

Due Diligence Harmonisation in Ukraine

Learning and Recommendation Report

August 2025

actionaid



Contents

00. Executive Summary	03
01. Approach	06
02. Analysis of Comparative Analysis	09
03. Detailed Observations and Findings	16
ANNEX	26
A. Comparative Analysis	27

This report has been prepared by BDO LLP at the request of Fundación Alianza por los Derechos, la Igualdad y la Solidaridad Internacional, a member of the ActionAid International network. We do not accept or assume responsibility to any third party to whom the Report is shown or into whose hands it may come. If others choose to rely on the contents of the Report, they do so entirely at their own risk.



Acronyms and Key Definitions

AML	Anti-Money Laundering
CHS	Core Humanitarian Standard
DDTF	Due Diligence Taskforce
DEC	Disasters Emergency Committee
DEI	Diversity, equity and inclusion
ECHO	Directorate-General for European Civil Protection and Humanitarian Operations
FGD	Focus Group Discussion
HQ	Headquarters
INGO	International Non-Governmental Organisations
NGOP	The Humanitarian NGO Platform in Ukraine
NNGO	National Non-Governmental Organisations

Definitions for Due Diligence Initiatives

Harmonisation

Developing a unified approach to assessing due diligence, by using one assessment tool that is accepted by all donors.

Passporting

Recognising and accepting due diligence assessments conducted by other organisations.

Certification

Recognised certifications that organizations have received to demonstrate compliance in certain areas or with specific standards, for example, the Core Humanitarian Standard.

Capacity Development

Investing in the development of partners' capabilities to meet due diligence requirements independently.

Strategic partnerships

Forming alliances with other organisations to support due diligence through access to additional resources, expertise and insights, and sharing of experiences or results.

Executive Summary

Background

Due diligence is of critical importance in ensuring accountability and transparency to donors. However, it can also present a significant burden on the vital resources of local organisations, who often face repeated requests for information, straining their capacity. Balancing the need for thorough due diligence with the urgency to act quickly and access funding effectively, is a challenging trade-off that has been particularly pertinent to the humanitarian crisis in Ukraine.

BDO has been engaged to build upon the existing work of the Due Diligence Taskforce (DDTF), to support and strengthen networks and engage stakeholders, both locally in Ukraine and globally, to drive knowledge sharing. This assignment was co-commissioned by ActionAid and the NGO Platform, funded by the Disasters Emergency Committee (DEC).

Working closely with the DDTF, representatives from the Disasters Emergency Committee (DEC) and the Humanitarian NGO Platform in Ukraine (NGOP), we have supported efforts to scale up existing projects to harmonise terminology, build networks within Ukraine and develop a local partner database. Our work has involved gathering information on due diligence from a larger platform of users, and helping collate and present evidence-based reports to key decision-makers. This will be a powerful lever to drive the necessary changes and innovations in due diligence processes.

There has been three phases of our work:

1. Situation review and stakeholder engagement, incorporating surveys, focus groups and a literature review;
2. In-depth analysis of due diligence processes across a sample of 26 organisations; and
3. Capitalisation and learning activities.

This report summarises the observations identified through the performance of the detailed comparative analysis and consultations, triaging these with information previously gathered through the survey and focus groups. It provides recommendations for consideration at organisations across NGOP in Ukraine and the DEC that have kindly participated in the project and provided invaluable insights.

Key Conclusions

- ▶ There is a strong desire for harmonisation and streamlining across the sector, but the high volume of initiatives and lack of transparent, clear information has resulted in confusion and duplication. A one-size-fits-all approach is unlikely to be the end-result, but having transparent information on the initiatives in existence will allow organisations to consider what is the best approach for them, set clear end-goals, and share learnings with others.
 - ▶ Organisations seeking to passport other frameworks will benefit from developing structured processes and tools that enable staff to confidently operate within a defined risk tolerance, in addition to demonstrating to donors that effective risk management procedures remain in place.
 - ▶ Full alignment on due diligence processes across the sector will be challenging. However, the evidence shows that considerably more alignment can be achieved across smaller groups, indicating that forming strategic alliances will contribute to the success of harmonising or passporting frameworks.
 - ▶ Global certification initiatives provide advantages for larger organisations but are resource-intensive, which presents a barrier for local organisations in Ukraine to adopt.
 - ▶ There is a reasonable degree of consistency across due diligence that demonstrates a set of ‘core’ topics that the majority of organisations seek assurance over before entering into a partnership. These would formulate a strong baseline for harmonisation, passporting and certification initiatives to be a success.
 - ▶ Areas with more variability between organisations lend themselves to a modular approach, where full topics can be scoped in, or more in-depth questions can be added to address risks specific to that partnership. Frameworks where capacity development is a key feature will further benefit from the modular or tiered approach, ensuring a targeted approach that is considerate of the context of the partner.
-

Executive Summary (cont.)

Summary of Key Findings and Observations:

Set out below, are the key findings identified as part of this review. We have structured them against five areas: collaboration and communication, policies and procedures, complexity and understanding, proportionality and resource constraints. Please see **Section 3** for further detail.

Collaboration and Communication

#	Observation	Finding
1	Limited transparency of due diligence initiatives in Ukraine	Many organisations, especially local partners and National Non-Governmental Organisations (NNGOs), lack access to comprehensive information about initiatives that aim to reform due diligence. This can hinder decision-making and duplicate efforts.
2	Limited communication of initiatives between donors and INGOs to date	Limited communication between donors and International Non-Governmental Organisations (INGOs) regarding due diligence initiatives, their purpose and associated benefits can hamper acceptance and use.

Policies and Procedures

#	Observation	Finding
3	Passporting initiatives exist but are not formalised	There are benefits to using passporting, but nascent procedures or guidelines to codify how passporting could be implemented may have limited uptake of the initiative.
4	Passporting may be more successful in small groups	Introducing passporting to smaller groups, or existing alliances, could be a more successful way of rolling out a due diligence initiative due to strategic alignment and increased trust between members.
5	Separating capacity development and core due diligence	Introducing capacity development into due diligence has added complexity to processes. While capacity strengthening is beneficial, separating different elements of due diligence and introducing a more modular approach could make harmonisation more effective.

Complexity and Understanding

#	Observation	Finding
6	Managing expectations on how to implement due diligence reform	It should be recognised that due diligence reform will not be a one-size-fits-all solution to solving challenges associated with due diligence. While there are extensive benefits, there are also drawbacks with each type, and the impact of these will vary across organisations.
7	Challenges in comparing due diligence tools between organisations	In undertaking the comparative analysis, there was an element of interpretation required. This suggests that there may be elements of subjectivity amongst due diligence assessors and highlights the need for some form of consistency, though guidance and training.

Proportionality

#	Observation	Finding
8	Proportionality in due diligence processes	Proportionality between the size of organisations and due diligence requirements is crucial, especially for smaller organisations with limited resources.

Resource Constraints

#	Observation	Finding
9	Use of certifications within Ukraine	We understand there is a widespread use of certifications within Ukraine and concerns have been raised over the quality and standards of certifications used. Globally recognised certifications may not be achievable for small local partners, due to their cost or extensive requirements.

