

# UCL Global Research: policy for due diligence with overseas partners based in Low and Middle Income Countries

Version No	Date	Editor	Rationale
0.1	30 January 2019	Sarah Chaytor	Final Draft of the DD Policy
0.2	2 July 2019	Kristina Kertova	Updated the policy to align with the process
0.3	18 July 2019	Kristina Kertova and Helen Hopkins	Extended the policy remit to include all partners based in low and middle income countries

## Background

Funders require research institutions to undertake appropriate due diligence (DD) on overseas partners to ensure that research funding will be spent appropriately and the proposed research can be carried out.

Consultation on the development of a DD policy and the associated process and guidance has been undertaken with UCL's:

- ODA Operations Group and its DD Working Group
- Global Research Forum
- Deans and Vice-Deans (Research)
- Research Operations Committee
- Research Facilitation teams

This document sets out the policy for DD for overseas partners in low and middle income countries, in line with UKRI and other funder requirements and guidelines. It should be read in conjunction with the accompanying DD guidance and associated process.

### Acronyms

DD	Due diligence
ODA	Official Development Assistance
PI	Principal Investigator
LMICs	Low and Middle Income Countries

## Policy

DD should be undertaken for all overseas partners based in Low and Middle Income Countries (LMICs) in ODA-eligible and non ODA-eligible research proposals and charity grants.

1. The purpose of DD is to gather the necessary information for risk assessment and to inform the decision on whether to proceed with project partners. DD includes an assessment of the political and legal environment of the country/countries in which the partnership will operate, and of the legal, financial, academic and reputational circumstances of foreign partners.
2. It is likely that the majority of research carried out in LMICs will carry a degree of risk; the aim of UCL's DD policy and process is not to eliminate but to appropriately consider, manage, and where possible mitigate, risk.
3. Principal Investigators (PIs) have overall responsibility for ensuring that the information necessary to undertake DD on all potential overseas partners in LMICs is obtained.
4. PIs must ensure that all stages of the DD process, including relevant supporting documentation and risk-assessment decisions, are documented, and that all necessary DD information is provided by overseas partners.

5. Initial DD on overseas partners should be carried out as early in the process as possible and before applications are submitted, in order to inform the initial risk assessment and decision on the likely level of risk.
6. PIs should also adhere to funder guidelines on DD, where specified.
7. All research applications with LMIC partners are required to include confirmation, via Worktribe, that initial DD has been carried out. Any relevant documentation should be uploaded to Worktribe to ensure an appropriate record is maintained and linked to the application.
8. The appropriate DD and approval processes followed should be in proportion to the level of risk identified and the stage of application.
9. Projects should be escalated for approval in accordance with the level of risk, as set out in the DD process (see Part C).
10. Faculties should, where possible, use existing committee structures within the Faculty or School (e.g. Research Board, Executive Group) to consider high-risk partnerships (or medium-risk partnerships referred by the Dean) and make recommendations for approval or otherwise.
11. Deans have overall responsibility for signing off LMIC partners. Decisions on whether to proceed with partners should be made, where applicable, in accordance with the risk assessment on the basis of the DD information received, the risk management and mitigation plan, advice from the UCL research facilitation teams and Global Research Partnerships Officer, and the recommendation from the appropriate Faculty or School Committee.
12. Further DD should be undertaken on any partners assessed as medium- or high-risk before any contracts are created, research begins and/or funding is transferred. A further risk assessment should then be undertaken to inform a final decision on proceeding, before referring to the Dean or designated Faculty or School Committee.
13. DD should also include ongoing monitoring of the progress of the research project and the contributions of the partner. PIs are responsible for obtaining regular reporting on financial spend and maintaining records of project progress in order to demonstrate compliance with ODA and funding requirements.
14. This policy, and the associated process, will be kept under review in light of the complexities associated with overseas research and research in LMICs.

