider the assessed

16 The comparison is based on assessment manuals detailing the content and procedures of the different assessments as well as analyses of actual assessment reports made available to the review team.

17 DFID (2019) *Smart Rules. Better Programme Delivery* states the following: "For multilaterals with which we have a significant number of financial relationships, institutional leads will undertake central assurance assessments. These will provide basic information on central systems and policies which can help programme managers decide what additional due diligence is required for individual programmes."

18 The MOPAN website states the purpose of MOPAN assessments as follows: MOPAN assessments provide a snapshot of four dimensions of organizational effectiveness (strategic management, operational management, relationship management, and knowledge management), but also cover development effectiveness (results).

agency's vision as well as all stakeholders involved in a project or program (including the affected populations). Another crucial difference between the MOPAN assessment and the others is timing: MOPAN provides a diagnostic assessment – or snapshot – of the assessed agencies. This allows for an assessment of an agency's effectiveness from an ex-post perspective as well as consideration of the results of its actions. Moreover, cross-cutting issues are taken into account in a more holistic way. MOPAN assessments are also the most detailed, as indicated by the average length of a MOPAN report and the time it takes to complete a MOPAN assessment. In the case of one UN agency, the completion time was reported to be about two years. Despite their rigor, the broad nature of MOPAN assessments as well as the time it takes to arrive at a final report partially explains why some donors continue to conduct their own assessments despite being members of MOPAN. MOPAN assessments are essentially a standalone assessment category.

Table 2: A Comparison of Key Formal Donor Assessments

	Verification (EC)	DDA (DFID)	Pillar Review (EC)	CAA (DFID)	MOPAN
	Project-Specific Assessments		Institutional Assessments		
Control/Risk	🟡	🟢	🟢	🟢	🟡
Finances	🟢	🟢	🟢	🟡	🟡
Strategy	🔴	🟡	🟡	🟡	🟢
Partners	🟡	🟡	🟡	🟡	🟡
Recipients	🔴	🟡	🟡	🟡	🟢
Timing	Ex-post	Ex-ante	Ex-ante	Ex-ante	Ex-post
Scope	Narrow	Narrow to broad	Broad	Broad	Broad

🔴 = The assessment does not contain this information.

🟡 = The assessment includes this information only with some/little detail.

🟢 = The assessment includes this information in great detail.

Control/Risk: This category looks at assessments of agencies' internal and external control mechanisms, oversight structures, monitoring, and risk assessments. While assessing internal control and risk is an integral part of all three types of assessments, both the EC pillar review and the CAA focus an entire pillar on this. CAAs and MOPAN also ask for whistleblowing mechanisms.

Finances: This category comprises assessments of accounting, activities regarding procurement, independent external audits, and the use of financial instruments. While all three types of assessments look at procurement controls – albeit not to the same extent – only the EC pillar review assesses the use of financial instruments (pillar 5). Moreover, accounting is most extensively assessed by the EC.

Strategy: This category includes questions concerning agencies' strategic approach, vision, and organizational structure, as well as assessment of cross-cutting issues such as gender equality, sustainability, human rights or protection, and references to international frameworks and agreements. By focusing their assessment on agencies' performance, MOPAN most extensively reviews aspects related to this category.

Partners: This category includes questions relating to partner relationships, including sub-delegation, standards for excluding access to funding, information and communication structures, agencies' comparative advantage over their partners, and (proposals for) grants. While sub-delegation is included in all assessments, it appears to not be part of the new EC pillar review template. MOPAN is the only assessment that looks at comparative advantage. All three assess grants, but only the EC pillar review directly includes more detailed questions on the procedures of submitting and selecting grant proposals.

Recipients/Affected Populations: This category covers public information about recipients, data protection, and accountability to affected populations. Only MOPAN directly reviews accountability to affected people. Both the old and the new version of the EC pillar review include questions regarding the publication of information on fund recipients, while MOPAN and the CAA do not (or only indirectly) contain these questions. Both the CAA and EC's new pillar review address the issue of data protection regarding individual beneficiaries.

Overall, this comparison shows that the two most frequent project-oriented donor assessments, which make up 65% of assessments in the dataset, are neither interchangeable nor suitable for merging. This validates the views many donor representatives expressed in their interviews for this review, which is that they do not expect that a potential joint assessment would deliver the same level of detail for their specific modality and funded activity. While many see value in joint assessments, they find that they would be unable to achieve the accountability measures they need for their purposes.

More leeway for joint assessments does, however, exist: around institutional assessments. Institutional assessments are more static, so donors should be able to more easily agree on standardized questions that do not depend on dynamic contextual changes (as is the case for project-level assessments). Instead of asking redundant questions, donors could also agree on areas which they will cover and then share the assessments with each other to get information on other aspects. The review produced some evidence that this is already happening on a small scale: an interviewee outlined that a donor bound to conduct an assessment did not follow through with it after learning that DFID had done an assessment covering similar aspects and utilized the DFID assessment instead. Another example is the joint central assurance assessment that DFID and Australia's DFAT are conducting in 2020. Both donors merged their areas of interest into a single assessment the outcome of which will be accepted both by DFID and DFAT. Moreover, institutional assessments are less bound by a specific timeline (such as project implementation), which should make it easier for donors to plan a joint assessment and accommodate each other's schedules.

4. Donor Logic: Why Some Donors Conduct More Assessments than Others

Interviews with representatives from Australia, the European Commission, Norway, Switzerland, the UK, and the US, as well as interview questions answered in writing by representatives from Canada and Germany showed that multiple factors influence if and how donors conduct assessments. Five findings stand out:

- **Domestic politics** in donor countries affect how donors approach oversight;
- **Organizational logics** particular to each donor define how assessments are framed;
- **Donor capacity, decentralization and knowledge management** affect the execution of assessments;
- **Donors' perceptions of the quality of agencies' internal (financial) management** and oversight systems impact why and how donors conduct assessments;
- **Funding** does not drive assessments.

These factors play out differently for each donor, but are critical explaining how donors approach oversight in general and assessments in particular.

Domestic Politics Affect How Donors Approach Oversight

All donors interviewed for this review explained that their need for domestic accountability to actors including lawmakers, national oversight bodies or their citizens requires them to seek assurance from their partners about the use of their financial contributions. But there are differences in how such need for domestic accountability enters the donor-agency relationship. Especially factors such as the rise of nationalistic tendencies, skepticism toward the value of humanitarian assistance, shrinking national budgets, consistent scrutiny by government oversight offices, or reviews finding deficiencies in donor oversight might cause donors to tighten their grip on how they conduct oversight vis-à-vis agencies.[19]

When such domestic politics factor into the legal relationship between donors and agencies, donors may choose to go beyond agency's self-reporting and formally conduct

19 See for instance USAID (2018) *Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk.* AUDIT REPORT 8-000-18-003-P; ICAI (2018) *The UK's approach to funding the UN humanitarian system.*

a dedicated assurance process to decide with which partners they want to cooperate, what projects they want to fund, and to verify the legality, regularity and eligibility of expenditures related to their financial contributions. In particular, this is the case for the European Commission and DFID, who conducted most of the formal assessments counted in this review. For instance, the European Commission is required to calculate the proportion of funds that, even after corrective measures, cannot be verified as "eligible" according to its internal financial rules. In order to report this so-called residual error rate, certain Commission departments proceed with specific (additional) verifications for that purpose.[20] In the case of DFID, its internal "smart rules" require that a due diligence assessment (DDA) "has been completed before funding is disbursed" to ensure and demonstrate adequate risk management. Since these assessments are extensive, they require considerable input from partners to complete.[21] When domestic politics are less pronounced and have a smaller effect on the relationship between donors and agencies, publicly-available documents from the agencies and their regular reporting, as well as official assessments such as those from MOPAN, are often sufficient or help limit the extent of assurance donors require. In such cases, donors usually do not conduct bespoke formal assessments requiring input from their partners.[22]

While many interviews confirmed the relationship between domestic politics and donors' approaches to oversight, it is close to impossible to track down the underlying causal chain as many other factors – explained below – are also at play.