Section 1: Approach

Approach

To inform this report, our work has involved the following:

Desk top review of documentation

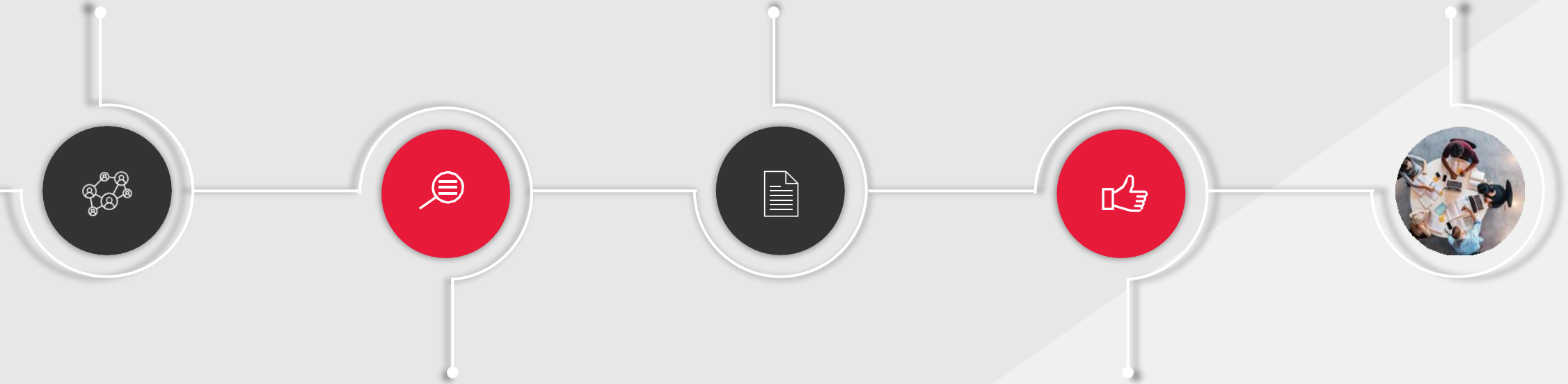
To gain insight into the due diligence landscape within Ukraine, we undertook a review of existing work completed by the DDTF, existing literature and due diligence tools.

Inception Report and Situation Review

We issued an inception report setting out observations arising from a situation and stakeholder engagement analysis of INGOs and NNGOs operating within Ukraine who are both conducting and undergoing due diligence. The report provided an overview of the due diligence landscape in Ukraine, presented survey results analysing the perception of due diligence among NGOP and DEC members, thoughts on due diligence reform initiatives, and existing challenges and barriers.

Comparative analysis of a sample of due diligence assessments

We have undertaken a comparative analysis of 26 due diligence tools across DEC members, INGOs and NNGOs to identify similarities and difference between due diligence assessments.



Survey, focus groups, data analysis and due diligence mapping

We developed and issued two surveys, one tailored to DEC members and one tailored to NGOP members.

We held two focus group discussions (FGDs) with 10 organisations operating in Ukraine of either an INGO or NNGO status.

We used both quantitative and qualitative data analysis techniques to identify trends in survey responses, focus group discussions and due diligence initiatives.

Using the data from the survey, we have developed a due diligence initiative mapping database for the DDTF to use to capture new and existing initiatives across NGOP members.

Interviews and consultations

We have held interviews with two institutional donors, and a Ukrainian organisation.

We also held consultations with several organisations over their processes to understand areas of importance and 'red lines', in addition to what factors would be needed for successful due diligence reform.

Comparative Analysis Topics

For the detailed comparative analysis of frameworks, we have identified the following indicators, split by eight key subject areas, to conduct the analysis. These topics were identified through previous harmonisation activities as common topics within the sector, focusing solely on administrative capacity of organisations. We have not compared indicators focusing on programmatic capabilities, as it is expected these would differ depending on the focus of the organisation, and even between projects.

Pre-Qualification

- Legal Status
- Governance Structure
- Vision & Mission
- Background checks
- Sanctions
- Financing of Terrorism
- Corruption
- Disclosures
- Litigation

Governance & Accountability

- Management oversight
- Reporting structures
- Laws & Regulations
- Code of Conduct
- Accountability to affected populations
- Feedback mechanisms

Safeguarding

- Policies
- Awareness & Training
- Monitoring
- Culture

Operational Capacity to Deliver Programmes

- Policies
- Work plans
- Risks
- Project management systems
- Monitoring of programmes
- Evaluation of results
- Learning
- Sustainability

Management of Downstream Partners

- Partner selection
- Contracting
- Monitoring
- Areas of development

Financial Capacity to Manage Donor Funds

- Policies
- Systems
- Segregation of Duties
- Personnel
- Financial Statements
- Budget monitoring
- Shared costs
- Audited accounts
- Audit findings

Payments & Cash

- Bank accounts
- Signatories
- Cash payments
- Advances
- Reconciliations
- Online payments
- Security

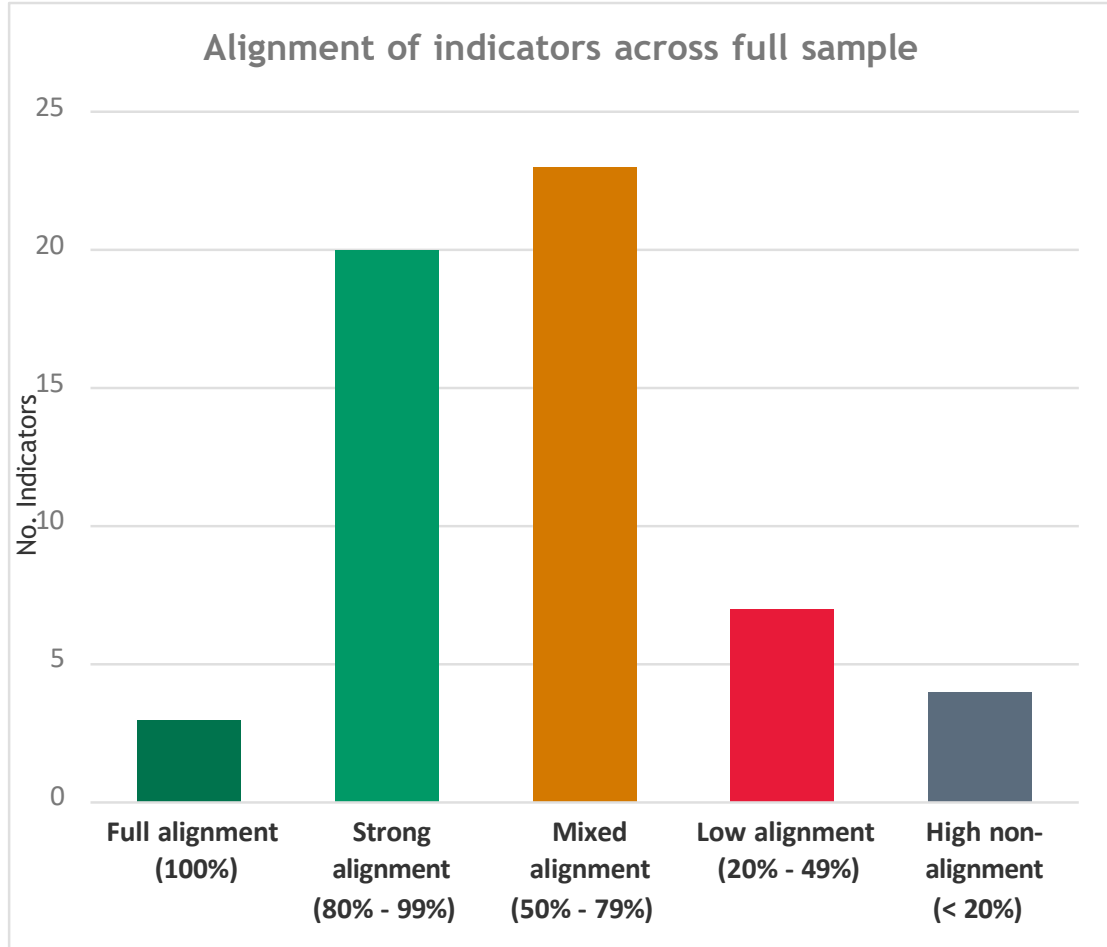
General Systems & Controls

- Procurement
- Assets
- Inventory
- Information security
- Travel
- Travel security
- Human resources
- Staff roles
- Recruitment
- Diversity, equity & inclusion

