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Annex A – Example of DFID’s Delivery Chain Map tool

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1. Delivery Chain Mapping

1.1 What is delivery chain mapping?

Delivery chain mapping is a process that identifies and captures usually in visual form, the names of all partners involved in delivering a specific good, service or change, down to the end beneficiary.

1.2 Why is it important for DFID to understand our delivery chains?

It is part of good risk management. And inevitably from time to time problems arise with programmes or partners, and/or public scrutiny hones in on a particular organisation. By understanding our delivery chains DFID is able to maintain a comprehensive view of all partners receiving DFID funding so reducing the amount of ad hoc requests we have to make to our teams and implementing partners.

1.3. Is delivery chain mapping mandatory for all DFID programmes?

Yes, since 1st April 2017 (Smart Rules 17 and 25) delivery chain mapping is mandatory for all DFID programmes with the exception of core funding to multilateral agencies.

1.4. How far down the chain needs to be mapped?

A delivery chain should, where possible, identify all partners involved in the delivery of a programme.

The focus should be organisations with which DFID's implementing partners (i.e. signatories of a funding arrangement with DFID) have formal funding arrangements involving DFID funding, right down to the partners responsible for providing goods or services to the end beneficiaries. As a minimum, we would expect partners to provide the names of their **tier 1 partners** (e.g. organisation to which they provide direct funding) and where possible the names of partners at lower tiers. DFID will review progress on this later in the year.

1.5. When should delivery chain mapping be conducted?

Delivery chain mapping is a key component of DFID's Due Diligence Framework, which assesses a potential delivery partner's capacity and capability to deliver our programme and manage UK taxpayer's funds. The delivery chain is assessed as part of pillar four of the Due Diligence Framework, Downstream Activity.

DFID's new Accountable Grant template, introduced on 1st April 2017, includes specific requirements for all implementing partners linked to delivery chain mapping and delivery chain risk mapping (please see para 32 and 32).

DFID's competitive tendering process also includes a requirement within the standard Terms and Conditions which requires all commercial suppliers to provide visibility of the flow of DFID monies via a Delivery Chain Map with a requirement to update and report throughout the intervention.

In addition, all programmes that were already approved before 1st April 2017 must have conducted delivery chain mapping by the time of the programme's next Annual Review, if it has more than 12 months still to run at the point of the review.

1.6. How often should the delivery chain map be reviewed / updated?

Partners are required to maintain an up to date and accurate record of their delivery chain, detailing all downstream partners in receipt of DFID funds and/or DFID funded inventory or assets. You should expect the DFID programme team you work with to ask to see this at least once a year; it is also good practice to inform them of any changes to the partners in the delivery chain.

1.7 What does the DFID delivery chain look like?

DFID maps the delivery chain on its internal Aid Management Platform (AMP). The chain simply lists the names of partners in the delivery chain. See Annex A for an example. The DFID programme team is responsible for uploading on AMP but will of course consult with

the organisation(s) DFID holds formal funding agreements with as part of that programme to ensure that information is accurate.

2. Delivery Chain Risk Mapping

2.1 What is delivery chain risk mapping and how does it differ to delivery chain mapping?

Delivery chain risk mapping is about understanding, capturing and managing the risks to the successful delivery of a programme, in relation to downstream delivery partners. Delivery chain risk mapping is a visual depiction that builds on the delivery chain map. It provides more information about the formal relationships, flow of funds from the initial source and the potential risks and controls, down to the end beneficiaries.

2.2. What is the purpose of delivery chain risk mapping and why is it important?

Long and complex delivery chains often mean less visibility and less control and a higher chance of things going wrong. In order to maximise the impact of DFID funding it is important that both DFID and our implementing partners understand and are aware of the key risks and who is responsible for the management of such risks. It is important to ensure that everyone within the delivery chain understands the risks that exist and their interdependencies.

Delivery chain risk mapping also enables more focused discussions both within DFID and with implementing partners about risk identification, risk management, risk escalating and risk reporting.