## Guidance on conducting due diligence with LMIC research partners

The proposed DD levels, risk thresholds and ‘traffic light’ rating in this guidance should be seen as indicative, subject to further consideration. They will be kept under regular review to ensure they are fit for purpose.

### Who to contact?

Principal Investigators (PIs) are encouraged to have an early conversation with their relevant School Research Coordination Offices and the Global Research Partnerships Officer (Kristina Kertova, [k.kertova@ucl.ac.uk](mailto:k.kertova@ucl.ac.uk)) in order to understand the likely DD requirements for potential projects. For more information, please visit the Global Research Funding [website](#).

#### Part A: Introduction

1. Background
2. What is due diligence?
3. Why undertake due diligence?

#### Part B: Undertaking due diligence

4. Overview
5. What should due diligence cover?
6. Who should undertake due diligence?
7. When should due diligence be undertaken?
8. What risk assessment should be undertaken?
9. What is the escalation process for decisions?
10. Risk thresholds

#### Part C: Due Diligence Process

#### Part D: Further information

11. Sources of useful external information
12. Relevant UCL politics
13. UCL’s previously approved / current partner organisations
14. FAQs

#### Acronyms

DD	Due diligence
FCO	Foreign & Commonwealth Office
GCRF	Global Challenges Research Fund
HoD	Head of Department
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation & Development
PI	Principal Investigator
UKRI	UK Research & Innovation
LMICs	Low and Middle Income Countries

## [Part A: Introduction](#)

### 1. Background

- 1.1 This document sets out UCL’s guidance on and process for conducting DD on overseas partners based in LMICs in ODA-compliant and non ODA-compliant research. It should be read in conjunction with the accompanying UCL [process](#). It is intended to provide a guide for PIs in undertaking DD on potential overseas research partners, and for PIs, Division/Institute Directors, Heads of Department (HoDs), Deans and others in undertaking risk assessments. The accompanying DD questionnaire is available [here](#).
- 1.2 UCL recognises that undertaking DD on overseas research partners is likely to require considerable effort on the part of PIs. This reflects the complexity of overseas research and work undertaken in LMICs and our responsibilities to our partners and funders. The Global Research Partnerships Officer will offer advice and support to PIs in the conduct of DD.

## 2. What is due diligence (DD)?

- 2.1 DD is the gathering and review of information on potential partners to inform an assessment of the risk of entering into a collaboration with that partner. Once a collaboration has been agreed, DD involves ensuring compliance with the agreement and associated funder requirements.
- 2.2 For international partnerships, DD entails reviewing:
  - the political and legal environment of the country/countries in which the partnership will operate □ the legal, financial and academic circumstances of foreign partners.

## 3. Why undertake due diligence (DD)?

- 3.1 UCL, along with other universities, is seeing a growth in the number of and diversification of its international research partners. The advent of the Global Challenges Research Fund (GCRF), which supports ODA-eligible research, also means that we need to be confident that we are working with appropriate partners and satisfying requirements for ODA compliance.
- 3.2 Ensuring appropriate DD with research partners helps to both maximise the benefits of international collaboration and to avoid the potential pitfalls associated with such activities. By implementing the DD process, UCL seeks to support excellent research and to build research capacity in LMIC partner countries. Conducting initial DD at an early stage will also help with the identification of any particular risks or difficulties that may need to be considered when developing a research project. In particular, DD is required to meet:
  - **Funder requirements:** UK funder requirements around how and when due diligence is undertaken have become increasingly stringent. The funding available through the GCRF for ODA-related research is leading to increased funder requirements for confirmation by the lead partner that DD has been undertaken on all partners for ODA-eligible applications and awards..
  - **UCL's ethical standards:** UCL is committed to carrying out research according to the highest ethical standards, which includes ensuring that we are working with appropriate partners and ensuring appropriate use of funds
  - **Contractual obligations:** UCL needs to ensure that organisations to which we send funds through partnership agreements are using them for the intended purpose to avoid being in breach of contract with our funders and other research partners.
- 3.3 UK Research & Innovation (UKRI) now requires research organisations to have policies and processes in place regarding DD for partnering with overseas organisations. Organisations may be asked to evidence this for GCRF applications and through the UKRI funding assurance process. UKRI also suggests that institutions should take a risk-based approach, i.e. the level of DD should be commensurate with the risk (including amount of funding involved).<sup>1</sup>

## Part B: Undertaking due diligence (DD)

### 4. Overview

- 4.1 Initial DD must be undertaken for all research proposals with partners in LMICs involving new partners or where DD has not been taken with the past, with the need for further DD being determined according to levels of risk and complexity.