Section 2: Analysis of Comparative Analysis

Overview of Comparative Analysis Results

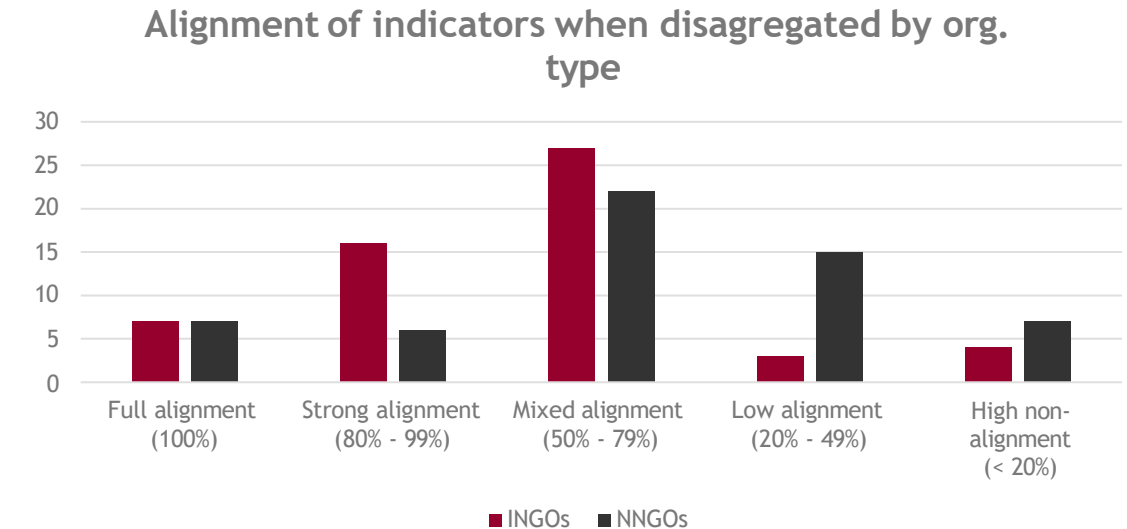
We compared 26 due diligence frameworks against the 57 indicators stated on page eight to determine how aligned the requirements were. Alignment is measured by the number of frameworks that contained full or partial* reference to the indicator.



The results demonstrate full or strong alignment on 23 (40%) of the indicators and mixed alignment on a further 23 (40%), meaning that 80% of key topics across the sector are being consistently asked by granting organisations seeking new or refreshed partnerships, a high degree of correlation.

It is encouraging to see that only seven indicators (13%) had low alignment (defined as being present in between 20% and 49% of the frameworks reviewed), and just four indicators were present in less than 20% of the sample ('high non-alignment'). There is varying level of importance placed by organisations on these indicators.

Over the coming pages we provide detailed analysis of the results, including the differences identified when disaggregating between INGOs and NNGOs. The full dataset is presented in **Annex A**.



*Partial has been considered as demonstrating alignment for the purposes of this review, to account for differences in terminology and the specifics of the indicators used.

Analysis of Results

Areas with full alignment

Three indicators were found to be clearly present or referenced in all frameworks reviewed:

Pre-qualification

- **Legal Status:** confirmation that the organisation is legally registered in the country of operation.

Safeguarding

- **Policies:** confirmation that policies and procedures exist that include applicability, tolerance, reporting and consequences.

Financial Capacity to Manage Donor Funds

- **Policies:** confirmation that there are policies, procedures and other tools in place to effectively guide financial operations.

These communalities demonstrate that there is a strong focus on regulatory compliance, ethics and sound financial management across the sector, driven by organisations' shared low tolerance for risks related to fraud and corruption, safeguarding and illegal activity.

When the data is disaggregated between type of organisation, full alignment increases to seven indicators for INGOs, with the following topics also showing strong coherence:

Governance and Accountability

- **Management oversight:** confirmation that the Board / Governing body has appropriate and effective structures and oversight functions, including over other offices.

Financial Capacity to Manage Donor Funds

- **Systems:** confirmation of an appropriate accounting system that allows for proper recording of financial transactions, including clearly identifying different donor funds and budget lines.
- **Audited accounts:** confirmation that annual accounts are prepared and audited by

an independent auditor against national or international accounting standards.

General Systems and Controls

- **Assets:** confirmation that there are adequate safeguards in place to protect assets from fraud, waste and abuse, including periodic verifications / counts of assets.

This indicates a strong desire for INGOs to know that their partners hold themselves accountable for achieving strategic goals, managing risks and ensuring compliance. They want additional assurance that the systems are in place to support this, through seeking confirmation that the partner has appropriate accounting systems and obtains audited accounts. These indicators are also present in a high proportion of NNGO frameworks, but less than INGOs (management oversight - 88%, systems - 75%, audited accounts - 75%, assets - 63%). This could be a reflection of the types of partner each engages with - NNGOs operating in the local context may be more likely to work with small or informal organisations to supplement their programme activities and these entities are less likely to be funding asset purchases, for example.

Full alignment also increases to seven indicators when looking only at NNGOs, but with four different areas of focus:

Pre-qualification

- **Corruption:** confirmation that the organisation has policies and procedures regarding Anti-Money Laundering (AML), Corruption, Whistleblowing, and Bribery, to ensure mutual accountability to stakeholders.

Governance and Accountability

- **Code of Conduct:** confirmation that a Code of Conduct that protects staff, beneficiaries, programme participants and other stakeholders exists, is owned by the oversight board, and is adhered to.

General Systems and Controls

- **Procurement:** confirmation that appropriate policies, procedures and purchasing thresholds are in place to conduct transparent, fair and ethical procurement, that ensures value-for-money in purchasing.
-

Analysis of Results (cont.)

- **Human resources:** confirmation that appropriate policies and procedures are in place to manage staff, including staff reviews, grievance mechanisms, and training and development.

It is surprising that these indicators are not also fully aligned across the INGO sample, in particular around the requirement for a code of conduct and policies combatting corruption. This may be more a factor of the framework and terminology, rather than that an INGO is not seeking evidence in support of these areas. For example, an INGO would not expect to see a separate code of conduct, as they consider that the associated principles should be embedded throughout other policies. However, if so, it highlights a need for a consistent terminology across the sector.

Further analysis of differences between INGOs and NNGOs is provided on page 15.

Areas with strong alignment

The analysis identified strong alignment, categorised as where the indicator was fully or partially present in more than 80% of frameworks, for 23 of the 57 indicators used (40%). This remains at 23 when considering just the INGOs, but falls to 13 (27%) when only considering NNGOs. *Note: these figures include those indicators mentioned above where full alignment was noted.*

This shows how INGOs, in particular, despite varying appetites for risk and differing focus areas, agree on many key areas where risk should be assessed. This is no clearer than in the results for Governance and Accountability, where all six indicators have alignment scores above 80%. Financial capacity also shows strong alignment, with six of the nine indicators scoring above 80%, demonstrating the importance placed on ensuring grant funds are appropriately accounted for.

During the early survey and focus groups, facilitated by BDO to understand the challenges and concerns people have around due diligence, we noted that a strong focus of due diligence on having policies in place presented challenges, as the existence of such policies is not always reflective of the actual operations at a partner, particularly

those that are smaller or less established. An expectation to have a full suite of detailed policies meant these entities were adopting donor policies that were not feasible to implement. These comments were borne out by the comparison of the tools, as the areas of strong alignment were indeed those with a strong focus on having documented policies in place, such as safeguarding, procurement, human resources, monitoring of programmes and finance. This strong focus on policies was not across the board, however, as only 36% of the frameworks request policy information for travel. There was mixed alignment on other policies, such as the development of programmes, with 76% having a full or partial rating.

Indicators for identifying programme risks, monitoring of programmes and evaluation of results are all strongly aligned across the sample. This alignment shows that there is a broad expectation that partners should have a baseline level of operational capacity that includes considering what can go wrong and how to evaluate success. The indicator for learning was less aligned at 60%, which could indicate that more emphasis is placed on partners' monitoring and evaluation processes themselves, rather than how those results should inform future programming.

Three indicators under General Systems and Controls had very high alignment scores - procurement (96%), assets (92%) and human resources (92%). Controls over procurement and asset management are highly linked to risks of financial mismanagement and unethical conduct and often a key focus of overarching agreements with institutional donors, so it is not surprising that these were included in almost all frameworks reviewed. Human resources also touches on the ethical risks donors face - it is important to understand how an organisation ensures the people it employs are not only competent, but understand and follow ethical behaviour principles, particularly where grant beneficiaries are considered vulnerable.

