



FCDO

Due Diligence Guidance for External Partners

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1. Purpose of the Guide

This guide is designed to explain to the Foreign, Commonwealth and Development (FCDO) partners and external stakeholders how due diligence processes operate within the FCDO. This document should prepare partners for what to expect if undergoing an FCDO Due Diligence Assessment (DDA) or Central Assurance Assessment (CAA).

2. Why due diligence matters

The FCDOs due diligence approach forms part of our risk assessment process intended to gain assurance that our potential delivery partners have the technical capability, capacity, and financial stability to deliver our programmes effectively and efficiently, and that outcomes and value for money are achieved. Due diligence can also identify risks to our partners' ability to deliver in line with FCDO's expectations and in line with the funding arrangement, which partners and programme teams can then manage over the programme cycle. It is also an opportunity for our partners and FCDO to get to know each other's expectations and priorities, which in turn can lead to improved understanding, communication and helps to foster positive partnerships into the future.

Due diligence helps the FCDO ensure that the delivery partnerships we form are appropriate before funds are released or agreements signed, but its value extends beyond this decision point. Due diligence informs risk management and programme delivery throughout the programme cycle, enabling our programme teams to work closely with partners to tackle potential concerns in implementation and share and build on good practice.

The importance of due diligence is underlined by its requirement as a programme rule, which forms part of the [FCDO Programme Operating Framework](#) (PRoF)

The FCDO understands the resource burden due diligence places on our partners, and we will strive to minimise that, however, we have a responsibility for safe use of government money which demands that we do conduct appropriate assessments of our partners.

3. Overview of the FCDO Due Diligence Framework



The FCDO takes a risk-based approach to partnerships as we operate in highly complex and challenging environments and will undertake higher risk activities if the expected results justify this, and FCDO are comfortable that the mitigating actions keep the residual risk to an acceptable level. Our programme teams achieve this by agreeing a risk appetite (the risk they can tolerate to achieve objectives) during the design stage and managing risk exposure within appetite across the programme cycle, escalating or mitigating risks, which exceed appetite.

The FCDO operates under five principles and five pillars of due diligence:

3.1 Five Principles of Due Diligence

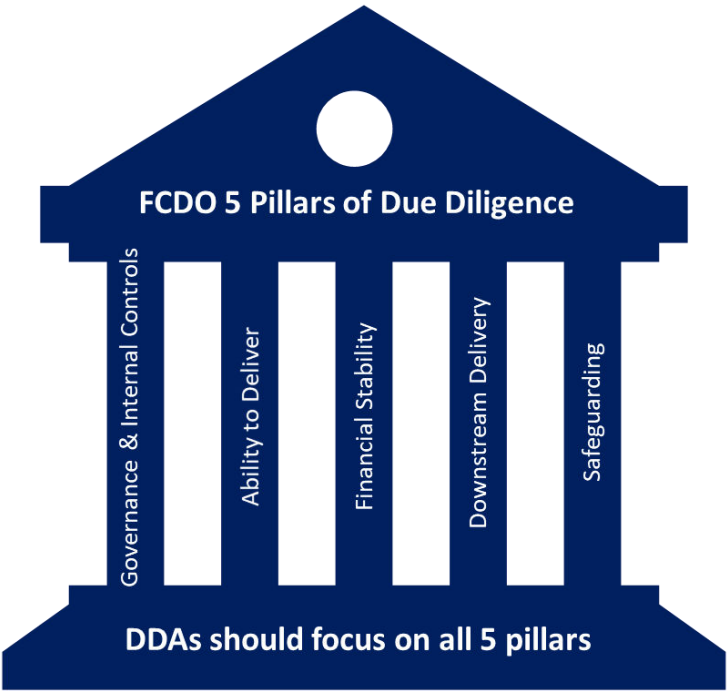
Principles	Description
<u>Responsible and Accountable:</u>	Effective risk-based due diligence provides assurance that public funds are being spent to maximise impact and value for money. It can help improve performance by identifying and appropriately responding to risks.
<u>Context-specific</u>	It is important to understand the capacity and capability of the partner to deliver in the context that they are operating in.
<u>Evidence-based</u>	Due diligence critically analyses a range of evidence including policies, processes, controls, and financial information to inform decisions on each partner and provides an opportunity to identify and share lessons and good practice internally and externally.
<u>Proportionate and balanced:</u>	Assessment scope and depth depends on a range of criteria, including risk appetite, programme size and complexity programme, value, inherent risks, availability of evidence, programme objectives, timeline (urgency) and any history with the partner.
<u>Transparent:</u>	Due diligence helps us fully understand what we are investing in. This can help in being transparent with the public. Due diligence also helps assess whether partners have the capacity and capability to be transparent too.