2.3. Why is delivery chain risk mapping important?

Delivery chain risk mapping is an important tool for both DFID and our implementing partners as it can help identify, highlight or prompt further thinking about areas such as:

- Funds being distributed to each downstream partner.
- Possible capacity issues with regards to downstream delivery partners (e.g. a partner's capacity to manage a large number downstream / indirect partners).
- Vulnerable links or gaps where there is limited information about a downstream delivery partner.
- Risks involved at each stage in the delivery chain, mitigating measures and associated controls.
- Where risk management is transferred or where there may be opportunities to transfer risk management and where accountability sits for the management of such risks.
- Administrative costs incurred throughout the delivery chain.

Ultimately, by better understanding the risks we are able to have more open and honest dialogue about risk management and deal more efficiently with any risks that may materialise.

2.4. Who is responsible for undertaking delivery chain risk mapping?

Implementing partners are responsible for mapping the complete delivery chain. Once the initial mapping is complete this will form the basis for a discussion with DFID to identify the key risks and management of such risks.

As part of this exercise it is important to ensure partners are clear about DFID's expectations in relation to risk management, and how DFID expects Due Diligence to be cascaded down the chain. For more information on this please seek advice from the DFID programme team.

2.5. How should delivery chain risk mapping be conducted?

Delivery chain risk mapping builds on the delivery chain map, usually in a visual format, which captures details of:

- The name of all downstream delivery partners and their functions.
- Funding distributed to each delivery partner.
- High level risks involved in programme delivery, mitigating measures and associated controls.

Delivery chain risk mapping should also identify to the extent possible both the fiduciary and other risks associated with the management of DFID funds down the chain. This should include consideration of potential fraud, bribery, or terrorism financing.

2.6. What does a good delivery chain risk map look like?

A good delivery chain risk map will:

- Provide a clear understanding of all delivery partners involved in the delivery of a programme and the relationships between them.
- Identify key delivery risks, mitigating measures and associated controls throughout the delivery chain.
- Help ensure suitable risk management throughout the delivery chain.

2.7. How often should delivery chain risk maps be reviewed / updated?

Delivery chain risk mapping remains important throughout the programme lifecycle. The map will be a live document which will support programme management and monitoring, helping all those involved in programme delivery remain alert to new and emerging risks.

Risk maps should be reviewed and updated periodically, in line with agreed programme monitoring processes and procedures e.g. during quarterly progress meetings. Any material changes to either the programme risk assessment or delivery chain should be recorded as soon as possible. It is the responsibility of the implementing partner to notify the DFID programme of any changes to risk within the delivery chain.

As a minimum, the mapping and progress on managing the risks identified should be updated and assessed at the Annual Review stage.

2.8. Questions or queries

Please contact the SRO of the programme you are working on if you have any questions related to this document.

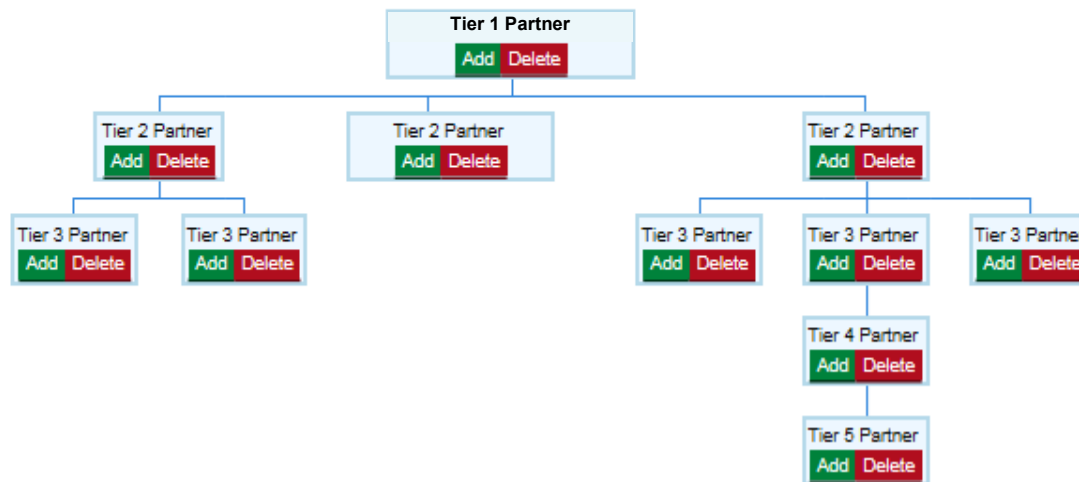
Last updated August 2017 (Version 1)

Please note this guidance may be revised and updated.