Analysis of Results (cont.)

Areas with mixed alignment

23 of the indicators had alignment scores between 50% and 79%; these indicators are important across the sector, but appear to have varying levels of significance depending on each organisation's risk appetite. Some of these may also have a lower alignment score as they are not overtly referenced in the framework, but the organisation implicitly covers the topic through other indicators. For example, 92% of the frameworks seek information on human resource policies and procedures, however just 72% of the sample had explicit references to diversity, equity and inclusion (DEI) policies.

Some organisations may have an expectation that human resource policies would include information on DEI and therefore do not identify it separately, whereas other organisations will require explicit references / policies to fall within their risk tolerance levels. Similarly, work plans were referred to in 56% of the frameworks but this could be a topic that is expected to be confirmed through other questions on operational capacity to deliver programmes.

Some of the indicators falling into the mixed alignment category could also reflect the impact of thematic focus of an organisation on its tool, which is not considered in this analysis. For example, travel security was a topic in 56% of the sampled frameworks. Where an organisation funds projects in one geographical area or with high-levels of remote working it follows that they would not request confirmation that a grantee has appropriate procedures for movement of staff.

The impact of this mixed alignment on initiatives to harmonise or passport due diligence results is that organisations will need to spend time understanding the analysis performed by another party to determine if it sufficiently addresses areas they consider as high risk. Whilst this analysis could be complex to perform across the board, it suggests that forming alliances with similar organisations in the sector to promote sharing of results could be a success.

Areas with low alignment

For low alignment (where an indicator is present in between 20% and 49% of the sampled frameworks) we have identified seven topics that fall into this category:

Pre-qualification

- **Sanctions:** confirmation that Management and key personnel do not appear on any local or international sanctions lists, or proscribed persons lists
- **Disclosures:** confirmation of whether any Management and key personnel, including immediate family members, are politically exposed (holds public office, m candidate for political office, serving in military, serving Director of a public institution)

Safeguarding

- **Monitoring:** confirmation that processes exist to monitor compliance with safeguarding and protection policies, and report on implementation

Operational Capacity to Deliver Programmes

- **Sustainability:** confirmation of whether the organisation has processes in place to consider sustainability of programmes after the end of donor funding

Management of Downstream Partners

- **Partner selection:** confirmation that the organisation has processes in place to assess the suitability and capacity of downstream partners, and that assessments are documented

Payments inc. Cash and Bank Management

- **Advances:** confirmation that advance payments are approved, documented and reconciled

General Systems and Controls

- **Travel:** confirmation that appropriate policies and procedures are in place to manage travel of staff, including car and fuel management.

It may be surprising to see sanctions (44%) and disclosures (40%) with low alignment scores however it is important to remember that the analysis only considers where this a topic is explicitly included in the questionnaire or tool.

Analysis of Results (cont.)

Through discussions with several INGOs we understand that the processes for performing checks on management and key personnel are often separate to the due diligence process, and for many organisations not limited to onboarding, with annual checks being mandated. This indicates that it is not necessary, or even desirable, to promote the harmonisation of certain pre-qualification checks (noting also that background checks (52%), financing of terrorism checks (60%), and litigation checks (52%) had mixed alignment). Rather, organisations should always follow their own processes but could share information to speed up timelines.

Monitoring of safeguarding processes (48%) is one of four indicators on safeguarding in the analysis - we have noted earlier that the requirement to have policies and procedures is present in all sampled frameworks. The lower alignment score here may be due to the specificities of the particular indicator, but it could equally demonstrate that organisations' requirements are focused more on documented policies for safeguarding rather than the practice of monitoring. This difference is evident particularly when disaggregating the NNGOs - further analysis is provided on page 15.

Requirements for processes for advances (44%) and travel (36%) could vary depending on the rules in place at the granting organisation, for example where payment advances are not standard practice or not permitted. It could also reflect the nature of the expected programmes - this review has been performed in the context of organisations working in Ukraine, so the need for extensive travel is less likely. We understood from our survey and focus groups that many believe due diligence could be more targeted to the context. However, we could interpret the lack of alignment in these areas as indicative that consideration of context already exists, as there is a focus on grants issued by INGOs and NNGOs to smaller organisations often working in a specific area, where assessing travel processes is of reduced importance.

Similarly, the nature and size of grants being given at the level at which this review focuses means that further sub-granting is not going to be widespread and hence there is little need to assess the processes in place. This is reflected in the partner selection alignment score (32%).

The size and nature of the grants being provided may also provide some explanation as to the alignment score for sustainability of programmes (36%). A smaller grant for specific activities often won't need to consider the long-term sustainability impact, and the responsibility will be more likely to sit with the granting organisation for their upwards reporting to institutional donors. It can also be difficult to define how a programme can be sustainable at the early project design stage at which due diligence would be conducted, although organisations may want to consider making this requirement more prominent going forward, in order to mitigate the volatility of donor funding that is being seen across the sector. Recent developments have seen seismic shifts in the focus of institutional donors and so continued or follow-on funding of a programme cannot be guaranteed. This means that designing projects with outcomes or benefits that continue to be realised post-funding becomes ever-more important.

Areas with high non-alignment

There were four indicators where less than 20% of the frameworks reviewed contained that topic - there is therefore high alignment in not having the topic present. Three of these related to management of downstream partners, which is already discussed above, - contracting (12%), areas of development (4%) and monitoring (16%).

The fourth indicator related to online payment controls (16%). This seeks information on how payments are processed, including innovative new ways of making payments, such as mobile microfinancing. We have kept this indicator in the final analysis as we understand that Ukraine is a highly-digital economy and therefore it would not be unexpected if innovative payment methods are used by local partners. It will be important for granting organisations to ensure they are familiar with the methods and controls in place to address risks with these mechanisms.

Notable differences between INGOs and NNGOs

The sample reviewed was comprised of 18 INGOs and 8 NNGOs. The results of the analysis were disaggregated between the two groups to determine if organisations had greater alignment when compared against others of a similar size and nature.

Analysis of Results (cont.)

Percentage of sample with full or partial reference to indicators in framework		
Topic Area	INGOs	NNGOs
Pre-qualification	73%	54%
Governance and Accountability	93%	71%
Safeguarding	81%	53%
Operational Capacity to Deliver Programmes	69%	63%
Management of Downstream Partners	15%	25%
Financial Capacity to Manage Donor Funds	85%	65%
Payments incl. Cash and Bank Management	65%	23%
General Systems and Controls	71%	71%

The largest disparity between the two groups can be seen in indicators over payments including cash and bank management, with INGOs placing significantly greater emphasis on this area than NNGOs operating locally in Ukraine.

Unexpectedly, it appears that NNGOs are placing greater emphasis on processes for management of downstream partners than INGOs, whereas we would have expected more INGOs to need to utilise downstream partners for local reach and knowledge. However, the high NNGO score is driven by ‘partial’ ratings, where the indicator is present, but it is not a core focus of the due diligence. When looking into the detail of the associated questions, many reference “partners” rather than specifically downstream partners. A focus group participant noted that their organisation performed ‘reverse due diligence’ to ensure the granting organisation was a good fit for them, so these questions could also be referring to upward and parallel partnerships.

Supplementary areas to core indicators

The comparative analysis focuses on areas considered to be widely applicable across the sector and therefore does not consider thematic areas of focus specific to an organisation or project. When reviewing each framework, we maintained a log of topics not covered in the analysis and identified some additional topics that were present across several tools, falling into the bracket we have defined as ‘low alignment’:

- **Previous Experience:** 10 frameworks (38%) had questions seeking information on previous projects implemented such as thematic areas, donors, amount and duration.
- **Sources of Finance and Financial Sustainability:** 9 frameworks (35%) had questions on how the partner is financed and what proportion the proposed project represented against their total income.
- **External Communication:** 7 frameworks (27%) sought information on communication through websites and social media, how information about the partner and its results are disseminated publicly, and whether communication adheres to humanitarian principles.
- **Coordination and Networks:** 6 frameworks (23%) asked questions about memberships and collaboration within networks, experience with advocacy, and their role in civil society.