Organizational Logics Define the Framing of Assessments

Some donors have a particular organizational culture – framed here broadly as "organizational logics" – that push them toward more or less oversight. For instance, some donors see themselves as humanitarian actors in their own right, rather than solely the providers of financial resources. As a result, they seek to play a significant role in designing approaches, programs and projects, which are subsequently implemented by humanitarian agencies or NGOs. Consequently, donors naturally seek more assurance to determine if "their" program or project has been managed well so as to reduce the distance between themselves and the staff tasked with implementation. While such a

20 European Commission (2020) *Integrated Financial and Accountability Reporting 2019*. Available online; the European Union "financial regulation (Art. 247) requires the Commission to communicate to the European Parliament and the Council a set of financial and accountability reports, which constitute essential input for the annual "discharge procedure", through which the European Parliament and the Council hold the Commission accountable for the way it manages the EU budget."

21 DFID (2020) *Smart Rules. Better Programme Delivery. Available Online*. For rapid onset humanitarian emergencies a formal DDA can be completed after disbursing the first funds.

22 In interviews, some donors also explained that they are mindful of their own role in potentially exacerbating the trend to seek additional assurance, and thus proactively reduce their own requests for assurance from their partners. These donors often referenced the Grand Bargain as well as the Good Humanitarian Donorship (GHD) initiative as normative frameworks, and explained that they want to be seen "as a good donor" that lives up to their commitments. When such a normative positioning is strong, the use of additional assurance is limited.

self-identification of a donor as a humanitarian actor translates into a more "activist" role, it is not necessarily reflected by a greater risk acceptance on the part of the donor and assessments are frequently used to reduce the donor's risk exposure.

Assessments can also be used as a management tool to drive change among partners and to ensure that the donor's priorities are addressed. On the other side of the spectrum, some donors view themselves largely as financers of the actions designed by agencies. If such a self-understanding prevails, detailed assurance may not be needed by donors. Interviews with both donors and agencies echoed this dichotomy of opposing donor identities, and helped explain the different approaches to assessments taken by donors.

Another key element that influences how donors manage assessments is their approach to risk. Donors are well aware of the risks inherent in providing humanitarian assistance in complex crisis situations or in countries with weak governance structures. However, they differ substantially in the way they approach risk management. For example, some donors have an explicit zero-tolerance policy when it comes to the misuse of aid funds and cut funding if such violations occur. In their interviews, agency representatives framed this phenomenon as a risk transfer from the donor to the partner. This explicit shift of responsibility and the underlying risk aversion by some donors leads to more requests for assurance. As a result, agencies must demonstrate their corporate approach to risk management to a much greater extent to some of their donors, often on a project-by-project basis, which drives up the volume of assessments. However, other donors move to "co-own" certain risks, and in turn exhibit a less formal and detailed approach to assessments.

Donor Capacity, Decentralization and Knowledge Management Affect the Execution of Assessments

The capacity to request, manage, review, and act upon assessments varies considerably among donors, and it greatly shapes their approach to assessments. Some donors have significantly more staff at both their headquarters and at the country level to manage and oversee their contributions. In turn, this translates into a much greater ability to monitor projects, engage with partners, request detailed assurances about particular aspects of their funding, and review accessible internal reports – with the potential corollary of increased transaction costs around assessments due to greater internal coordination issues. While it is not a given that donors with greater capacity conduct more oversight, interviewees who work alongside different donors suggested that it is the case for most.

Moreover, donors' decentralization also appears to lead to an increase in the number of assurances donor seek, especially when the responsibility for fund management is shifted to donor representatives working at country level. To ensure that country-level representatives remain accountable to headquarters and to minimize their own risk exposure, country teams have an incentive to conduct informal assessments – often information requests – in addition to the more formalized assessments usually mandated by corporate policies. While this pattern of decentralization leading to more assessments is also not universally true, interviews showed that it is prevalent.

The way donors practice knowledge management also influences the total number of assessments and their approach to tackling them. It seems that it is often easier for donors to request information directly from their counterpart on the agency side than to determine if the information has already been requested or is part of the public domain. Of course, not all information requested can be found online, but agency representatives felt that a large number of donor requests were pertaining to publicly-available information. In addition, donors' frequent staff turnover and new staff's ambition to fulfill their role in conducting partner oversight is another knowledge management issue driving up the number of assessments.

Internal Oversight by International Organizations Impacts Why and How Donors Conduct Assessments

In interviews, a number of donor representatives stressed that the quality and extent of internal oversight provided by the different agencies also strongly impacts the way they approach assessments and conduct agency oversight. Their general argument is that, if internal oversight is perceived to be of limited quality or extent, donors are compelled to make up for it by conducting their own oversight through assessments and other means. The question remains: what drives this perception of inadequate internal oversight?

The Agencies Have Extensive Oversight Structures and Processes in Place

The oversight structures and processes of OCHA, UNHCR, UNICEF and WFP are similarly designed and follow established – and extensive – general standards of oversight. As their common core, the four UN offices and agencies have separate internal oversight functions, including auditing, investigation and evaluation units. For OCHA and UNHCR, the internal audit and investigation functions are provided by the Office of Internal Oversight Services (OIOS) of the United Nations. UNICEF and WFP have their own auditing units. Across all UN agencies, the schedule for audits and inspections is risk-based. The internal oversight functions across the four UN offices and agencies are further advised by independent committees. All four UN agencies also have dedicated evaluation offices which conduct or commission different types of evaluations to assess operational performance or verify progress against strategic objectives. It is standard practice among UN agencies to regularly conduct either self-assessments of their internal oversight functions or to have their work and processes reviewed externally. In addition to those internal functions, all four agencies are also regularly inspected by UN independent oversight entities such as the Board of Auditors (BoA), the Joint Inspection Unit (JIU), the Office of Internal Oversight Services/ Investigations Division (OIOS/ID) and the Office of Internal Oversight Services/ Inspection and Evaluation Division (OIOS/IED).

Since the ICRC is a private association as defined by the Swiss Civil Code, it has oversight structures that differ from UN offices and agencies. While the ICRC has internal oversight functions such as an internal audit unit and the Global Compliance Office for investigations, it lacks a dedicated evaluation unit and comparable external controls outside of annual audits of its statutory and consolidated financial statements performed by a commercial audit firm. It also does not have an independent oversight committee, since the ICRC's Audit Commission fulfills a different role and is composed of members of the ICRC Assembly, the supreme governing body of the ICRC that oversees all its activities.

Beyond these factors concerning oversight structures, all four UN agencies and the ICRC explicitly operate under a "three lines of defense" model to govern risks effectively. The purpose of this established risk management model is to ensure that compliance with organizational procedures is not only the responsibility of dedicated units, but spread out through the organization. In this model, front-line managers act as the first line of defense against potential risks, followed by various internal compliance functions as second line of defense and internal audit, investigations and evaluation offices as key elements of the third level of protection. All of the three lines are responsible for addressing risks and ensuring their mitigation.

Since 2016, UNHCR, UNICEF, WFP and the ICRC have significantly strengthened their control and oversight frameworks with the intention of improving, among other issues: risk management, internal control, fraud protection, downstream partner mapping, the prevention of sexual abuse, and organizational transparency. Some examples of those changes include increased budgets for internal oversight (e.g. at WFP), new dedicated oversight offices (e.g. at the ICRC), senior management champions on critical compliance issues (e.g. UNHCR), or improved oversight policies (e.g. at UNICEF). Table 3 highlights these key changes since 2016.

Table 3: Enhancements to Governance and Oversight Made by Agencies Since 2016 (selection)[23]

UNHCR	In 2016, UNHCR established a dedicated evaluation service. In 2017, UNHCR launched its new risk management framework (Risk Management 2.0). It strengthened fraud protection through a new Handbook on Fraud and Corruption Prevention, Detection and Reporting at UNHCR as well Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern. In 2018, UNHCR appointed a senior coordinator for the prevention of and response to sexual exploitation, abuse and sexual harassment, as well as issuing a policy on age, gender and diversity. In 2019, UNHCR approved a new policy on independent oversight to strengthen its "third line of defense."