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<sup>1</sup> UKRI Grant Terms and Conditions now include the following requirement:  
“The Research Organisation shall ensure that it carries out appropriate due diligence on any third parties used to deliver any part of the work funded by the grant and shall ensure in particular, that activities carried out by such third parties comply with these terms and conditions. The Research Organisation shall provide the Research Council on request with details of expenditure of the Grant by any third party.”

- 4.2 PIs retain responsibility for ensuring that initial and any necessary subsequent DD is undertaken and recorded on Worktribe, once approved by UCL.
- 4.3 An initial risk assessment [form](#) should be completed by the PI and accessed by the ODA Partnership Officer in parallel with the submission of a grant application.
- 4.4 Full due diligence should be undertaken once an award has been made and prior to the signing of a collaboration agreement with a partner. Full diligence should be started at full application stage if a partner and project is regarded as 'red' (high risk).
- 4.5 Research projects which are flagged Green and where the amount of funding to be transferred to an overseas partner is less than £30k will be recommended to be approved absolutely, without the need to complete the full due diligence questionnaire. Such projects would be sent to Dean for confirmation that full DD is not required.

For projects where additional risks are identified at Pre-Award stage, such as the whole project is flagged Amber or Red, full due diligence checks on each partner would still be required in most cases.

- 4.6 The decision on proceeding with the project should be taken as follows:
  - 'Green' risk rating: Head of Department (HoD) or Director Division/Institute
  - 'Amber' risk rating: Dean
  - 'Red' risk rating: Dean
  - Very high-risk or very complex cases should be referred to the Vice-Provost (Research) for a final decision.
- 4.7 Deans retain responsibility for final approval and sign-off on projects (advised by the PI, HoD, and Faculty/School Committee as appropriate). Deans may refer very high-risk projects to the ViceProvost (Research).
- 4.8 The Global Research Partnerships Officer will offer advice and support to PIs in the conduct of DD, with the degree of support determined according to the level of risk and complexity.

## 5. What should due diligence (DD) cover?

- 5.1 DD should gather information regarding legal, political, financial and operational risks and the capability and capacity of the proposed partner. Initial DD should consult existing and/or publicly available information on proposed partners to inform an additional assessment of risk.
- 5.2 Subsequent DD should be undertaken according to the assessment of risk and complexity.
- 5.3 UCL's organisational DD questionnaire, adapted from UKRI, covers:
  - Legal status of the organisation
  - Governance and control
  - Ability to deliver
  - Financial stability
  - Sub-contract management

## 6. Who should undertake due diligence (DD)?

- 6.1 PIs are ultimately responsible for ensuring DD checks are made for each proposed partner based in a LMIC, and for maintaining an auditable record of the decision-making process.
- 6.2 The process for undertaking DD is set out on the DD [website](#). PIs should maintain a record of all DD activities and relevant supporting documentation, including the DD questionnaire, risk assessment decisions, and those instances where further DD is not undertaken. This includes providing the appropriate information and documentation in Worktribe.
- 6.3 Further advice and guidance is available from:
  - Global Research Partnerships Officer for advice and guidance on DD and UCL's policy and process

- School Research Facilitation teams (on individual funder requirements for DD checks at application stage)
- Research Services (on funder requirements, research contracts, post-award, and any referrals to Legal Services regarding appropriate assessment).
- Global Engagement Office (on UCL's global partnerships)