Further topics identified in more than one framework included Document Management [4], Emergency Preparedness and Response [3], Environmental Standards [4], Foreign Exchange [2], Infrastructure and Security [3], Other Due Diligence Assessments [4], Salary Scales [5], Timesheets [2], and Protection of Personal Data [4].

Only four tools asked if the partner had been through other due diligence or certifications, indicating that the ability for organisations to place reliance on other assessments is not formally built into procedures. A greater number sought information on previous experience and source of funds, which could be utilised to identify scope for cross-reliance, subject to this being identified prior to the partner completing the questionnaire.

Section 3: Detailed Observations and Findings

Collaboration and Communication - Detailed Observations and Findings

Summary

Collaboration and communication are a key component to the success of due diligence initiatives. To ensure wider adoption of due diligence initiatives, there needs to be visibility of current initiatives in practice, as well as wider communication with donors on their purpose and aims to encourage acceptance and use.

No.	Observation	Recommendation(s)
1	<p>Limited transparency of due diligence initiatives in Ukraine</p> <p>As set out within the Inception Report, there are numerous initiatives aimed at reforming due diligence within Ukraine, through harmonisation, passporting, forming strategic alliances and certification. These efforts are a positive step towards improving processes for local partners by streamlining due diligence, but it also presents challenges:</p> <ul style="list-style-type: none">▶ Visibility - Currently, there is no comprehensive register or platform that records all initiatives taking place within Ukraine. There is a risk that not all organisations have visibility of the ongoing initiatives that have been developed or understand their purpose, aims and how they could benefit their organisation. This issue can be more pronounced for local partners and NNGOs compared to INGOs, who may have more of a sector overview.▶ Communication - In addition to visibility, communication about these initiatives is often limited and fragmented. Organisations may struggle to find information on the success and lessons learnt from these initiatives. This lack of information can hamper decision-making, making it difficult for organisations to identify suitable initiatives or consider existing ones before developing new ones.▶ Duplication - The volume of existing or creation of new initiatives can lead to a duplication of efforts between organisations. Duplication can dilute the impact of initiatives and create confusion about which initiatives to engage with. It may also lead to missed opportunities for collaboration, which could otherwise enhance the effectiveness and innovation of due diligence processes. <p>These challenges highlight the need for improved coordination and communication to maximise the benefits of initiatives and promote effective reform.</p>	<ol style="list-style-type: none">1. Establish a centralised platform or network to record existing due diligence initiatives. This platform should provide information on the purpose, scope, and aim of each initiative, enabling organisations to make informed decisions. The platform should be widely communicated.2. Encourage collaboration among organisations through working groups, where successes or lessons learnt from initiatives can be highlighted and discussed.3. Ahead of developing a new initiative, organisations should pause and consider existing initiatives in the first instance.

Collaboration and Communication - Detailed Observations and Findings

No.	Observation	Recommendation(s)
2	<p data-bbox="239 304 1116 334">Limited communication of initiatives between donors and INGOs</p> <p data-bbox="239 354 1709 446">The success and adoption of an initiative can be hindered by limited support and acceptance from donors. In the survey of NGOP members, 52% of participants cited that the most significant challenge to initiatives aimed at streamlining due diligence processes was the requirement of upstream donors.</p> <p data-bbox="239 465 1740 522">Discussions indicate that institutional donors may have less autonomy in updating their due diligence processes due to:</p> <ul data-bbox="239 541 1760 891" style="list-style-type: none"> <li data-bbox="239 541 1760 634">▶ Higher levels of accountability and fiduciary responsibility compared to INGOs, NNGOs and local partners, where donors must visibly demonstrate to stakeholders that funds are used for intended purposes due to higher levels of scrutiny from the public, government, regulatory bodies, and beneficiaries. <li data-bbox="239 652 1740 808">▶ Specific areas of focus based upon their countries' national interests and commitments. Some areas of due diligence are therefore considered more important than others, for example, safeguarding is a key area of focus for the United Kingdom. There is a risk that donors will be reluctant to rely upon other's processes, where they do not know who has assessed the due diligence or have the assurance that those areas of importance are adequately considered. <li data-bbox="239 826 1722 891">▶ Funding INGOs or larger organisations, rather than directly funding smaller local partners and therefore placing the responsibility on INGOs to ensure donor requirements are met, and for ensuring sub-grantees do the same. <p data-bbox="239 909 1747 1002">INGOs may appear to have more autonomy to update their processes, however they often require donor approval to implement initiatives. Limited communication between donors and INGOs regarding due diligence initiatives can hinder acceptance and use.</p> <p data-bbox="239 1021 1760 1113">Conversations with donors reveal they are often unaware of specific initiatives or their purpose, though they may be willing to pass accountability to INGOs. INGOs, with their direct working relationships with donors, should leverage this position to communicate initiatives, learnings, and successes to encourage broader sector adoption.</p>	<ol data-bbox="1811 354 2402 748" style="list-style-type: none"> <li data-bbox="1811 354 2402 522">1. Organisations should actively engage in discussions with donors about initiatives they wish to pursue. This will raise awareness and support the success, aims, and objectives of these initiatives. <li data-bbox="1811 541 2402 748">2. Organisations should develop formalised procedures that provide assurances to donors, demonstrating an initiative's purpose and the process being followed, including appropriate safeguards that respond to the specific concerns of these donors.

Policies and Procedures - Detailed Observations and Findings

Summary

Formalised due diligence processes not only support organisations in applying their processes but can also aid initiatives like passporting. A clear, documented process can foster trust between organisations, as well as with upstream donors especially where joint initiatives are being considered. Focusing due diligence on core areas—ensuring organisations meet minimum criteria for funding—can also help streamline processes.

No.	Observation	Recommendation(s)
3	<p>Passporting initiatives exist but are not formalised</p>	
	<p>We identified that, while some organisations have been involved in passporting initiatives, or there was reference to a passporting process in their due diligence policies, passporting is not widely used nor implemented. There are less established procedures or guidelines to codify how passporting could be implemented, and this may have contributed to its limited uptake, as those performing the due diligence are not aware of the parameters in which they can use it, and therefore instead assume a fair amount of personal risk in decision making, being concerned that they would be held accountable for any wrong decisions. Our survey noted that 70% of respondents either agreed or strongly agreed that due diligence initiatives such as passporting, harmonisation or certification would make the process more efficient. More specifically, in the survey results, accountability and trust were noted as challenges that could arise from streamlining due diligence, and these barriers could be overcome with more formalised procedures.</p> <p>Our understanding of passporting initiatives suggests that that such formalisation can lead to the following benefits:</p> <ul style="list-style-type: none"> ▶ Increased buy-in from donors - A formalised process will demonstrate commitment to donors and codify risk mitigation strategies. By having formalised procedure, INGOs will find it easier to engage with donors and present their new approaches to due diligence. ▶ Added flexibility - Although it seems counterintuitive that formalising a process can bring added flexibility; a formalised process can in fact allow exceptions to the procedure to be formally defined, and counter the mindset that such due diligence procedures are a ‘one size fits all’ solution to streamlining the process, with limited possibility to respond to specific risks. ▶ Quality assurance - Inevitably, a passporting procedure will mean that due diligence assessors are examining a range of due diligence tools, as well their own internal one. By agreeing on minimum ‘quality standards’ and codifying these into a procedure, it will be easier to follow, implement and ensure risk areas are identified. This can increase the level of trust and accountability, both within the organisation and between organisations. 	<ol style="list-style-type: none"> 1. Organisations are encouraged to develop a more formalised approach to passporting, and ensure the process is codified in a policy. This recommendation will be most effective when performed in conjunction with Observation four, to ensure collaboration, and avoid a situation where each organisation (or a group of organisations) has their own, stand-alone procedure. 2. The formalised procedure should clearly stipulate in the guidance if there are any exceptions to the policy, and any mandatory checks that need to be met (such as confirming adherence with donor requirements). For maximum effectiveness, it should aid staff in identifying residual risks and determining mitigation strategies or top-up procedures that are targeted to the proposed partnership.