Annex A – Example of DFID’s Delivery Chain Map tool

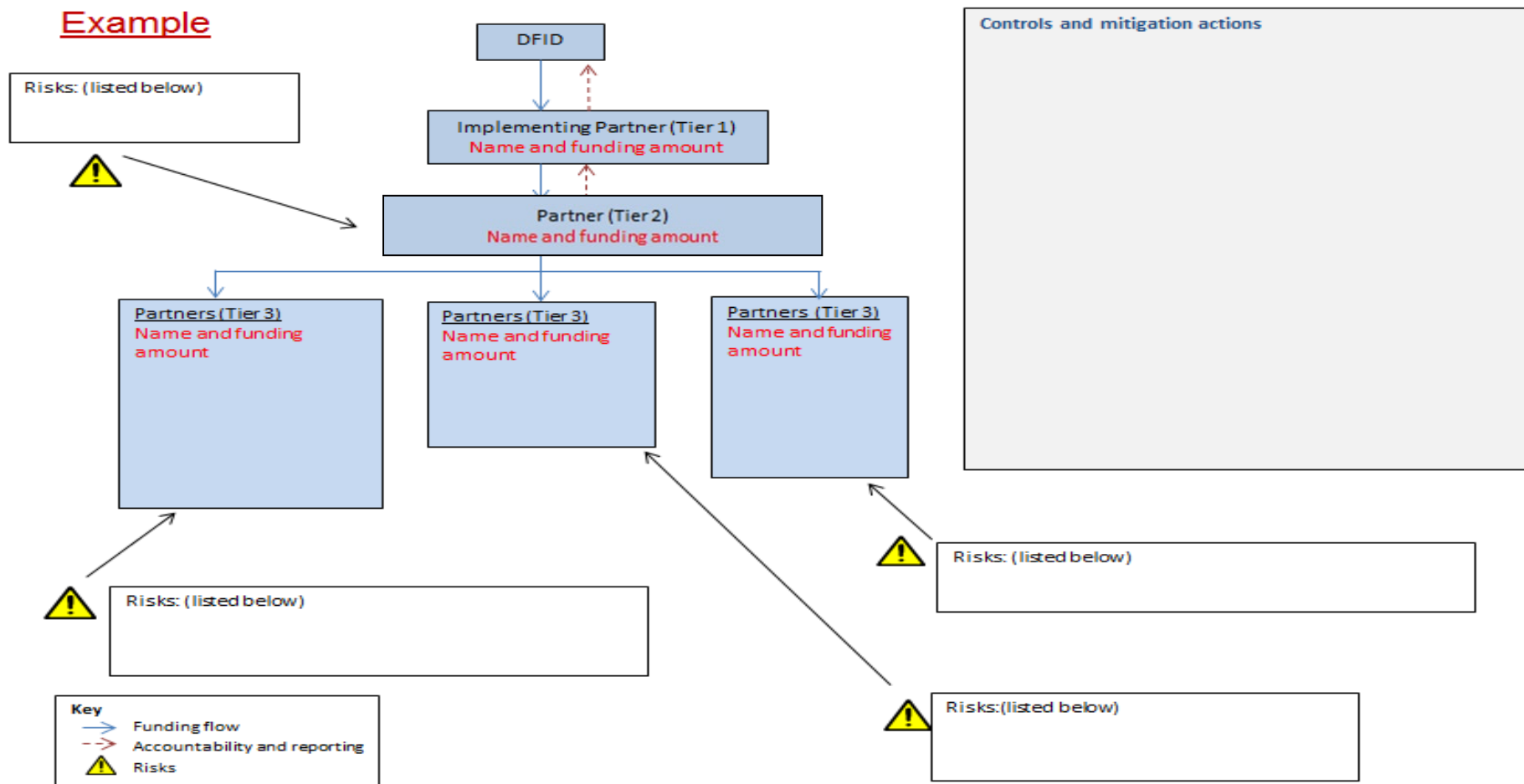
Delivery Chain Map

You can add partners from the chart