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3.2 Five Pillars of Due Diligence

Due diligence assessments and central assurance assessments evaluate partners through five pillars:



Pillar	Assurance areas
Governance and Internal Controls	This pillar focusses on how partner organisations are established, structured, directed and controlled. It seeks to understand how the organisation operates.



Ability to Deliver	This pillar focusses on an organisation's capacity and capability to deliver programmes of the type, size, and complexity that the funding applies to.
Financial Stability	This pillar focusses on establishing if the partner organisation exposes the FCDO to any financial or Value for Money VFM risks and how these are managed.
Downstream Delivery	This pillar focusses on how the organisation manages any downstream delivery partners in terms of governance, and how due diligence is cascaded further down the delivery chain.
Safeguarding	This pillar focusses on controls and processes to avoid harm to people or the environment with a specific focus on the prevention of harm via sexual exploitation, sexual abuse, and sexual harassment.

The depth to which the five pillars are examined during an assessment will vary according to a range of factors, considering the risk appetite and level of Inherent risks, as a result this will look different depending on the programme.

Pillar	Description	Indicative areas of focus
Governance and Internal Control	Understanding who the partner is, and who they are owned by (if applicable) by and how the partner is: - organised. - directed. - controlled. It is important to understand how the oversight and risk management in the organisation and how governance is well embedded in the country or region where the programme will operate.	• Ownership and legal structure • Board/management/business unit structure and experience • Conflict of interest protocols • Risk management & Policy governance (and across all pillars) • Performance management • Audit structure and approach • General Whistleblowing • Counter-aid diversion • Data protection, information security and Cyber security • Diversity and inclusion across the organisation
Ability to Deliver	It is important to understand if the partner will be able to deliver the project in line with our objectives. Critically assessing if the partner has the capability and capacity to deliver the programme.	• Experience and skills of key staff managing or delivering the programme • Stakeholder engagement processes (such as beneficiary engagement) • Recruitment protocols • Performance management systems (staff and programmes) • Business continuity
Financial Stability	It is important to ensure that there is no risk of the partner going into financial distress, as this failure could result in the programme closing or needing to be redesigned. Financial reporting (to FCDO and within the partner) should be regular, timely, understandable, complete, and accurate. FCDO want to ensure that the partner is attaining results in a value for money way with limited opportunities for waste/losses.	• Financial stability • Financial reporting (internal and external) • Asset and inventory management • Procurement processes • Fund and Financial risk management • Segregation of duties
Downstream Delivery	Partners using downstream partners can transfer risk management responsibly.	• Selection criteria and process • Downstream mapping and transparency & downstream due diligence • Performance management systems



The depth to which the five pillars are examined during an assessment will vary according to a range of factors, considering the risk appetite and level of Inherent risks, as a result this will look different depending on the programme.

Pillar	Description	Indicative areas of focus
	FCDO partners should be taking steps to understand their partners and managing risks from working through them (such as safeguarding, delivery or fiduciary). It is important to ensure that partners can trace further disbursement of funding through the supply chain.	- Monitoring and evaluation of downstream partners - Financial reporting - Aid diversion controls
Safeguarding	Programme interventions should not risk inadvertently causing harm to people or the environment. Partners should have appropriate measures to prevent, detect, respond to and report safeguarding incidents. The assessment will investigate what expertise, systems, and policies they have in place to safeguard against harm. The relevance of this expertise will be mapped against the programme design in question. FCDO have a zero-tolerance approach to inaction, mishandling or ineffective controls in relation to Sexual Exploitation and Harassment (SEAH)	- Policy, culture, and processes - Environment and social impacts, indigenous people, vulnerable people, cultural heritage, and labour management (HR) - Consultation and engagement methods - Whistleblowing/grievance procedures - Code of conduct - Environmental and social safeguard capacity within the downstream partners

4 FCDO Due Diligence Assessments (DDA)

FCDO Accountable Grant (AG) and Memorandum of Agreement (MoU) DDAs must be completed before an agreement is signed and funding is disbursed to the chosen partner or, for “rapid onset” humanitarian emergencies a formal DDA can be completed after disbursing the initial funds but must still be completed.

Our programmes team engage with our partners at an early stage to explain the process and discuss any concerns the partner may have. The partner will be issued with an “**Acknowledgement of due diligence and processing of data**” notice which will specify how the FCDO manage information that is gained through the due diligence process.