23 Interviews, targeted web searches as well as the following documents provided information on changes in agencies' internal oversight frameworks since 2016: *ICRC Governance and Oversight Framework and Activities reports* (2018 and 2019); *UNHCR reports on activities of the Inspector General's Office* (2018 and 2019) *UNHCR reports of the Independent Audit and Oversight Committee*; *UNICEF Strategy to Prevent and Respond to Sexual Exploitation and Abuse and Sexual Harassment*; *UNICEF Office of Internal Audit and Investigations 2019 annual report to the Executive Board*; *WFP Update on the implementation of the 2018 Enterprise Risk Management Policy and WFP's Anti-Fraud and Anti-Corruption Action Plan* (2018–2020).

UNICEF	In 2018, UNICEF revised its evaluation policy to ensure it matches the UNICEF Strategic Plan 2018-2021, which emphasizes evaluations as critical for performance management and accountability. In 2019, UNICEF issued a new corporate strategy to prevent and respond to sexual exploitation, abuse and sexual harassment following two independent reviews of their protection response to sexual exploitation and abuse and how the organization has dealt with claims of sexual harassment in the workplace. In 2020, external consultants completed a strategic review of UNICEF's Office of Internal Audit and Investigations. As a result, the office has committed to, among others, updating its charter, decentralizing its operations, and seeking additional internal audit resources as well as staff.
WFP	In 2017, WFP provided an update on the efforts undertaken in recent years to counter fraud and corruption on the basis of the 2015 anti-fraud and anti-corruption policy. It also created a new Enterprise Risk Management Division headed by a chief risk officer who oversees the implementation of enterprise risk management as a second line of defense. In 2018, WFP updated its oversight framework and launched its revised enterprise risk management policy. That year, it also issued a revised Executive Director circular on Protection from Harassment, Sexual Harassment, Abuse of Authority, and Discrimination aimed at ensuring that all employees are aware of their roles and responsibilities in maintaining a workplace free of any form of abusive conduct. In 2019, WFP redesigned its Statement on Internal Control and underlying management assurance process to improve, among others, its response to significant incidents.
ICRC	In 2016, the ICRC established the Data Protection Independent Control Commission to ensure that the ICRC's processing of personal data complies with its Rules on Personal Data Protection and other applicable regulations. It also established its new Global Compliance Office to monitor and enforce staff adherence to its code of conduct. In 2017, the ICRC launched a two-year risk management project headed by its logistics compliance unit. In 2018, the ICRC launched its new internal control framework, and developed new policies for its staff members on the prevention of fraud and corruption as well as on the prevention of and response to sexual misconduct. It strengthened the investigative capacity of the Global Compliance Office by hiring four investigation officers. In 2019, the ICRC's Global Compliance Office developed a new risk management framework and more detailed risk registers for all ICRC delegations (first used in 2019 as part of the annual planning exercise for 2020). It developed and launched a new standard operating procedure for carrying out due diligence for operational partners.

While it is beyond the scope of the review to rigorously determine the impact that all the recent reforms to internal oversight across the five agencies have had on the actual quality of internal oversight, cursory examples show that strengthened systems translate into measurable improvements in oversight quality and scope. In the case of WFP, the latest annual report of its Inspector General shows that audit reports issued by WFP's Office of Internal Audit (OIGA) increased from 18 in 2017 to 22 in 2019, and that the number of completed internal investigation cases doubled from 40 (in 2017) to 80 cases (in 2019).[24] In the case of UNHCR, it was an internal audit in 2018 and not an external donor assessment that discovered a mismanagement of donor funds in Uganda.

24 WFP (2020) *Annual report of the Inspector General*.

Agency Transparency and Incident History Affect Donor Perceptions of Internal Oversight

Despite agencies' aforementioned improvements in strengthening internal oversight, the volume of assessments has increased significantly over the past years. Some interviewed donors specifically criticized the limited resources dedicated to internal oversight, the narrow scope of the internal reviews, evaluations and audits, or generally found that internal oversight can and should be continuously improved. In interviews, DFID and the European Commission also openly linked this to the Grand Bargain principle of a "quid pro quo". They felt that agencies have not sufficiently improved their transparency practices as related to Grand Bargain commitment number 4.3 ("Aid organizations commit to provide transparency and comparable cost structures") despite, for instance, the roll-out of the UN Data Cube to harmonize the tracking of financial data. From this viewpoint and interpreting the quid pro quo logic narrowly, those donors do not need to, or do not see themselves in the position to, move on their commitment to reduce the volume of individual donor assessments.

While it is important to acknowledge that there is no objective model for what constitutes adequate internal oversight and each donor applies different standards to evaluate the quality and scope of internal oversight conducted by their partners, it is equally critical to recognize the factors that contribute to a perception of inadequate oversight. In that regard, interviewees from both donors and agencies offered a number of insights and pointed out that transparency and incidents are two factors that greatly affect the perception of internal oversight:

- **Transparency:** While all five agencies regularly inform their donors about internal oversight activities, they are nevertheless viewed differently by donors in terms of their transparency. The UN agencies inform their donors about internal oversight at the most formal level through (quarterly) meetings of their executive boards, which are staffed by government representatives. For instance, WFP's Office of the Inspector General presents an annual report at the WFP executive board annual session while also providing informal quarterly oversight briefings to the board. Other offices (ombudsman and mediation services as well as the ethics office) also informally brief the WFP executive board on their respective issue areas on a quarterly basis. The other agencies have similar procedures in place. Like WFP, they typically have their independent audit advisory committees report to the respective executive boards on their work as well as providing opinion on how to further strengthen oversight and performance. As a private organization, the ICRC informs key donors known as its "Donor Support Group" once a year about its oversight activities and has issued a (non-public) report on its governance and oversight framework and activities since 2018. Compared to the annual summary reports on internal oversight by UN agencies, the ICRC's annual oversight report is more descriptive and looks less toward the future. In terms of disclosing specific information from internal oversight activities, OCHA, UNICEF, UNHCR, and WFP tend to be more transparent than the ICRC. For example, since 2012, both UNICEF and WFP have policies to publish internal audit reports on their website, and UNHCR's internal audits are available on the OIOS website. The ICRC does not have a comparable disclosure policy and does not publicly share internal audits reports.

- **Incident history:** Donors are very sensitive to any cases involving the abuse of funds, fraud or, more recently, cases of sexual exploitation and abuse that are reported by agencies or appear in the media. Many donors fear lasting damage to their ability to secure funds for humanitarian assistance if such cases happen under their watch, and have thus formally issued zero-tolerance policies toward such misconduct. As a result, donors usually respond to allegations by requesting at minimum additional information on those cases and assurance about remedial actions. However, this is not enough assurance for some donors, who then conduct additional assessments on these cases or on the systems in place to prevent similar incidents in the future. Moreover, incidents often trigger greater oversight mechanisms at the corporate or country level, leading to additional assessments, reviews and monitoring exercises. As one donor put it: Cases of fraud and abuse "open the door for more oversight."

Ultimately, it comes down to trust and confidence: in their interviews, some donors explicitly stated that they trust the UN agencies with whom they partner, while a few others have no or very little trust in the quality and efficacy of the agencies' internal control mechanisms. For these donors, their distrust is linked to detailed requests for assurance. One donor seems to be particularly critical of the UN agencies and their transparency toward donors. To them, the UN agencies' "weak systems and problems in particular at field level" call for more outside scrutiny, and that UN agencies are "not overly controlled" by donors in the first place.

Yet, only a few donors argued that a lack of trust warrants more oversight and assessments – the majority regard the internal oversight approaches of the five agencies as adequate and do not request additional assurance from their partners through formal donor assessments. This highlights the reality that there is no established benchmark for determining at what point internal oversight is adequate, and illustrates that a donor's judgement concerning the quality and scope of internal oversight is highly subjective. Ultimately, each donor applies their own standards to determine whether their partner's quality and scope of internal oversight is sufficient or whether they should seek further assurance. While these inconsistencies make it difficult to have a constructive debate on the links between donor assessments and the quality and extent of the agencies' internal oversight, acknowledging them is important for a fact-based analysis of donor assessments.