Policies and Procedures - Detailed Observations and Findings

No.	Observation	Recommendation
4	<p>Passporting may be more successful in small groups</p> <p>The comparative analysis (see Annex A) found strong alignment across the sample in 23 of the 57 indicators (40%). Disaggregation between INGOs and NNGOs hints at greater alignment on certain focus areas when comparing frameworks from similar organisations. Through a sister-project, a subset of our analysis has been used by Alliance2015, an established strategic network of seven¹ European INGOs, to determine alignment within their group. In doing so, the number of indicators with strong alignment this increased to 35 (61%), with 16 of these being fully aligned compared with just three across the full sample for this project.</p> <p>Whilst the Alliance2015 passporting procedure has not yet been piloted, the project itself has highlighted that introducing passporting into smaller groups, or in existing alliances, could be a more successful way of rolling out a due diligence initiative. There are several reasons for this:</p> <ul style="list-style-type: none"> ▶ Strategic alignment - Organisations that are already in an alliance are likely to already be strategically aligned, and this could facilitate the decision-making process, and thus lead to a smoother roll-out. Organisations that have formed an alliance are likely to have a similar risk appetite, operate in similar regions, and be of a similar size, and this may make it easier to agree on a passporting approach, as the risks assessed in each due diligence tool are likely to be more aligned. ▶ Joint training - If the passporting procedure only applies to a smaller group of organisations, it will be easier to provide and agree on training to ensure the same quality standards are met throughout. Over time, this will encourage a greater use of passporting, as employees will have greater confidence in the assessments performed. ▶ Increased trust - Alliances will have established ways of working that facilitate strong communication, and this will promote an increased level of trust amongst these organisations. Employees are also likely to be familiar with each other and therefore more willing to collaborate. Therefore, by working within a smaller pool of organisations, a lack of trust is less likely to be a barrier. <p>In addition to the benefits to successful rollout, we would also highlight that a significant benefit of a collaborative approach to due diligence is effective capacity building within partners - where recommendations arise from due diligence, alliance members can work together to support the partner in a consistent approach, for maximum effect.</p>	<p>We would encourage collaboration within existing networks. Organisations could explore the possibility of introducing a passporting procedure within any existing alliance, network, or even a group of organisations that frequently operate in the same sector or region.</p>

¹Six of the seven Alliance2015 members are also members of NGO Platform in Ukraine and therefore included in the analysis for this report. The seventh member was added to the analysis under a separate agreement between Alliance2015 and BDO.

Policies and Procedures - Detailed Observations and Findings

No.	Observation	Recommendation(s)
5	Separating capacity development and core due diligence	
	<p>Due diligence in the sector often also includes elements such as capacity assessments and the subsequent development of capacity development plans. Although this is advantageous in several ways, not least in moving away from the mindset of a ‘tick box’ exercise, introducing capacity development into due diligence assessments has added complexity to the process. Whilst we recognise the importance of capacity strengthening, we would argue that separating the different elements of due diligence and introducing a more modular approach could make harmonisation of due diligence more effective for the following reasons:</p> <ul style="list-style-type: none"> ▶ Capacity focus can be more specific - By separating capacity building from the ‘core’ due diligence that establishes whether minimum criteria are met, passporting may become easier. Organisations will be able to independently identify specific capacity areas that are important for their proposed partnership/project. It will be easier to determine any weaknesses that represent a particular risk from the perspective of an individual organisation’s risk appetite, and design proportionate actions to mitigate these risks. ▶ Contracting can be quicker - By separating ‘core’ due diligence from capacity building, the partnership can proceed with contracting/administrative process once the due diligence has been carried out but before capacity building areas are identified. This means that administrative processes can be performed in parallel to building the relationship, identifying areas for capacity strengthening, and designing the project with the partner. In turn, this can lead to a quicker transfer of funds. Furthermore, by separating the two processes, if capacity building is not a focus of the partnership (for example if the project is a one-off or is a small grant for a specific activity), then funding can be released quicker. The organisation will not need to complete capacity building questions, that may not be relevant to the grant in question. ▶ Capacity building can be more flexible - Capacity building plans can be built during the project design or even implementation, according to the needs and desires of the partner. By assessing a partner’s capacity at the early stages of the relationship, there is a risk that capacity development leads to unnecessary and ‘boiler plate’ policies and recommendations. Separating capacity building from initial due diligence can allow more time to engage in honest conversations around the partners’ needs, focusing efforts on building capacity in a way that adds long-term value to the partner, and the partnership 	<ol style="list-style-type: none"> 1. Re-evaluate timing - Key stakeholders should consider addressing capacity assessments and development plans once partnerships have already been established. 2. Focus on core due diligence - Organisations should consider shifting the focus of due diligence to assess whether minimum criteria are met for the purpose of funding. This will allow the process of establishing partnerships to be more streamlined and avoid introducing barriers to funding. 3. Encourage more communication - There should be more open discussions with prospective partners about their existing capacity strengthening plans to prevent duplication of efforts.

Complexity and Understanding - Detailed Observations and Findings

Summary

For due diligence to be conducted effectively, an understanding of what it is and what it means is required both for the organisation conducting due diligence and the organisation that is subject to due diligence. The interpretation of due diligence results can differ amongst individuals and organisations due to different risk profiles requiring a balance between consistency and subjectivity in the process. What may work for one organisation may not work for another.

No.	Observation	Recommendation(s)
6	<p>Managing expectations on how to implement due diligence reform</p> <p>Within the sector there are extensive efforts to reform due diligence, and in the inception report we explained that this has resulted in overlapping efforts between organisations. Although due diligence reform has been a longstanding priority, it is unclear how much reformative progress has been made. This not only highlights the need for increased coordination, but also the need to reflect on the end-goal. The fact that a multitude of initiatives have been developed, but due diligence reform continues to be a current issue, suggests that there may be a need to manage expectations.</p> <p>The evidence suggests that there will not be a one-size-fits-all solution to solving challenges associated with due diligence, and there will be a need to compromise. While there are extensive benefits that can arise from due diligence harmonisation initiatives, there are drawbacks associated with each type, and the impact of these will vary across organisations, recognising different types of focus, different approaches to risk, different approaches to forming partnerships, and donor requirements that must be met.</p> <p>When assessing the different initiatives that have already been developed, it is important to keep in mind what the precise objectives of reform are, and how these may differ to each organisation. It is our understanding that the main driver for many is to reduce administrative burden for prospective partners, but this should not be at the cost of weakening risk management processes or adding burden to the granting organisation. Decisions on how to implement reform will require strong collaboration from stakeholders on both the operational and programmatic sides of an organisation and buy-in from senior management to ensure success.</p> <p>Success doesn't need to be substantial transformation all at once - incremental changes such as harmonising tools with one other organisation, or restructuring a tool into a modular format, can have impact and set the foundation for further changes. Celebrating where these are successful will encourage others to follow suit for greater impact, and being transparent where changes don't lead to impact will allow a shift in focus or approach.</p>	<ol style="list-style-type: none"> 1. Manage expectations - Organisations should use working groups to facilitate communication. Both success stories and limitations of due diligence initiatives should be shared, emphasising that while efficiencies can be increased, not all challenges will be resolved. Realistic expectations should be encouraged, along with a willingness to compromise, while celebrating incremental changes. 2. Clarify objectives - Organisations should clearly define the end-goals of due diligence reform within an organisation or strategic partnership, ensuring that all stakeholders have a shared understanding of what success looks like and how it can be measured. This should be complemented with structured tools and processes that enable employees to engage with initiatives confidently. 3. Embrace flexibility - Adaptable solutions should be developed that can be tailored to meet the specific needs of different entities, rather than striving for a 'one-size fits all' approach. Focus should be on analysing the risks relevant to each partnership, and designing mitigation strategies against these.