## 7. When should due diligence (DD) be undertaken?

- 7.1 DD checks should be carried out on all proposed overseas partners in LMICs including, but not limited to GCRF and other ODA-eligible research.
- 7.2 **Developing research proposals and funding applications:** Initial DD should be carried out at the earliest opportunity, before outline applications are made. It should inform the development of the research collaboration and allow the parties to understand the risks involved. Further DD should be undertaken as appropriate, proportionate to the initial assessment of risk, as the project is developed. Full DD should be completed as soon as possible after an award is made, and before the research starts, in particular before contracts are agreed and before any monetary transactions take place.
- 7.3 **Throughout the project:** DD is an ongoing exercise. Following the decision to proceed with the project, PIs should keep any relevant DD issues under review and ensure that partner organisations are complying with funder requirements and the collaboration agreement through regular project monitoring and regular reporting on financial spend and project progress. This function could also be delegated to a financially competent administrator, depending on resource availability and capacity. It is normally expected that sub-contracts with partners should build in appropriate milestones and staggered funding profiles, to support DD and compliance. Any concerns arising during the course of the project should be flagged up with the HoD in the first instance and reviewed to determine further investigation and the best course of action.
- 7.4 **Where awards have already been made:** Increasingly, funders are requesting confirmation of DD having been carried out where awards have already been made. UCL therefore recommends that DD, in line with the process set out here, should be undertaken for existing LMIC partners where it has not previously been carried out.

## 8. What risk assessment should be undertaken?

- 8.1 Initial risk assessment should consider:
- The country in which the partner organisation is based:
    - whether it is on the FCO sanctions list
    - whether it is on the Barclays sanctions list
    - whether it has a score of less than 35 in the Corruptions Perceptions Index
  - The partner organisation:
    - the extent to which it is well-established, known to colleagues or other institutions, and/or there is information publicly available (usually via a website)
    - whether there have been any challenges identified in previous work with this partner
  - The level of funding involved both in the overall research project and to be directly allocated to the partner organisation
  - Confidence in compliance with DD and other funder requirements.

Information on useful external sources is given in section D.

- 8.2 Initial risk assessment [form](#) should be completed by the PI and accessed by the Global Research Partnerships Officer.

- 8.3 Following the initial risk assessment, the Global Research Partnerships Officer will develop a risk management and mitigation recommendation for all projects assessed as 'red'.
- 8.4 Once the award has been made, full DD should be undertaken prior to a collaboration agreement being signed. For new awards, PIs should be asked to send a copy of the full UCL DD questionnaire to all LMIC research partners for completion.
- 8.5 A DD working group will review the completed partner questionnaires and in collaboration with the PI, will produce a risk management and mitigation plan to be included in the collaboration agreement.

## 9. What is the escalation process for decisions?

- 9.1 The decision on proceeding with the project should be taken as follows:
  - 'Green' risk rating: HoD
  - 'Amber' risk rating: Dean
  - 'Red' risk rating: Dean
  - Very high-risk or very complex cases should be referred to the Vice-Provost (Research) for a final decision.
- 9.2 For medium- and high-risk projects, the Dean / designated Faculty or School committee should consider the proposed risk assessment, including:
  - Whether the necessary information has been obtained
  - Whether any further DD or other information is required
  - Relevant advice and input from the Global Research Partnerships Officer and the DD working group
  - The potential for PI conflict of interest and any mitigation needed.
- 9.3 A decision on whether to proceed with the project or otherwise should then be undertaken based on the DD already undertaken, the initial risk assessment, and the risk management and mitigation recommendation, including what further DD which may be required.