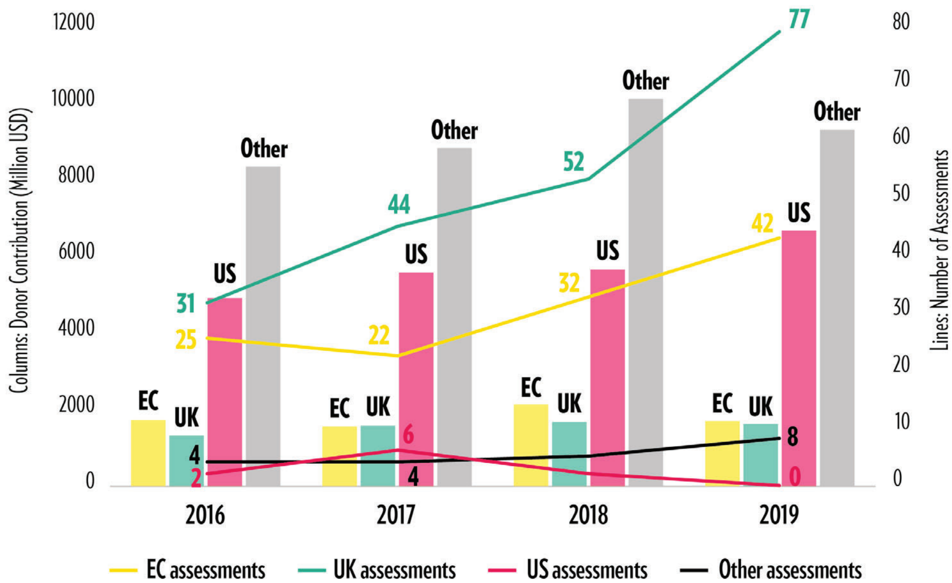
Funding Does Not Drive Assessments

While the factors above play a crucial role in determining how donors approach assessments, we find that the overall amount of financial contributions does not systematically affect the volume of assessments.

We considered the hypothesis that larger financial contributions lead to a higher number of assessments. The presumed causality was that the more funding donors provide, the more they require assurance to account for their contributions. If that were the case, the increase in donor assessments over the recent years would be explainable by the growth of the humanitarian sector's funding volume as a whole. However, comparing donors' financial contributions to OCHA, UNICEF, UNHCR, WFP, and the ICRC with the number of formal assessments conducted shows no obvious correlation.

Despite the fact that the EU and the UK had fairly stable annual financial contributions, the number of their assessments increased. For instance, in the case of the EU, the financial contribution was lower in 2019 than in 2018, but the number of assessments conducted by the EU nevertheless increased by 30%. By contrast, the US and other donors' contributions increased, while the number of assessments they conducted decreased (US) or remained stable (other donors, see Figure 12).[25]

Figure 12: Financial Contributions and Assessment Volumes for Selected Donors



Cumulative Contributions to the Five Agencies (2016-2019) and Assessment Volumes per Donor:

	Contributions	Assessments
Other	36.6 billion USD	21
US	22.8 billion USD	10
EC	7.1 billion USD	121
UK	6.2 billion USD	204

Sources: UNICEF Funding Compendium 2016-2019; WFP funding data available online; UNHCR funding data available online; OCHA funding data provided to the reviewers by OCHA; ICRC Annual Reports and data provided to the reviewers by the ICRC.

25 This data only refers to formal assessments as captured by the review's dataset. It does not account for other means of oversight – e.g., informal information requests or monitoring missions – beyond formal assessments donors may use instead.

5. The Effects of Donor Assessments on the Five Agencies

The consulted agency staff generally viewed donor assessments as legitimate. Since the overwhelming majority of humanitarian operations are funded through voluntary contributions, agencies highly appreciate the support of individual donors. Agencies also recognize donor demands for accountability and demonstrate a good understanding of the domestic pressures faced by individual donors. Therefore, the consulted agencies are generally willing to meet the requests of donors and provide adequate assurance about their work and the use of donor contributions. Nevertheless, OCHA, UNHCR, UNICEF, WFP, and the ICRC reported a number of undesirable effects that donor assessments have on their respective organizations:

- Agencies must invest **significant staff time** to manage certain donor assessments.
- **Ill-perceived assessments** strain the donor-agency relationship.

A positive effect was also identified:

- Assessments can **create opportunities for learning** and help **drive organizational change**.

Agencies Must Invest Significant Staff Time to Manage Certain Donor Assessments

The single most problematic issue mentioned across agency interviews is the amount of staff time needed to respond to donor assessments requiring agency input and the institutional trade-offs this creates. Since the review team was – for methodological reasons – unable to establish consistent and comparable calculations for the amount of staff time required per assessment type, this analysis synthesizes individual experiences across different donor assessments.

Generally, interviewees distinguished between assessments that are perceived as very rigorous and time-consuming and those that require only minimal input. In particular, financial verifications from EU institutions as well as DFID's due diligence assessments are considered demanding due to their level of detail, the overall length of the assessment process, the required involvement of multiple units or offices, and –

particularly in the case of DFID's due diligence assessments – the time it takes to address additional information requested throughout the assessment process. What is striking is that the two types of assessments associated with a high workload – financial verifications by the EU and DFID's due diligence assessments – are also the most frequently conducted. They are seen as particularly challenging because, due to their project-oriented focus, they are conducted at the country level and most country offices have a very limited capacity for conducting donor assessments. A number of interviewees working at field level suggested that these assessments – in particular, the due diligence assessments by DFID – result in staff time being redistributed from substantive tasks to administrative work, impacting their ability to implement humanitarian actions. Considering that donors do not provide cost coverage for staff time spent on their requests, allocating their limited means to donor assessments means shifting resources away from implementing the agencies' core mandates.[26] Moreover, country offices often operate in environments where risk exposure is high and access limited, making it all the more difficult to collect the requested information.

The so-called pillar reviews, DFID's central assurance assessments, and MOPAN assessments are also considered time-consuming for agencies. Pillar reviews are conducted by the European Commission and determine if the structures and processes of international organizations across different areas – i.e. "pillars" – match the Commission's requirements. They usually take many months to complete. Central assurance assessments are the UK's equivalent to the aforementioned pillar reviews. MOPAN assessments analyze an organization's effectiveness in terms of strategic management, operational management, relationship management, and knowledge management, as well as covering how the organization manages for results. While these three institutional assessments are viewed as both demanding and time-intensive, interviewees rarely considered them overly problematic due to their limited frequency and broad focus requiring primary input from headquarters. For example, a full EU pillar review is usually only conducted once and updated when significant changes occur to some of the pillars. Similarly, central assurance assessments are conducted at infrequent intervals and MOPAN assessments typically only take place every four to five years. For instance, MOPAN assessed WFP in 2013 and then again in 2017.

Lastly, some interviewees consider donors' frequent monitoring missions as time-consuming, since they require significant staff time to coordinate site visits with local partners. Again, this constitutes time taken away from more substantial project work.

Ill-Designed Assessments Contribute to an Increased Workload

Interviewees pointed out numerous aspects related to the design and execution of donor assessments that contribute to an increased and – in the eyes of agency representatives – unnecessary workload. These problematic factors include:

26 While some agencies mentioned the idea of collecting recovery costs from the assessing donors, such practices are not yet in place. On the contrary, agencies currently have to pay for the European Commission's pillar review renewals out of pocket.

- **Duplicated information requests:** In a number of instances, interviewees reported that donor assessments which focused on specific, country-level projects nevertheless required information about institutional aspects already verified in large-scale institutional assessments. For instance, a comparison of the scope of DFID's central assurance assessments at the institutional level and project-specific due diligence assessments showed significant overlap, resulting in duplicated information requests.

- **Ill-prepared assessors:** Another aspect contributing to inefficient assessment procedures are ill-prepared and inexperienced assessors. Agencies reported that this is particularly problematic when assessments are outsourced to external consultants who lack sufficient knowledge about the assessed organization and the context in which it operates. In particular, the European Commission outsources its financial verifications to accounting firms, and other donors also use consultants to conduct assessments when their staff capacity is limited.

- **Poor knowledge management:** Interviewees also found that assessments can become unnecessarily time-consuming because of poor knowledge management practices by donors and their assessors. For example, donors appear to often request information from agencies that is already part of the public domain. Agencies also reported that those conducting assessments were not always aware of previous assessments conducted by the same donor. One interviewee working at field level explained that they had given the same presentation about their agency's internal control and oversight framework more than 25 times to different representatives from the same donor, all in relation to requests for assurance. While it is certainly efficient to prepare such a presentation and reuse it when applicable, it is inefficient to request the same information multiple times.