Complexity and Understanding - Detailed Observations and Findings

No.	Observation	Recommendation(s)
7	<p>Challenges in comparing due diligence tools between organisations</p> <p>Through the comparative analysis of due diligence tools, we assessed partners against four options: (i) Fully present - evidence required (ii) Fully present - evidence not required (iii) Partially present and (iv) Not present. It became apparent that comparing due diligence tools is not a straightforward analysis. There was an element of interpretation involved in the comparison of the template tools, meaning those performing the assessment also have room for interpretation. This brings in an element of subjectivity, considering that different assessors will have different views on what may present a risk to their organisation. This highlights the need to ensure adequate training and guidance is provided to ensure consistency across due diligence assessors if initiatives such as passporting are to be a success.</p> <p>Specific challenges we encountered when comparing due diligence tools included:</p> <ul style="list-style-type: none"> ▶ Documentation requirements - It was not always clear what type of documentation/evidence must be reviewed to answer the question. The tools often had text boxes where detail could be added on the evidence seen, but the tool did not always make it clear what the minimum level of evidence was. Some tools additionally provided a ‘list of required documents’, which implied that these were mandatory documents. There is not an obvious solution to this, as clearly stating every piece of documentation that must be provided could also result in an inflexible and overly prescriptive approach. ▶ Terminology differences - There is a different level of understanding of key due diligence terminology, specifically amongst the meaning of due diligence initiatives. Ensuring stakeholders align on the meaning of each initiative will facilitate the harmonisation of due diligence initiatives and minimise the risk of duplication of efforts. ▶ Multiple documents - Organisations often use multiple documents in their due diligence process. Some adopt a tiered approach, resulting in different questionnaires for each tier, while others have tools specific to emergencies or split their tools across separate documents. For example, safeguarding procedures were sometimes in a separate questionnaire. Organisations need to be aware of the number of documents involved and when each applies. In one case, a Ukraine field office did not send us a financial questionnaire, which was later identified and provided in a discussion with the HQ team. The fact that organisations themselves are missing documents when providing to us suggests that there is an increased risk that organisations do not send the full list of documents to the organisation relying on their due diligence, preventing a complete assessment. 	<ol style="list-style-type: none"> 1. There should be standardised guidelines/procedures to ensure consistency within and across organisations, particularly if the level of detail provided by different partners varies. 2. There should be comprehensive training for assessors to equip them with the skills needed to navigate the subjective elements of the analysis effectively. 3. Organisations should continue to build on the work performed by the Due Diligence Task Force in relation to key due diligence terminology and create a list of key terminology and their respective definitions. 4. Organisations should be encouraged to develop a comprehensive list of the documents underlying their due diligence tool and provide training to ensure all members of the team are aware of the questionnaires forming part of their due diligence.

Proportionality- Detailed Observations and Findings

Summary

Proportionality in due diligence processes is essential to ensure processes are manageable and relevant to the size and capacity of an organisation. By tailoring requirements to reflect organisational scale, due diligence becomes more effective, allowing entities to focus on their strategic objectives without being overwhelmed by excessive compliance demands.

No.	Observation	Recommendation(s)
8	<p>Proportionality in due diligence processes</p> <p>Proportionality between the size of organisations and their due diligence requirements is crucial, especially for smaller organisations with limited resources. The focus on compliance can be overwhelming, with organisations often adopting extensive policy frameworks to satisfy due diligence requirements, which is not always in line with the strategic direction of the organisation.</p> <p>From the survey, only 38% of NNGOs within Ukraine viewed due diligence as proportionate to the size of their organisation. Factors that make processes disproportionate could relate to:</p> <ul style="list-style-type: none">▶ Policy requirements - Due diligence requirements can sometimes request organisations to have specific mandatory policies and procedures in place. There is a risk that organisations cannot develop the requested policies and therefore cannot receive funding or that they develop a policy to pass due diligence, but it will not be applied in practice, which undermines the whole purpose of due diligence.▶ Volume of questions - The number of questions varied vastly across each tool. A higher number of questions tended to be associated with tools that incorporated capacity development.▶ Relevance of questions - The survey and focus groups highlighted that many questions in due diligence processes may not be directly relevant to the specific context or operational realities of smaller organisations. As set out in Observation five, in some cases, capacity development has also been included within due diligence which can put more requirements on an organisation instead of firstly focusing on core areas of due diligence to enter into a partnership and access funding. <p>Additionally, during the comparative analysis we were unable to see any considerations or adaptations of due diligence processes for smaller, more local organisations. In most instances organisations were considered to complete the same process regardless of their size or organisation type. Tailoring due diligence processes to the size and capacity of the organisation can ensure they are feasible and genuinely necessary, allowing organisations to focus on their core objectives and potential for development.</p>	<ol style="list-style-type: none">1. Organisations should review their existing due diligence processes to assess whether they are proportional to the needs of smaller organisations, particularly in terms of the number and relevance of questions and policy requirements.2. If these processes are found to be disproportionate, organisations could consider using an existing harmonised tool that is widely available in the sector. Where additional focus on areas that are not already covered by the tool, they can be added. This will ensure the tool addresses the needs of the organisation.

Resource Constraints- Detailed Observations and Findings

Summary

Resource constraints are vital in due diligence because they affect an organisation's ability to implement processes effectively. Smaller organisations with limited resources may struggle to meet extensive compliance requirements, which can divert focus from their core activities and hinder access to funding opportunities.

No.	Observation	Recommendation(s)
9	<p>Use of certifications within Ukraine</p> <p>Certification can serve as a form of due diligence reform, helping organisations demonstrate compliance with certain standards and potentially reduce the need for extensive due diligence processes.</p> <p>From discussions, we understand there is a widespread use of certifications within Ukraine, as a means to access funding. However, concerns have been raised over the quality and standards of certifications used. There is a perception that certifications may allow organisations to bypass due diligence processes. There is a risk that this undermines the integrity of funding processes and could lead to an allocation of resources to organisations that may not meet the necessary criteria or standards.</p> <p>Furthermore, several certification initiatives, such as the Core Humanitarian Standard (CHS) or ECHO certification, have been developed based on international standards. These, however, may not be achievable for small local partners within Ukraine, due to their cost or extensive requirements.</p> <p>This highlights the need for a balanced approach that maintains high standards while being accessible to smaller organisations.</p>	<ol style="list-style-type: none">1. Organisations should consider working with international bodies to simplify certification requirements for smaller organisations.2. Organisations could consider mechanisms to subsidise or help small organisations access internationally recognised certifications.3. As set out in Observation one, by developing and publicising a platform of initiatives, including recognised certifications that are used in Ukraine, smaller organisations will be able to access this information more easily.

Annex

Annex A: Comparative Analysis

Key:

Full alignment (100%)	Strong alignment (80% - 99%)	Mixed alignment (50% - 79%)	Low alignment (20% - 49%)	High non-alignment (< 20%)
--------------------------	---------------------------------	--------------------------------	------------------------------	-------------------------------

Pre-Qualification		Total result	INGOs	NNGOs
Q1	Legal Status: confirmation that the organisation is legally registered in the country of operation	100%	100%	100%
Q2	Governance Structure: confirmation that the organisation has a Board (or similar) in place with clear roles and responsibilities	92%	94%	88%
Q3	Vision and Mission: confirmation of documented vision and mission that is aligned with the sector and humanitarian principles	80%	78%	75%
Q4	Background checks: confirmation that Management and key personnel are not known to be, or suspected to be, involved in any criminal or illegal activity	52%	67%	13%
Q5	Sanctions: confirmation that Management and key personnel do not appear on any local or international sanctions lists, or proscribed persons lists	44%	56%	13%
Q6	Financing of Terrorism: confirmation that the organisation has policies and procedures regarding Counter-Financing of Terrorism (CFT) and does not deal with persons on proscribed lists or sanctioned countries	60%	67%	38%
Q7	Corruption: confirmation that the organisation has policies and procedures regarding Anti-Money Laundering (AML), Corruption, Whistleblowing, and Bribery, to ensure mutual accountability to stakeholders	96%	94%	100%
Q8	Disclosures: confirmation of whether any Management and key personnel, including immediate family members, are politically exposed (holds public office candidate for political office, serving in military, serving Director of a public institution)	40%	50%	25%
Q9	Litigation: confirmation of whether the organisation has any actual, pending or threatened litigation within the past 5 years	52%	56%	38%