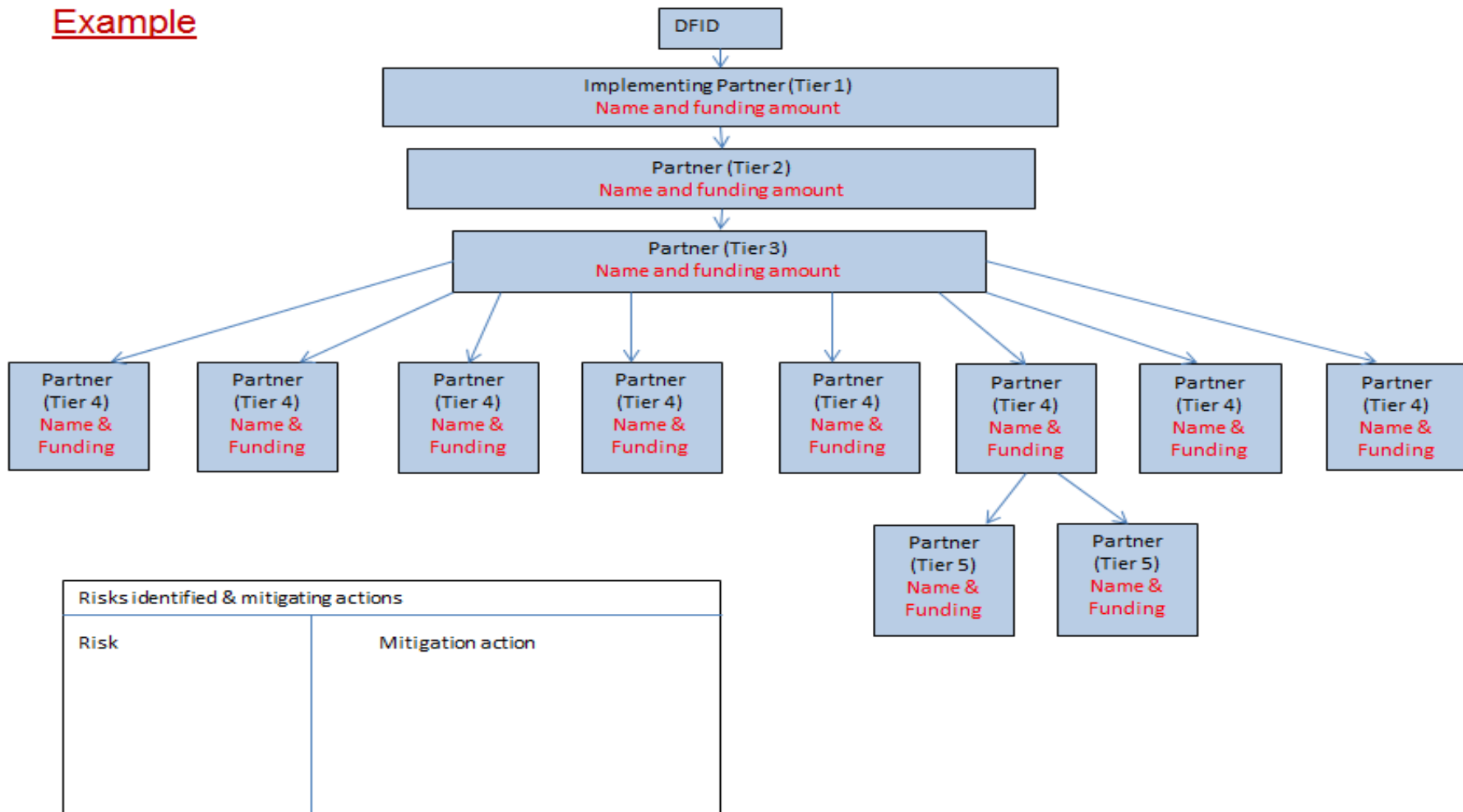


Annex B – Format examples of deliver chain risk maps

Example



Example



Example