- **Timing of assessments:** Donor assessments follow a prescribed schedule defined by either the donor or the funding circumstances. The frequency of audits is usually risk-based and follows an internal audit schedule. End-of-project verifications often occur within a specific timeframe triggered by the closure of the project. Reviews prior to releasing funds follow a grant-cycle timeline. A number of interviewees suggested that those fixed timelines become a problem when agency staff capacity is low due to either high demands for managing the response or staff turnover and shortages – all typical situations across country offices. While the timeline for most formal assessments often leaves little room for adaptation, the timing of other assessment types – such as monitoring missions – can be adjusted to better fit the schedule and the capacity of agencies.

- **Extension of the assessment process:** A further cause of high demands on staff time are continuous requests for further and more detailed information throughout the assessment process. Formal assessments are typically structured around specific terms of reference (ToR) determining the assessment's scope and level of detail. While agency representatives consider it good practice to keep the scope of assessments within such ToRs, this can be prohibitive at times. Concerning this issue, donors explained their desire for flexibility in the level of requested detail and hold to the belief that assessments should probe further and seek detailed information when previous information is insufficient. This pattern of submitting more detailed information requests than anticipated makes the assessment process more extensive and requires agencies to allot a larger portion of time toward collecting and preparing the required information.

- **Negotiating information requests:** Lastly, some interviewees have associated demands on staff time with negotiations with donors about their information requests. Usually, grant agreements specify which information agencies can provide and which details should not to be shared with donors, for instance because of confidentiality. However, interviewees reported that in a number of instances, donors requested additional information that went beyond the agreed upon scope of the assessment and at times contravened the agencies confidentiality policies. While the request for information may be well founded, agencies are wary of providing information beyond their original agreement as it may be difficult to obtain and they want to avoid setting a precedent that allows donors to ask for ever-more information. Moreover, passing on certain documents may simply breach confidentiality agreements. Negotiating information requests is time-intensive – one interviewee referred to "hours and hours of negotiations" – and often requires the involvement of high-level officials, further increasing transaction costs.

It is the confluence of these elements that leads to the perception that certain assessments are "such a heavy process." Improving on those problematic practices represents a great potential for reducing management costs – the overarching goal of Grand Bargain workstream 4.

Workload Depends on Effective Assessment Management by Agencies

While improving the above-mentioned problem areas is mainly a responsibility for donors conducting formal assessments, agencies can also influence how efficiently they manage assessments. Interviewees highlighted the following practices in managing assessments:

- **Knowledge management:** As with donors, the agencies' knowledge management practices greatly affect the workload required to craft assessments. For instance, with regard to ex-post project reviews, interviewees explained that it is sometimes difficult to provide the requested information if implementing partners are no longer present, supporting documents are missing or staff has changed. Proper documentation of project specifics alongside the common assessment questions would help address this issue.

- **Assessment support function:** Agencies commonly support field colleagues facing assessments by providing guidance from dedicated staff based at headquarters. Two different models exist for organizing such support: either help is provided through a centralized assessment support function which acts as an organization-wide backstopping unit for donor assessments conducted at the organization, or through donor relationship managers, who then support assessments from "their" donor. Both support mechanisms aid country operations by providing corporate-level information needed to answer assessment requests. It is impossible to assess which model is more suitable or effective in reducing the workload of donor assessments. However, experiences from WFP, which created a centralized unit at headquarters that manages all donor assessments, suggests that this helped reduce the transaction costs linked to internal requests for information and also improved knowledge management.

Ill-Perceived Assessments Strain the Donor-Agency Relationship

Extensive staff time requirements and ill-designed assessments can result in a strained relationship between agencies and "demanding" donors. In most of their interviews, agency representatives expressed a frustration with the design, extent and frequency with which some donors conduct their assessments and how little value the process adds to their own work. In particular, feeling overly donor-driven, having little influence over the assessment process due to the agency-donor power dynamic, as well as receiving continued requests for assurance after successful institutional assessments all create frustration for agencies.

Across the five agencies, many interviewees also struggled to understand why their internal oversight mechanisms are not enough to substitute donor assessments, or at least reduce their quantity. There is a general perception that internal oversight is functioning well and that donor assessments do not recognize this reality. Moreover, many agency staff have the expectation that donor assessments with positive results, in particular institutional examples such as European Commission pillar reviews or DFID central assurance assessments, should reduce the number of future assessments or lighten their scope. However, the number of donor assessments is steadily rising despite the existence of extensive institutional assessments and the efforts of agencies to improve internal oversight. This combination leads to numerous complaints about the status quo of donor assessments among many interviewees.

Furthermore, many agency interviewees would prefer a more cooperative relationship with those donors who, in the eyes of some staff members, currently conduct their assessments in the "spirit of punishment." Interviewees felt that some donors tend to focus only on negative findings while ignoring more positive conclusions and trends. All this strains the donor-agency relationship and can lead agencies to be less cooperative or, as a donor put it, become cagey and push back on their requests for assurance. In turn, this animosity creates a self-reinforcing pattern of pushback by agencies when receiving assessment requests and more demands by donors to counter the pushback.

A Positive Note: Assessments Can Create Opportunities for Learning and Help Drive Organizational Change

Despite the challenges many agency staff associated with donor reviews, agency interviewees also emphasized positive aspects linked to donor assessments. A recurring theme is that donor assessments help drive learning and organizational change by pointing agencies to the areas where they need to improve. Interviewees also mentioned that assessments lead to a normalization of the difficult environment in which agencies work. By encouraging agencies to report on problems, donors are then educated through their assessments about the reality of humanitarian assistance and the circumstances under which agencies operate. Lastly, being positively assessed can open the door to funding, which is vital to the survival of all five agencies.

Reflecting on their own experience with these assessments, one interviewee explained that donor assessments "push us to have more robust systems and question the way we work." They can present agencies with a learning moment, as they do not have systematic procedures in place to regularly review the overall institutional design for management and accountability. As one interviewee put it, "we know from those assessments where our strength is and our weaknesses lie." Project-specific assessments also require agencies to reflect on their performance and respond to the shortcomings they reveal. External assessments can also legitimize changes that would otherwise not take place. Interviewees from across the five agencies cited examples of policy or procedural improvements that were undertaken either to avoid negative assessments by a donor or because of assessment recommendations.

Still, it is not a given that agencies learn from donor assessments and use them to improve their organizational practices. While such outcomes are ideal, they seem to be dependent on the type of assessment, whether it is conducted in the spirit of dialogue rather than control, the level of consultation during the process, and the quality and timing of assessment reports. Broad, evaluative assessments that are conducted periodically were reported to be more useful to the agencies than financial scrutiny checks. Another factor directly impeding the learning process is that assessments are sometimes not shared with the agencies for review and comments.

6. The Effects of Donor Assessments on Partner Organizations

UNHCR, UNICEF and WFP heavily rely on local and international humanitarian NGOs in the design and implementation of programs and operations.[27] For instance, UNICEF passed 34% of its overall humanitarian budget onto implementing partners in 2019.[28] WFP works with approximately 1,000 NGOs worldwide and delivers three quarters of their food and cash transfer operations through NGOs.[29]

It is common practice for UN agencies to comprehensively assess their NGO partners throughout the project cycle. Assuming a cascading effect, the review sought to establish the indirect effects of donor assessments on NGOs as the downstream partners of the assessed UN agencies. To this end, the review synthesizes the experiences from 21 national and international NGOs partnering with UNHCR, UNICEF and WFP in Afghanistan, Uganda and Yemen.

The initial assumption was that UN agencies pass on the required level of assurance from their donors to their NGO partners. However, interviews with both NGO representatives and UN agencies revealed that it is difficult to establish such a direct link. A key reason for this is that NGO partners are often unaware of the underlying factors which lead to requests for assurance from UN agencies, especially when it involves ad-hoc assessments. This lack of transparency concerning the background and purpose of assessment requests poses the greatest concerns for small national NGOs, which often have no insights on the internal structures of their UN donors. There have only been a few instances in which NGO representatives were able to connect an assessment from one of the UN agencies to the specific request for assurance by the donor. In interviews, UN agency representatives largely refuted such a direct and immediate link and argued that they generally follow their internal organizational policies to guide their partner assessments. However, some suggested that top-down oversight by donors can trickle down over time into agency oversight practices and thus indirectly influences the way agencies conduct oversight.