## 10. Risk thresholds

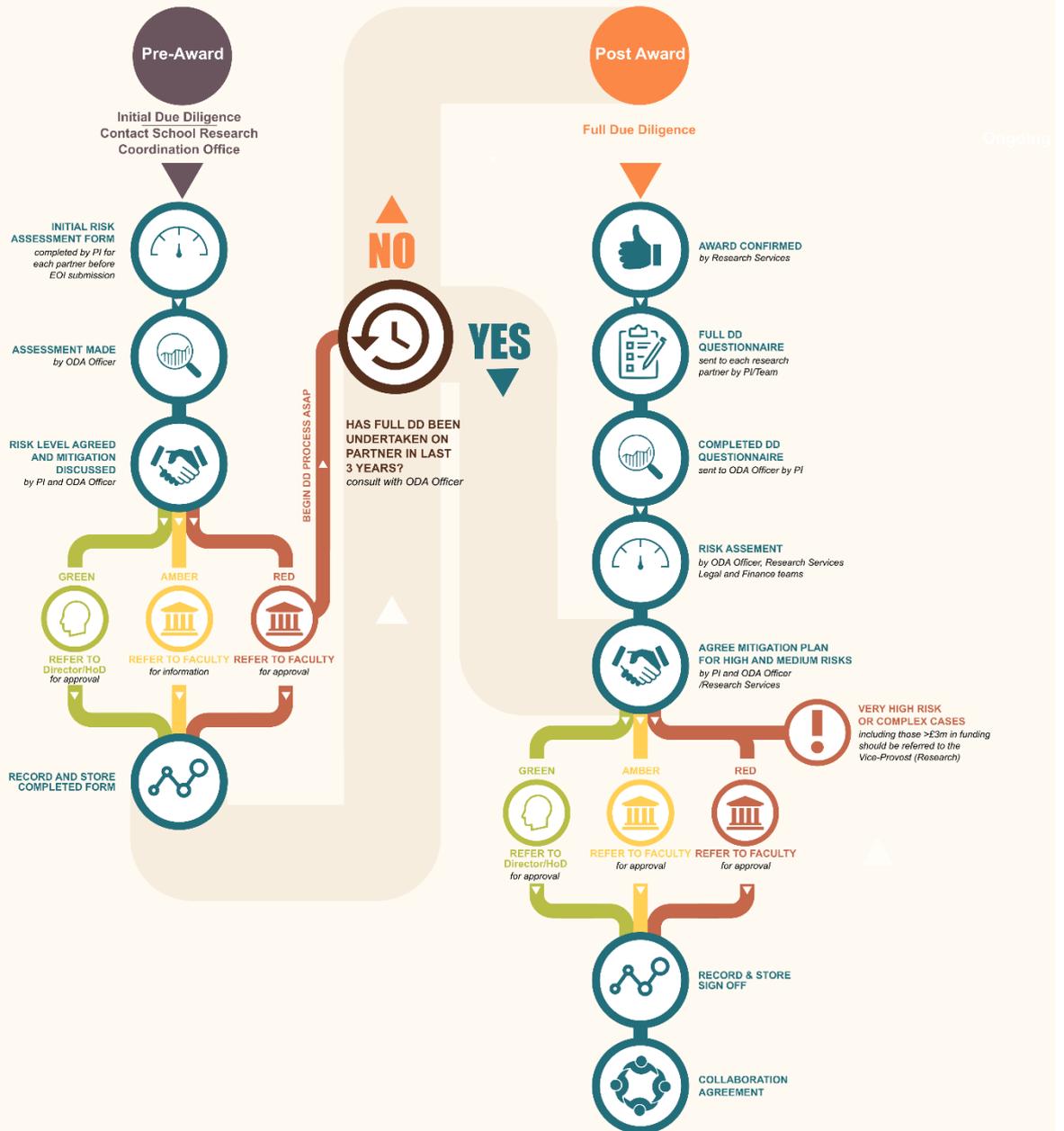
- 10.1 The following table provides indicative guidance to enable PIs, HoDs and Deans to determine the respective risk. It should be used as a starting point, while also recognising that some projects may require further nuance to arrive at the final assessment.
- 10.2 Risk thresholds table:

<b>Low (Green)</b>	<p>Country where organisation is based has Corruption Perceptions Index score of &gt;55</p> <p>Information on partner organisation is easily available through public online searches</p> <p>No challenges have been identified in previous work with this partner</p> <p>The PI has been in partnership with this organisation for more than 5 years</p> <p>Funding to partner &lt; £50k</p> <p>Total value of project &lt;£250k</p>
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<b>Medium (Amber)</b>	<p>Country where organisation is based has Corruption Perceptions Index score of 35–55</p> <p>Challenges have been identified in previous work with this partner</p> <p>The PI has been in partnership with this organisation for less than 5 years</p> <p>Funding to partner £50k-£150k</p> <p>Total value of project £250k-£1m</p>
<b>High (Red)</b>	<p>Country where organisation is based is on FCO sanctions list</p> <p>Country where organisation is based is on Barclays sanctions list</p> <p>Country where organisation is based has Corruption Perceptions Index score of &lt;35</p> <p>Serious political and economic insecurity in the country where the partner is based</p> <p>Little or no public or online information on partner organisation is available</p> <p>Funding to partner &gt; £150</p> <p>Total value of project &gt; £1m</p>

## Part C: Due Diligence Process

UCL Due Diligence Process Diagram



For more information, please contact: [oda-research@ucl.ac.uk](mailto:oda-research@ucl.ac.uk)

## **Part D: Further information**

### **11. Sources of useful external information**

11.1 Further information on UKRI's policy on DD can be found here: [UKRI Guidance on Due Diligence](#).

- 11.2 PIs are advised to consult the following sources when choosing a partner:
- UK Government information on [Sanctions, Embargoes and Restrictions](#)
  - [Foreign and Commonwealth Office Travel Advice](#)
  - The Transparency International [Corruption Perceptions Index](#)
  - [OECD Country Risk Classification](#)
  - [World Bank Governance Indicators](#)
  - [Political Instability Index: Marsh Political Risk Map](#).

## 12. Relevant UCL policies and information

- 12.1 PIs may also find it helpful to review the following UCL policies and documents: □ [UCL's Global Engagement Strategy](#) □ [UCL Statement on Research Ethics](#)
- [UCL Research Ethics Committee](#)
  - [UCL Code of Conduct for Research](#)
  - [UCL's Research Integrity – Research Conducted Outside the UK](#)
  - [UCL anti-corruption and bribery policy](#)
  - [UCL Slavery and Trafficking Statement](#)
  - [UCL's Guidance on Transferring Personal Data outside the European Economic Area](#)
  - [UCL Data Protection Policy](#)
  - [UCL Ethical Research Involving Children](#)
  - [UCL's Risk Management Policy and Procedures](#)
  - [UCL Public interest disclosure \(Whistleblowing\)](#)
  - [UCL Equality, Diversity & Inclusion](#) □ [UCL's Research Data Policy](#)

Where partner organisations do not have their own relevant policies in place, PIs may wish to discuss with them whether adopting UCL's own policies may be appropriate.

## 13. FAQs

How can I find out if UCL has previously worked with a potential partner?

- Please contact the Global Research Partnerships Officer for further information.

How long DD information should be kept on partners?

- UCL systems will retain information until seven years after the completion of the research project (in line with most funder requirements).

How frequently will DD information be reviewed and updated for existing / previous partners?

- UCL requires information on current partners to be reviewed and updated as necessary every three years.

What if the requested information / documentation can't be provided?

- PIs will be required to provide an explanation as to why it is not possible to provide the necessary information and outline an appropriate mitigation strategy. It may also be necessary to seek further advice, initially from Research Services.

What if documents aren't available in English?

- All documents must be provided in English. If they are supplied in another language, UCL/PI is responsible for obtaining translations.

Does UCL offer any support to help with undertaking DD?

- UCL's Global Research Partnerships Officer can provide further advice and guidance, including undertaking DD on specific overseas partners. PIs should also discuss proposals with Research Services who may refer specific complications to Legal Services for further advice.

Which funders does this policy cover? All UK and international funders who grant money to organisations based in LMICs.