Our programme teams will scope a DDA to be proportionate to the risks and risk appetite of the project or programme, considering how complex the programme/project is imperative when determining proportionality in due diligence.

Our programme teams are encouraged to use any available information either within FCDO or publically available to limit requests on our partners for already available information as part of FCDO’s review while scoping. This includes previous DDAs or other assessments that the partner is willing to share.

After scoping out a DDA, proportionality is continually reassessed throughout the DDA. There may be further areas that arise that require further investigation.

The DDA itself may be conducted in several different ways, depending on the context, risk, or history of engagement with the FCDO. However, in many cases our programmes team will issue a tailored questionnaire to the partner seeking answers to some open questions regarding the processes, policies, and controls in place. This will also be an opportunity for the partner to explain and demonstrate strong controls and provide documentary evidence to support responses. The partners responses will be analysed and may lead to our teams seeking to gain further documentation. In some cases, face-to-face meetings will take place at the partner’s locations or done virtually, if more appropriate. In person meetings facilitate shared learning and fosters positive relations and outcomes.

After the analysis there may be discussions regarding recommendations or actions that can be put in place to tackle any identified risks or gaps in a partner’s controls, capabilities, or processes. If the DDA identifies risks that sit outside the specific FCDO risk appetite there will be a discussion on how to bring that within risk appetite through various actions. These actions will be recorded in the programmes risk register and managed as part of ongoing programme management.

The FCDO does not consider due diligence as a one-off exercise; but rather link with risk assessments and other tools that can help manage risks. FCDO will review risks raised at the initial assessment regularly, for example, through risk assessments and through regular monitoring meetings, reporting or reviews



(including beneficiary engagement). Actions, agreed with the partner, for managing risks or gaps identified in the initial due diligence, are tracked to effective implementation.

5. Multilateral due diligence

The significant proportion of the UK's ODA spend is delivered through core or non-core contributions to multilateral organisations. There is a different approach to assurance and due diligence for core and non-core funding to multilateral organisations.

5.1 Core Contributions to multilateral organisations

Core contributions are made directly to multilaterals to support the overall aims of the organisation and deliver objectives in line with their core mandate. When FCDO provides core funding to a multilateral organisation, due diligence of that organisation is undertaken by the FCDO Institutional Lead through a Central Assurance Assessment (CAA). If there is no CAA arrangement in place, then a proportionate due diligence assessment will be completed.

The CAA is a periodic assessment (usually done every 3 years) conducted in close cooperation with the multilateral organisation and focuses on the central systems and processes of the organisation. The FCDO works with the partner to gather evidence to evaluate the organisation against the same five pillars identified in the due diligence framework at 3.2 of this document.

The CAA aims to provide an overall judgement of the risks related to working with that organisation, underpinned by assurances that it has an appropriate governance structure, that central policies, controls, and processes of sufficient quality are in place to ensure that core funding will be administered effectively and appropriately.

5.2 Non-core funding to Multilateral organisations

Non-core funding is provided when FCDO decides a multilateral organisation is the most effective delivery partner for a specific outcome in a local context or policy area.

Non-core arrangements (often referred to as “multi-bi” or “bilateral through multilateral” programmes) can take many forms, from large Centrally Managed Programmes (CMP) to programmes in a specific country or region where FCDO posts have selected a multilateral partner as the best delivery option over others (e.g., NGOs or contractors). Multi-bi programmes may also involve other donors, such as multi-donor trust funds.



Non-core multilateral programmes should be supported by appropriate funding arrangement-specific due diligence to understand and gain appropriate assurance on how the multilateral's governance, rules, policies, and procedures will be operated in the specific local contexts and operating environments. Local DDA questions focus on local operational delivery to establish how the programme will be implemented and managed in country and ensure that any contextually specific issues or risks are being properly considered by the multilateral and its implementing partners.

Local due diligence is conducted by the multi-bi programme team (e.g., in country). The Senior Responsible Owner (SRO) or Programme Responsible Owner (PRO) for any potential multi-bi programme will consult with the Institutional Lead for the relevant multilateral organisation concerned, to ensure that they are aware of any overarching reform priorities, performance concerns or risks linked to the overall governance or performance of that organisation.

The multi-bi programme team will use the CAA (if available) as a starting point for desktop research to prevent duplication of effort for our programme teams and for the partner. Programme teams draw key information from the CAA of the multilateral concerned and not re-request or seek to duplicate assurances that have been gained through the central process. Instead, local due diligence should focus on assessing the capacity and capability of the organisation to apply its own procedures and implement the non-core programme in the local context and operating environment.