Annex A: Comparative Analysis

Governance and Accountability		Total result	INGOs	NNGOs
G1	Management oversight: confirmation that the Board / Governing body has appropriate and effective structures and oversight functions, including over other offices.	96%	100%	88%
G2	Reporting structures: confirmation that management and reporting lines are defined and respected	88%	94%	75%
G3	Laws and Regulations: confirmation that the organisation effectively complies with local and national legislation, including social and tax laws	80%	94%	38%
G4	Code of Conduct: confirmation that a Code of Conduct that protects staff, beneficiaries, programme participants and other stakeholders exists, is owned by the oversight board, and is adhered to.	96%	94%	100%
G5	Accountability to affected populations: assessment of how the organisation ensures accountability to affected populations during their programmes	80%	83%	63%
G6	Feedback mechanisms: confirmation of appropriate feedback or complaints response mechanism for community members, staff and programme participants	84%	89%	63%

Annex A: Comparative Analysis

Safeguarding		Total result	INGOs	NNGOs
S1	Policies: confirmation that policies and procedures exist that include applicability, tolerance, reporting and consequences	100%	100%	100%
S2	Awareness and training: assessment of how procedures are disseminated or built into processes such as recruitment, and how ongoing training is provided	72%	83%	38%
S3	Monitoring: confirmation that processes exist to monitor compliance with safeguarding and protection policies, and report on implementation	48%	56%	38%
S4	Culture: confirmation that there is evidence that the organisation fosters an effective safeguarding culture	68%	83%	38%

Annex A: Comparative Analysis

Operational Capacity to Deliver Programmes		Total result	INGOs	NNGOs
01	Policies: confirmation that there are policies, procedures and other tools in place to effectively develop programmes (eg template work schedules, checklists)	76%	72%	88%
02	Work plans: assessment of whether work plans are developed in sufficient detail (eg timelines, results, detailed programme activities)	56%	61%	38%
03	Risks: confirmation that the organisation identifies risks to programme delivery and mechanisms to mitigate them	80%	83%	63%
04	Project management systems: confirmation of whether there are appropriate project management systems in place (eg staff structures, budget management)	76%	72%	75%
05	Monitoring of programmes: confirmation that there are policies, procedures and tools in place to effectively monitor programmes (eg data collection, KPIs)	80%	78%	88%
06	Evaluation of results: confirmation that indicators, baselines and targets are used to evaluate programme results	80%	78%	88%
07	Learning: confirmation that there is evidence of effective review processes and mechanisms to learn from best practice and mistakes	60%	67%	38%
08	Sustainability: confirmation of whether the organisation has processes in place to consider sustainability of programmes after the end of donor funding	36%	39%	25%

Annex A: Comparative Analysis

Management of Downstream Partners		Total result	INGOs	NNGOs
D1	Partner selection: confirmation that the organisation has processes in place to assess the suitability and capacity of downstream partners, and that assessments are documented	32%	22%	63%
D2	Contracting: confirmation that the organisation uses formal contracts when engaging with downstream partners, that set out key terms including responsibilities, reporting requirements etc	12%	17%	13%
D3	Areas of development: confirmation that findings, risks and areas of development identified in downstream partner assessments are actively managed (eg risk mitigation strategies, support to partner etc)	4%	6%	0%
D4	Monitoring: confirmation that there are processes for periodic monitoring of downstream partners (eg review meetings, on-site visits etc)	16%	17%	25%

Annex A: Comparative Analysis

Financial Capacity to Manage Donor Funds		Total result	INGOs	NNGOs
F1	Policies: confirmation that there are policies, procedures and other tools in place to effectively guide financial operations	100%	100%	100%
F2	Systems: confirmation of an appropriate accounting system that allows for proper recording of financial transactions, including clearly identifying different donor funds and budget lines	92%	100%	75%
F3	Segregation of Duties: confirmation that there is appropriate segregation between functions of ordering, receiving, accounting for, and paying for goods and services, to prevent and/or detect fraud and errors	80%	83%	63%
F4	Personnel: confirmation that there are appropriate accounting/finance team members with sufficient knowledge to perform financial management tasks	72%	78%	63%
F5	Financial statements: confirmation that periodic financial statements are prepared and reviewed by an appropriate management level, covering all expenses and identifying all sources of income	88%	94%	63%
F6	Budget monitoring: confirmation that actual expenditures are compared to the budget with reasonable frequency, and these are reviewed by an appropriate management level	80%	83%	63%
F7	Shared costs: confirmation that the organisation has processes in place to account for shared costs across multiple donor funds (eg rent, utilities)	68%	72%	50%
F8	Audited accounts: confirmation that annual accounts are prepared and audited by an independent auditor against national or international accounting standards	92%	100%	75%
F9	Audit findings: assessment of whether any major audit findings have been raised in recent years and whether these have been appropriately addressed	52%	56%	38%

Annex A: Comparative Analysis

Payments including Cash and Bank Management		Total result	INGOs	NNGOs
P1	Bank accounts: confirmation that the organisation has appropriate banking arrangements to be able to receive and manage donor funding, including that the accounts are in the legal name of the organisation	56%	72%	25%
P2	Signatories: confirmation that appropriate bank signatories exist, including dual signatories where required	64%	78%	25%
P3	Cash payments: confirmation that there are limits with regards to payments made in cash	60%	78%	13%
P4	Advances: confirmation that advance payments are approved, documented and reconciled	44%	56%	13%
P5	Reconciliations: confirmation that regular reconciliations of cash and bank balances are performed, with explanations provided for significant or unusual reconciling items	76%	89%	50%
P6	Online payments: confirmation that any payments processed online (eg mobile microfinancing) have appropriate controls in place to address the risks associated with these mechanisms	16%	17%	13%
P7	Security: confirmation of appropriate security arrangements for managing cash and bank (eg cash and cheques in secured location, bank accounts with restricted access)	56%	67%	25%

Annex A: Comparative Analysis

General Systems and Controls		Total result	INGOs	NNGOs
C1	Procurement: confirmation that appropriate policies, procedures and purchasing thresholds are in place to conduct transparent, fair and ethical procurement, that ensures value-for-money in purchasing	96%	94%	100%
C2	Assets: confirmation that there are adequate safeguards in place to protect assets from fraud, waste and abuse, including periodic verifications / counts of assets	92%	100%	63%
C3	Inventory: confirmation that there are adequate safeguards in place to protect inventory from fraud, waste and abuse, including periodic verifications / counts of inventory reserves	52%	50%	63%
C4	Information Security: confirmation that there are IT plans and procedures in place to safeguard information and ensure continuity of operations, such as access restrictions and back-up procedures	72%	67%	88%
C5	Travel: confirmation that appropriate policies and procedures are in place to manage travel of staff, including car and fuel management	36%	28%	50%
C6	Travel security: confirmation that there are processes for security risk management including what the responsibilities of the organisation are (eg movement of staff, activities in high-risk areas)	56%	61%	50%
C7	Human resources: confirmation that appropriate policies and procedures are in place to manage staff, including staff reviews, grievance mechanisms, and training and development.	92%	89%	100%
C8	Staff roles: confirmation that staff are aware of their roles and responsibilities with regards to programme delivery and the organisation's strategy (eg job descriptions, annual reviews)	76%	78%	63%
C9	Recruitment: Confirmation that appropriate procedures are in place with regards to the recruitment, selection and induction of new staff	76%	72%	75%
C10	Diversity, equity and inclusion: confirmation that organisation promotes diversity, equity and inclusion (eg with policies, processes, culture)	72%	72%	63%

FOR MORE INFORMATION:

Caroline Hagmann

Caroline.Hagmann@bdo.co.uk

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright © 2025 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

act:onaid



BDO