27 Since the ICRC works primarily with National Red Cross/Red Crescent Societies and thus has a different operating model, this component of the review does not cover ICRC partners. Funding from the country-based pooled funds managed by OCHA is available to UN agencies, national and international NGOs, and RCRC organizations. However, they are also not included in this review because OCHA requested to abstain from the review due to capacity issues.

28 UNICEF (2020) *Internal Assessment On Cascading Quality Funding to Implementing Partners*.

29 WFP (no date) https://www.wfp.org/non-governmental-organizations.

While the review team could not ascertain if and to what extent agencies pass on donor assurance to NGO partners, NGO interviewees nevertheless shared their general impressions on agency assessments. Their experiences with these assessments are largely similar to those of the agency representatives described in the previous chapters:

- **Assessments from the three UN agencies are increasing in number, becoming more complex and duplicating requests.** This option illustrates the striking similarities to the way UN agencies have characterized assessments from donors.

- **Assessment practices risk excluding smaller NGOs, but provide valuable learning opportunities.** For NGOs – particularly smaller ones – assessments are often very demanding because organizational capacities are often limited and the assessments can have fundamental consequences, in particular if the assessments are tied to funding. However, assessments also provide learning opportunities, in particular for local NGOs.

Assessment Requests Are More Frequent, Complex and Repetitive

In interviews, the majority of UN agency partners mentioned that the volume of assessments has increased over the past few years. One interview partner from Yemen underlined that, "in recent years, requests have risen especially for internal and risk control." Beyond that, UN agencies also increased checks on financial documents. An NGO gave the example that UNHCR moved from quarterly financial reviews to conducting these reviews on an almost monthly basis. WFP also usually requires NGO partners to submit agreed accountability documents on a monthly basis. UNICEF, on the other hand, has reduced the number of minimally required financial spot checks to just one a year.

In addition to the overall trend of increasing quantity, several interviewees suggested that assessments have grown more complex – particularly partner capacity assessments and financial reporting. For instance, an Afghan NGO illustrated this point by explaining that their recent capacity assessments have become more comprehensive in terms of the organization's strategy. Some interview partners also found numerous overlaps in the assessments they receive from various UN agencies, especially when two or more assessments occurred simultaneously in the same country. In particular, partner capacity assessments were often cited as sources of duplicative requests, as they do not focus on specific projects but look at the organization at large, including its general performance, structure and internal policies. Such duplicative assessments seem to affect primarily larger and mostly international NGOs, since they often receive funding from a variety of different sources and thus undergo more partner capacity assessments.

While the UN partner portal – which is used jointly by UNHCR, UNICEF, WFP, and other UN agencies – was frequently mentioned as a key step toward reducing duplicative requests, most NGO representatives suggested that assessments from UN agencies still tend to be more extensive than those from bilateral donors.

Assessment Practices Risk Excluding Smaller NGOs, But Provide Valuable Learning Opportunities

NGOs in Afghanistan, Uganda and Yemen expressed concern that increasingly stringent and complex due diligence requirements will crowd out (smaller and local) partners from working with the UN agencies.[30] In practical terms, this may mean that the UN agencies run the risk of cooperating with fewer NGO partners, as more demanding oversight mechanisms require both specific expertise and human resources on the side of the partners. For example, an international NGO highlighted that they had increased their personnel with expertise in finance to ensure that they were "always ready to answer the auditors' questions." However, small NGOs may lack the flexibility, competitiveness and resources necessary to recruit additional staff. Consequently, many NGOs connect the UN agencies' partner selection to the increasing complexity of assessments and the ability of those selected to conduct the various capacity assessments and due diligence checks. By expecting the same standards from local NGOs as from international organizations, the UN agencies risk undermining the Grand Bargain commitment of localizing aid (work stream 2).

Almost all NGO partners stated that the constant increase in assessment requirements had a negative effect on their work and decreased the time they could allot to program goals. While this affects all partner NGOs, the impact of increasing assessment demands is relative to the size and structure of the organization. Interview partners from both international and national NGOs recognized that assessments represent a greater burden for small NGOs. Several interviewees confirmed that local NGOs, in addition to dealing with the same requests and expectations as large, international organizations, face even greater demands from UN agencies. Moreover, international NGOs benefit from a great deal of leverage and financial leeway that allows them to influence agencies, negotiate demands, and even refuse a grant if the requests are deemed inappropriate. For smaller, local NGOs, this is rarely an option.

Despite this drawback, the interviewed NGOs also highlighted multiple benefits of assessments. Above all, they found that assessments provided excellent learning opportunities for their organization: One Afghan NGO noted that assessments "give guidance and show the right direction," and an interview partner from Yemen claimed that assessments help to "identify gaps and enable capacity building." Some interviewees also saw assessments as a chance to question and readjust their organization's internal policies. National NGOs were those who most often reported the benefits afforded through assessments. While established, international NGOs are less likely to see assessments as useful learning opportunities, almost all national NGOs interviewed pointed out the benefits these learnings could have on expanding their work and impact. For example, since partner capacity assessments usually precede partnership agreements, some interviewees found this process to be a helpful opportunity to review internal procedures and policies, and align them with donor requirements. At the

30 The effects, particularly the negative consequences, of UN agency assessment practices were somewhat challenging to uncover, given that some interview partners may have chosen not to speak freely due to the imbalance of power in their partnership with UN agencies. Some interview partners mentioned that their dependency on funding from UN agencies shaped the relationship.

same time, several interview partners said that a higher number of assessments does not enlarge the learning experience proportionately, especially when they duplicate existing assessments. In general, the interview partners see assessments as valuable if they are well organized, not overly extensive or repetitive, and if findings are shared and discussed. As one international NGO summarized it: “The purpose of assessments is absolutely clear and valuable. But it shouldn’t be a micro-economy on its own.”

7. Conclusion and Recommendations

Despite the Grand Bargain commitment to reduce the volume of individual donor assessments, this review shows that the number of donor assessments has continuously increased since 2016. While this confirms what other studies have previously reported – that there has been little progress on Grand Bargain commitment 4.5 – this review provides novel information concerning the actors responsible for this increase, the effects of assessments on those reviewed, and on the opportunities for joint assessments.

Two donors – the European Commission and UK's DFID – are primarily responsible for the increase in individual donor assessments. To make progress on Grand Bargain commitment 4.5, it is on the European Commission and DFID to revise their assessment practices and move toward greater risk sharing. However, it is also in the hands of the agencies to increase the trust their donors put in them to justify such revisions. The other donors conducting assessments play only a minor role at this point, but should refrain from introducing more detailed assessment practices in order to avoid further backtracking.

In terms of the effects of assessments on those assessed, the review finds both problematic and positive outcomes. On the one hand, agencies must invest extensive time into addressing assurance requests, and reports sometimes strain donor-agency relationships due to the way some assessments are conducted. Many of the negative consequences of assessments are influenced by their design and the agencies' management of the assessment process. Thus, some of the burden can be mitigated through re-designing the assessments and better managing the review process. On the other hand, donor assessments can also have positive effects if they are seen as learning opportunities and used to spur changes in policies and practices. If these lessons learned materialize, donor assessments are highly valuable to agencies and the humanitarian system as a whole.

Regarding joint assessments, this review found that they rarely happened and that their potential for replacing individual donor assessments is limited. This is due to the specific informational needs on the part of donors and the correspondingly narrow focus of assessments providing that information. However, opportunities for joint assessments exist for broader institutional assessments, which also offer opportunities for donors to rely more on the results of assessments conducted by other donors or entities.

To achieve tangible progress on Grand Bargain commitment 4.5 and substantially reduce management costs, donors and agencies must address both the political dimensions driving assessments, such as risk-sharing and trust, as well as technical issues around the design and management of assessments, which greatly affect their outcome. Such measures includes much greater dialogue between donors and agencies on how to increase confidence in agencies' own internal oversight mechanisms. The review makes four main recommendations addressing these dimensions:

- **To donors and agencies:** Share risks, build trust and foster learning;
- **To donors:** Improve the design and implementation of assessments;
- **To agencies:** Improve the management of assessments;
- **To donors and agencies:** Utilize all opportunities for joint assessments.