6. Commercial Contract Due Diligence

As part of the competitive tender process, FCDO's Commercial Department will perform due diligence assessments. The assessment differs depending on the value of the contract. Programme teams are expected to conduct due diligence with support from a Delegated Procurement Officer if below a certain financial threshold.

7. Sharing due diligence information/reports

FCDO may share the due diligence information with the partner organisation who is subject to the assessment. The assessment is intended for FCDO use only and has been classified as such. However, FCDO may share assessments with other UK government or public bodies. Our partners must not make assessments available to other external bodies without the express permission, granted in writing, from the FCDO.

In the circumstance that FCDO is asked by another donor/delivery partner to share an assessment performed by FCDO, then permission will be sought in writing from the partner in question, prior to releasing the information. FCDO teams will make it clear who the report may be shared with and explain the reason why FCDO wish to share the document.

8. Delivery Chain Mapping



As part of the FCDO five pillars of due diligence it is important that there is a good understanding of any subsequent partners within the delivery chain.

As part of the initial due diligence, partners must submit a Delivery Chain Map (DCM), this enables the FCDO programme team to initially identify any risks arising from the proposed delivery chain. There is a delivery chain mapping guide publicly available for partners here. [PRoF - Delivery Chain Mapping Guide](#).

FCDO predominantly focus DDAs on the partner in direct receipt of FCDO funding and as part of this DDA we would seek to gain an understanding and assurance on how the partner is subsequently managing any risk in the supply chain and downstream partner network.

9 Environmental and Social Safeguarding

FCDO are responsible for delivering against ministerial and UK Government priorities, with a clear understanding of our role and the role of others in pursuing government policy. We are accountable for rigorous programme design, managing programme risk and performance effectively; and avoiding doing harm.

The FCDO expect partners to attentively consider social and environmental safeguards through their own processes. The capacity and capability of our partners to manage risks of the interventions causing harm to either people or the environment, within the programme risk appetite, are considered throughout the programme cycle.

The safeguarding pillar of the FCDOs due diligence framework covers all safeguarding elements that are relevant to the programme in question: this includes all social (which includes sexual exploitation, abuse, and harassment) and environmental impacts. FCDO Programme teams take a risk-based approach to scoping the relevant safeguarding assessment as part of the due diligence assessment. When carrying out DDAs, programme teams review the programme and the partner's risk register with a lens on possible social and environmental risk and impacts.

One part of ensuring environmental and social safeguards are being well addressed is through the existence of strong beneficiary feedback and engagement throughout the stages of the programme ensures feedback loops are in place.

Based on the context of the programme, programme teams gather evidence from prospective partners that provide assurance they have the capacity to manage those impacts and risks sufficiently to deliver the 'Avoiding Harm' approach to development. This means understanding and managing risk of any potential harm that could occur to people or the environment. It is important for the FCDO to understand the scope of safeguarding risks that might need to be considered in each project and work with partners to ensure that any risks are identified, noted and mitigation measures in place and monitored with clear oversight responsibility.



10 Sexual Exploitation and Abuse and Harassment (SEAH)

As highlighted in section 3.2 of this document FCDO has a specific focus on Safeguarding in our framework. We have detailed guidance and criteria when it comes to assessing partner capability on safeguarding against sexual exploitation and abuse and sexual harassment (SEAH) and on child safeguarding. The table below summarises the six areas related to SEAH that are examined through the safeguarding due diligence process. For more information, please access the detailed guidance here:

SEAH Safeguarding Due Diligence Guidance:

<https://www.gov.uk/government/publications/dfid-enhanced-due-diligence-safeguarding-for-external-partners/enhanced-due-diligence-safeguarding-for-external-partners>

Child Safeguarding:

<https://www.gov.uk/government/publications/dfid-enhanced-due-diligence-safeguarding-for-external-partners/child-safeguarding-due-diligence-for-external-partners>

10.1 Six Areas of SEAH due diligence



A summary of the six areas of SEAH due diligence

SEAH Approach	Complaints & Whistleblowing	Recruitment & Training	Risk Management	Code of Conduct	Governance & Accountability
Policy Standards Children & Vulnerable Adults Beneficiary Engagement Survivor Support	Policy Training Internal Complaints External Complaints Case Register	Job Descriptions & Risk Selection & Interview References & Vetting Induction & Refresher Training	SEAH Risk Category Regular Review Fundraising Online Risks Downstream Partners	Code of Conduct IASC Six Principles Staff Signature	Designated Board Safeguarding Lead Board Handling of SEAH Local Focal Points Requirements of Others

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11. Compliance with the International Aid Transparency Initiative (IATI)

Prior to programme commencement FCDO may check that the potential partner has a file registered on the [IATI website](#) and whether they are publishing information. FCDO staff may check via d-portal.org, looking for the partner's name in the publisher field. If they are visible on the site, FCDO will note that the organisation has completed the expected first step. Programme teams then consider whether information is being published by checking the results available. If this is not present the staff member may discuss with the organisation FCDO expectations for IATI publication. During the programme delivery and at annual checks, some parts of FCDO may go further and check that programme information is being published to the website regularly, and that downstream partner information is also present.

12. Data Protection and Information Sharing



As part of the FCDO due diligence process information will be gathered that will help us gain assurance that our partners:

- Have the capacity and capability to deliver our programmes
- Do not present unacceptable fiduciary, fraud, safeguarding or other reputational risks.

As part of the due diligence process, we may conduct background checks on key management (staff and/or volunteers), directors and/or trustees to provide assurance in respect of the points outlined above using publicly available information or our internally held data. In addition, we may ask for other information, including personal information such as, but not limited to, salaries for given positions, to help us assess value for money and fiduciary risk, information about individuals' criminal records to assess safeguarding and other risks, or CVs to assess the experience and skills of the staff delivering or involved in FCDO programmes.

We may need to share information gained through this assessment with other UK government departments and public bodies (including law enforcement entities).

The [FCDO Privacy Notice](#) sets out how we process any personal data which we use or obtain and we specifically refer you to it.

The FCDO is subject to the requirements of the Freedom of Information Act 2000, the Environmental Information Regulations 2004, the UK General Data Protection Regulation, the Data Protection Act 2018 (DPA), subordinate legislation and guidance and codes of practice issued by the Information Commissioner and relevant Government Departments.

Should you have any queries regarding the above please discuss them with your point of contact within the FCDO in the first instance.

For more information on personal data: [What is personal data? | ICO](#)

13. Reporting Concerns

The FCDO expects partners to have effective incident management procedures in place to respond to incidents of any kind effectively. This may include the capacity and capability to initiate their own investigation or to commission an external investigation. Incident investigation and reporting is an important part of good



governance, transparency, and overall performance. Partners should keep FCDO programme teams informed of incidents relating to FCDO funded programmes. Incidents can include any suspected fraud, theft, bribery, corruption or other breach of governance policies or any suspected harm caused to people or the environment.

If there is a suspected safeguarding incident which includes incidents of sexual exploitation, abuse, or harassment, the FCDO expect our partners to take it seriously through reporting, learning (e.g., changes made to policies and practices) and providing support to those affected. It is also important to take a survivor-centred approach when deciding upon reporting safeguarding incidents to authorities. For example, whether reporting would cause harm to the survivor, witnesses, or other parties. Consideration should also be given by the organisation to the support needed by all those affected by the incident, including staff and volunteers assisting victims of sexual abuse, exploitation, and harassment.

Concerns should be reported immediately to FCDO's Reporting Concerns inbox at reportingconcerns@fcdo.gov.uk or through the confidential reporting hot line +44 (0)1355 843 747.

14. Further support

The topics below will be of help. Programme teams are advised to seek help from departmental colleagues which may include the Social Development Adviser or Safeguarding Lead.

- [FCDO Programme Operating Framework](#)
- Contact reportingconcerns@fcdo.gov.uk to report concerns
- SEAH Safeguarding Due Diligence Guidance: [SEAH Safeguarding Due Diligence](#)



- Child Safeguarding: [Child Safeguarding](#)
- The [Core Humanitarian Standard](#), the CHSA [Guidance Notes and Indicators](#) (including the new PSEA [Index](#)), and the CHSA PSEAH [Handbook](#).
- IASC [Minimum Operating Standards](#) on Preventing Sexual Exploitation and Abuse and PSEA [Guidance](#)
- FCDO [Resource and Support Hub](#)
- [ICED SEAH Infrastructure Tool](#)
- <https://safeguardingsupporthub.org/>

FCDO Partners – for any specific queries relating to this guide please contact your designated FCDO programme representative. For any general queries regarding this guide please contact the FCDO Due Diligence Hub at duediligencehub@fcdo.gov.uk

Control sheet

Version	Preparation	Sign off	Date
1.0	Margaret Tracey – Senior Due Diligence Adviser	David Wasley – Team Leader – Due Diligence Hub	December 2021
1.1	Avril Rae – Due Diligence Advisor	Linda Sloan – Senior Due Diligence Advisor	December 2024