To Donors and Agencies: Share Risks, Build Trust, Foster Learning

A significant number of assessments would not be necessary if donors who frequently conduct assessments would share the risks more evenly between themselves and their partners:

- **Donors should adopt risk-sharing policies to better rebalance risks between donors and agencies.** Humanitarian agencies operate in complex, fragile and often dangerous contexts that come with many inherent risks. Instead of following "zero-tolerance policies" that financially punish partners when cases of wrongdoings are uncovered, donors should instead develop "risk-sharing policies." Under these policies, donors and agencies should use the results of institutional assessments as a starting point for constructive and open dialogue. Together, they should determine which concrete steps will be taken to address deficiencies or, when an incident has occurred, what safeguards can be established to prevent future misconduct. By the same token, donors should substantially reduce their assessments and requests for additional assurances when reliable, existing institutional assessments – including those provided by the agencies themselves through their audit, investigation and evaluation functions – show that the agency performs well on institutional and governance issues.

- **To encourage learning, donors should – as a rule – share assessments with assessed agencies and provide space for a management response.** In this way, a management response is built around a process of jointly evaluating and confirming the findings and outcomes of the assessments as well as a due process to clarify differing interpretations. Allowing for such a management response and process is particularly critical in order to avoid misinterpretations and to enable the assessment and its takeaways to be shared with other donors in the future. This also applies to UN agencies assessing downstream partners.

In order for donors to revise their policies toward risks as suggested above, agencies must continuously prove their trustworthiness in regard to the management of financial contributions and compliance with policies, procedures and standards. To that end, three recommendations stand out:

- **Agencies should continue to improve the scope and quality of their internal oversight.** This includes expanding the use of existing oversight mechanisms, such as strengthening investigative and audit capacities by increasing their staff capacities (potentially subject to member states' approval) and the quantity of internal investigations and audits that the respective units are able to conduct per year. Agencies should also expand their risk management capabilities through dedicated staff, in particular at the country level, in order to develop country and project-specific risk registers and ensure the full integration of corporate policies on risk management into operations.

- **Agencies should rigorously implement compliance-related key performance indicators** or comparable metrics specific to their organization and operations in order to monitor to what extent critical policies, procedures and standards are followed and where shortcomings can be found. The results of this compliance monitoring should be regularly reviewed by senior management structures and data collection should be incentivized (e.g., through staff appraisal across the different ranks of the organization) to ensure that it receives the necessary attention. Further, the results of those key performance indicators should be regularly shared internally and with donors.

- **Agencies should engage in confidence-building activities with donors by proactively sharing information on internal oversight.** Transparency is key to building trust, and agencies should take steps to actively provide information more frequently to their donors. Since most assessments happen at the country level, country offices should also establish regular briefings with donors to share relevant information (e.g., quarterly oversight briefings, information on audits, evaluations, oversight policies, risk registers, etc.). Ideally, country offices and donors would use these meetings to engage in an open dialogue about which information is useful for building trust and limiting future information requests. Agencies should also strive to ensure more transparency around tracking funding and enable donors to easily compare their cost classifications with those of the agencies. Agencies should also proactively point to existing information sources reviewing their organization include shared assessments (e.g., MOPAN).

To Donors: Improve the Design and Implementation of Assessments

Donors can and should improve the design and implementation of their assessments. While this may not reduce the overall volume of donor assessments, the following recommendations would likely result in significantly reduced management costs:

- **Donors should exclude requests for assurance on broad organizational aspects in project-oriented assessments** (at the country level) if previous institutional assessments have already covered those areas. This may require updates to internal knowledge management systems or to the guidance outlining what project-oriented assessments should include.

- **Donors should lighten the burden of institutional assessments** by using MOPAN, other donors' institutional assessments and internal agency audit/oversight reports as much as possible.

- **Donors should establish risk-based criteria for triggering assessments** to avoid excessive requests for assurance from potentially risk-averse staff. In particular, staff who often exercise considerable discretion in determining the scope of assessments would benefit from such guidance.

- **Donors should establish and ensure consistent assessment standards.** One way to achieve this would be to create a dedicated assessment backstopping/quality control unit or expert group at the headquarter level. Such a unit or group should fulfill different tasks to set assessment standards: 1) Create internal quality criteria for assessments to ensure uniform standard. This is particularly relevant when donors outsource assessments or when relatively junior staff conduct reviews. Quality criteria would assure that an effective assessment process is maintained, that the assessment's scope and depth appropriately address the entity or project in question, and that assessors share results with the assessed agency; 2) Improve training activities for assessors to guarantee consistent standards; and 3) Keep track of assessments conducted across different partners and support the assessment process by providing advice to colleagues conducting assessments or overseeing external consultants. Ideally, members of this unit or group would also serve as focal points to foster the exchange of information on assessments with other donors.

To Agencies: Improve the Management of Assessments

While the recommendations above are aimed at donors, agencies should also review their practices for managing donor assessments. In particular, improving knowledge management practices will help reduce the negative effects of donor assessments for agencies:

- **Agencies should create an assessment backstopping/coordination unit at the headquarter level** – if such a unit or a comparable centralized structure does not yet exist – to keep track of completed assessments, proactively share previous assessments with donors and support field colleagues in the assessment process. This requires dedicated resources rather than assigning additional tasks to existing staff.

- **Agencies should create a central repository holding their oversight and compliance documents** and information to easily provide donors conducting assessments with the relevant information and to limit follow-up inquiries. Additionally, a compilation of "frequently asked questions" and answers concerning matters of risk management, oversight and compliance can further simplify and speed up engagement with donors on routine requests and help country offices dealing with donors' informal assurance requests.

Beyond changing internal practices that help to reduce the negative effects of donor assessments, agencies should also review their approaches of conducting assessments among downstream partners to limit negative effects and enhance learning:

- **Agencies should limit duplicative assessments and design them as a tool for accountability and learning.** It is critical that agencies take the limited resources of local partners into account when designing and conducting assessments. This is not about reducing assessments, but rather ensuring that they are efficiently designed and proportionate to the capacity of local partners. In addition, agencies should strive to ensure that assessments represent learning opportunities by conducting them in the spirit of a partnership and designing them as a tool to strengthen local capacity. This requires much greater investment by agencies in follow-up activities dedicated to jointly address deficiencies found in assessments.

To Donors and Agencies: Utilize All Opportunities for Joint Assessments

While it would be unrealistic to expect joint donor assessments to replace every individual review, donors should – where it is technically feasible – utilize all opportunities to conduct assessments jointly. In particular, non-project related assessments offer opportunities for cross-collaboration.

- **The European Commission, the UK and MOPAN should cooperate to determine those aspects of their pillar reviews, central assurance assessments and MOPAN assessments where cross-reliance is possible** – which is to say, each donor accepts sections of such assessments as an equivalent to an assessment conducted on their own. To do so, adjustments would be necessary to broaden cross-reliance.

- **Donors and agencies should jointly determine under which circumstances assessments can be shared with other donors and then proactively share reports among all actors.** To make donors aware of existing assessments requires a much higher level of transparency in the assessment process. Such transparency is often absent, as agencies may want to shield themselves from further questions and scrutiny when sharing reviews. To avoid possible misinterpretations, donors and agencies could agree on minimum benchmarks, such as only sharing recent assessments or those that include a management response by the assessed agency. Moreover, donors should use existing reports and refrain from starting new assessments that ask for the same information. This especially counts for donors who are currently conducting no or only few formal assessments.

Annex A: Interviews

Agencies	
Adib Nahas	International Committee of the Red Cross
Benno Kocher	International Committee of the Red Cross
Brenda Coughlan	International Committee of the Red Cross
Fruzsina Csaszar Di Ruggiero	International Committee of the Red Cross
Giovanni Trambaiolo	International Committee of the Red Cross
Johannes Bruwer	International Committee of the Red Cross
Cecilie Rogenaes-Panxha	International Committee of the Red Cross
Lars Oberhaus	International Committee of the Red Cross
Maria Thestrup	International Committee of the Red Cross
Adriana Carvalho Friedheim (+ N.N.)	Office for the Coordination of Humanitarian Affairs
Alexis Ariza	Office of the United Nations High Commissioner for Refugees
Anne-Marie Kerrigan	Office of the United Nations High Commissioner for Refugees
Anthony Garnett	Office of the United Nations High Commissioner for Refugees
Armando Castro Figueredo	Office of the United Nations High Commissioner for Refugees
Bates Assilbekova	Office of the United Nations High Commissioner for Refugees
Ben Farrell (+ N.N.)	Office of the United Nations High Commissioner for Refugees
Christine Fu	Office of the United Nations High Commissioner for Refugees
Ellen Hansen	Office of the United Nations High Commissioner for Refugees
Geoffrey Carliez	Office of the United Nations High Commissioner for Refugees
Hanne Raatikaien	Office of the United Nations High Commissioner for Refugees
Hans Baritt	Office of the United Nations High Commissioner for Refugees
Hiroko Araki	Office of the United Nations High Commissioner for Refugees
Jan De Bisschop	Office of the United Nations High Commissioner for Refugees
Leslie Velez	Office of the United Nations High Commissioner for Refugees
Pierre Pradal	Office of the United Nations High Commissioner for Refugees
Sulakshani Perera	Office of the United Nations High Commissioner for Refugees
Tessa Valk Mayerick	Office of the United Nations High Commissioner for Refugees
Wendy Badr	Office of the United Nations High Commissioner for Refugees
Won-Na Cha	Office of the United Nations High Commissioner for Refugees
Yasmin Keith-Krelik	Office of the United Nations High Commissioner for Refugees
Anne Lubell	United Nations International Children's Emergency Fund
Bryce Fieldhouse	United Nations International Children's Emergency Fund
Flavia Mi	United Nations International Children's Emergency Fund
Frankie Chen	United Nations International Children's Emergency Fund

Agencies

Lotte van't End	United Nations International Children's Emergency Fund
Mona Fetouh	United Nations International Children's Emergency Fund
Roisin De Burca	United Nations International Children's Emergency Fund
Ruben Rivas Pereda	United Nations International Children's Emergency Fund
Shannon Bullock	United Nations International Children's Emergency Fund
Silke von Brockhausen	United Nations International Children's Emergency Fund
Yahav Lichner	United Nations International Children's Emergency Fund
Alzira Ferreira	World Food Programme
Andrea Cook	World Food Programme
Anita Hirsch	World Food Programme
Asier Segurola	World Food Programme
Bahar Zorofi	World Food Programme
Bruno Page	World Food Programme
Chris Kaye	World Food Programme
Clare Graham	World Food Programme
Ellen Wielezinsky	World Food Programme
Giammichele De Maio	World Food Programme
Habib Rahman	World Food Programme
Jane Pearce	World Food Programme
Johnson Kagoye	World Food Programme
Julius Kaess	World Food Programme
Karin Manente	World Food Programme
Levke Groher	World Food Programme
Natasha Nadazdin	World Food Programme

Donors

Claire Clement	Department of Foreign Affairs and Trade (Australia)
Catherine Gill	Department of Foreign Affairs and Trade (Australia)
N.N.	Department of Foreign Affairs and Trade (Australia)
David White	Department for International Development (DFID)
Matthew Sudders	Department for International Development (DFID)
Alberto Garralon-Perez	European Commission
Charles Pirotte	European Commission
Dimitra Antonopoulou	European Commission
Gérard Van Driesche	European Commission
Jan Sempels	European Commission
Luigi Pandolfi	European Commission
Nathalie Thiberge	European Commission

Donors

Ruxandra Serdan-Verde	European Commission
Heidi Nippe	Ministry of Foreign Affairs (Norway)
Linn Benjaminsen	Ministry of Foreign Affairs (Norway)
Elizabeth Bailey (+4 N.N.)	U.S. State Department (USA)
Collin Furness	United States Agency for International Development (USA)
Elizabeth Bellardo	United States Agency for International Development (USA)
Olivia Tecosky	United States Agency for International Development (USA)
Sasha Pollak	United States Agency for International Development (USA)
Jamie Thorlin	United States Agency for International Development (USA)
Philippe Besson	Eidgenössisches Departement für auswärtige Angelegenheiten (Switzerland)

NGOs

Camille Chemin	ACTED (Headquarters, France)
Romuald Guillerey	ACTED (Headquarters, France)
Arizi Primo	Alliance Forum for Development (AFOD) (Uganda)
Andrew Kiri	Andre Foods International (AFI) (Uganda)
Ulfat Kazemi	Basic Education and Employable Skills Training (BEST) (Afghanistan)
Francis Iwa	Care And Assistance For Forced Migrants (Uganda)
Abdul Halim Halim	Coordination of Afghanistan Relief (Afghanistan)
Dr. Aziz Jami	Coordination of Rehabilitation and Development Services for Afghanistan (Afghanistan)
Yahya Omid	Coordination of Rehabilitation and Development Services for Afghanistan (Afghanistan)
Beatrix Masime	Danish Refugee Council (Uganda)
Simon Njagi	Danish Refugee Council (Uganda)
Muhammad Hussain	Human Resources Development Agency (Afghanistan)
Sayed Ahmadullah	Human Resources Development Agency (Afghanistan)
Emmanuel Aturinde	Hunger Fighters Uganda (HFU) (Uganda)
Abdul Latif Rashed	Move Welfare Organization (Afghanistan)
Mohamed Abdi	Norwegian Refugee Council (Yemen)
Cecilia Roselli	NRC (Geneva)
Ulrika Blom	NRC (Uganda)
Amr Munibari	NRC (Yemen)
Mohammad Khalid Salimee	Organization For Relief Development (Afghanistan)
Ghulam Sakhi Gulan	Organization Of Human Welfare (Afghanistan)
Robert Kwesiga	Red Cross Uganda (Uganda)

NGOs

Abdul Sattar	Rural Rehabilitation Association for Afghanistan (Afghanistan)
Onno van Manen	Save the Children (Afghanistan)
Hilary O'Connor	Save the Children UK/US
Costanza Tognini	Save the Children UK/US
Nasser Bajanoob	Society For Humanitarian Solidarity (Yemen)
Naseeb Khan	Sound Humanitarian Participatory and Organizational Uplift (SHPOUL) (Afghanistan)
Shafiqullah Shadab	Sound Humanitarian Participatory and Organizational Uplift (SHPOUL) (Afghanistan)
Susan Ajok	Straight Talk Foundation (Uganda)
Patrick Onyango Mangen	Transcultural Psychosocial Organization (Uganda)

Other

Andy Featherstone	Independent consultant
Ashley Augsburger	InterAction
Lindsay Hamsik	InterAction
Edward Hainsworth	Multilateral Organisation Performance Assessment Network (MOPAN)
Mitch Levine	Multilateral Organisation Performance Assessment Network (MOPAN)
Suzanne Steensen	Multilateral Organisation Performance Assessment Network (MOPAN)

Annex B: Methodology Note

The assessment data analyzed in this review was partly provided to GPPi by designated focal points from the different agencies. In addition to this, the review team used web-based searches to collect additional donor assessments on which information was publicly available, particularly evaluations. Following data collection, consolidation and categorization, the review team checked every document to remove duplicates and determine if entries match the definition of an assessment used for this review.

Of those assessments provided by donor agencies, 12 assessments did not match the review's definition, and two were postponed or still ongoing. Those entries were thus removed from the dataset. In addition, two monitoring missions were removed. While they matched the definition of a donor assessment, comparable information on monitoring missions from other donors was missing. For this reason, their inclusion would have skewed the analysis.

Data Limitations

The review team categorized and analyzed the available data based on established academic standards. While the analyzed data should be error-free, it is critical to acknowledge the risk of missing and incomplete data due the following reasons outside of the review team's control: Since most of the data was provided by the agencies themselves, there is a potential of missing data. The review team also only received a partial list of donor assessments from UNICEF, including only information on assessments from the European Union and the UK but not from other donors. As a result, the analyzed data is likely to slightly overstate the volume of assessments from the European Union and the UK. Another limitation could be that assessments conducted at the country level may be underrepresented in the dataset because country offices may not have provided this information to their headquarters. Lastly, the dataset includes only assessments requiring some form of input from the different agencies.

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