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منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Ninety-second Session

Rome, 1-3 June 2022

Report of the External Auditor on the management of cooperating partners

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EXECUTIVE SUMMARY

- The “Report of the External Auditor on the management of cooperating partners” is submitted to the Board for consideration.
- The executive summary of the “Report of the External Auditor on the management of cooperating partners” is included within the main document presented to the Committee for its review.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the “Report of the External Auditor on the management of cooperating partners” and to endorse it for consideration by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to approve the draft decision as outlined in the document “Report of the External Auditor on the management of cooperating partners”.**



World Food Programme
Programme Alimentaire Mondial
Programa Mundial de Alimentos
برنامج الأغذية العالمي

Executive Board
Annual Session
Rome, 20–24 June 2022

Distribution: General

Agenda Item 6

Date: 9 May 2022

WFP/EB.A/2022/6-H/1

Original: French

Resources, and financial and budgetary matters

For consideration

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Report of the External Auditor on the management of cooperating partners

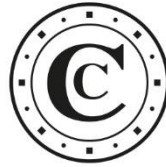
Draft decision*

The Board takes note of the report of the External Auditor on the management of cooperating partners (WFP/EB.A/2022/6-H/1) and the management response (WFP/EB.A/2022/6-H/1/Add.1) and encourages further action on the External Auditor's recommendations, taking into account the considerations raised by the Board during its discussion.

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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EXTERNAL AUDIT OF THE WORLD FOOD PROGRAMME

AUDIT REPORT COOPERATING PARTNER MANAGEMENT

Financial year 2021

COUR DES COMPTES REFERENCE: WFP-2022-3



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EXECUTIVE SUMMARY

It is the policy of the World Food Programme (WFP) to use cooperating partners to implement its activities whenever possible. This report presents six main observations.

1. Knowledge of the portfolio of cooperating partners must progress through the optimization of information systems. Effective management of cooperating partners requires reliable data. As this information is distributed across several information technology tools, significant discrepancies remain between data from different sources. The concept of a cooperating partner and registration processes are insufficiently formalized at the field level to prevent disparities.

2. Specific actions should be implemented for each category of cooperating partner. The arrangements for the management of government partners, which are yet to be precisely enumerated, should converge with those established for private actors. International non-governmental organizations (NGOs), WFP's essential partners for half of all transfers, are subject to the same degree of control as local NGOs. However, as they can offer stronger guarantees, it should be possible to relax the requirements set out in the standard field-level agreement. Strengthening the capacity of local NGOs, which is part of the Grand Bargain, is not yet the subject of a specific strategy.

3. Formal cooperation with other United Nations entities is still limited. In most countries, WFP offices work in collaboration with other United Nations entities, and while they use the same partners there is generally no specific coordination in this area. Improved sharing of information on these partners, following the deployment of the United Nations Partner Portal, would help to identify reliable partners, reduce the risks associated with their engagement and reduce the administrative burden on country offices.

4. The updating of the contractual framework must be continued in order to streamline the administrative process while providing long-term visibility to partners. Contractual relations with partners are governed by templates established for NGOs that offer strong legal guarantees, while the situation for government partners still varies widely. The implementation of these agreements over a short time horizon (a few months) leads to administrative burdens and a lack of visibility, which is a concern for both country directors and partners.

5. Monitoring and evaluation of partners' performance could be better achieved with greater involvement of regional bureaux. The monitoring of partners' activity, which is effected mainly at the local level, is not yet done systematically, and very little use is made of its results to improve contractual relationships or resulting services. Corrective actions should include the definition of the specific responsibilities of the regional bureaux in overseeing country offices' partnership management obligations.

6. Gaps remain in reporting on cooperating partners. Whereas WFP's actions and operational results are closely monitored by management and clearly presented to the Executive Board, information on cooperating partners remains limited, both in the annual performance report and in the annual country reports. There are no reliable quantitative data regarding the main partners or the financial amounts transferred to them, although those data are quite widely available in the information systems.

I. OBJECTIVE, SCOPE AND APPROACH OF THE AUDIT

1. In accordance with our notification letters of 7 June and of 29 November 2021, a team of five auditors conducted an audit at WFP headquarters in Rome in two stages, from 19 to 23 July 2021 and from 17 to 28 January 2022. In addition, two interim missions to headquarters on 27 and 28 October and 9 and 12 December 2021, together with field missions to seven country offices,¹ contributed to the preparation of this report, the objective of which is to review the management of WFP's cooperating partners. The team met with representatives of three other international organizations² and four key cooperating partners.³ It conducted two surveys, one among regional directors and country directors in November 2021, with a response rate of 87 percent,⁴ and another among cooperating partners themselves, with a response rate of 29 percent.⁵
2. In accordance with financial regulation 14.1 of the WFP financial regulations, the external auditing of WFP was entrusted to the First President of the Cour des comptes of France for the period from 1 July 2016 to 30 June 2022 by an Executive Board decision of 10 November 2015.
3. The External Auditor's mandate is defined in section 14 of the WFP financial regulations and in the annex thereto, as well as in the call for applications for the appointment of the External Auditor. The terms of reference of this mandate comprise the call for applications together with the offer of services of the Cour des comptes, in particular its detailed technical offer, which was approved by the Board.
4. The responsibilities of the External Auditor consist of auditing the accounts of WFP (financial regulation 14.1) and making observations, as it sees fit, with regard to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, WFP's administration and management (financial regulation 14.4).
5. Pursuant to financial regulation 3.1, the Executive Director is responsible, and accountable to the Board, for the financial management of WFP's activities.
6. A letter of engagement was drawn up with the Secretariat in order to ensure that, in accordance with international auditing standards, the respective obligations of management and the External Auditor are clearly understood. In addition, as before each audit, the External Auditor informs the Secretariat of the scope of the audits to be undertaken.
7. This report comes under the annual workplan of the External Auditor submitted to the WFP Executive Board during its second regular session in November 2021, which details the audits to be carried out between July 2021 and June 2022. Pursuant to the terms of reference, each year the External Auditor must produce an audit report on WFP's financial statements (submitted to the Board for approval), accompanied by an opinion on the accounts, two reports on the performance and regularity of the management of WFP, also called "performance audit reports" (submitted to the Board for consideration) and eight management letters drafted

¹ WFP offices in Algeria, Armenia, the Central African Republic, the Democratic Republic of the Congo, the Dominican Republic, Namibia and Pakistan.

² Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF) and Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO).

³ World Vision International, Islamic Relief Worldwide, Action Against Hunger and Save the Children.

⁴ That is, 74 out of 85 country offices, corresponding to almost all countries with cooperating partners, and the six regional bureaux.

⁵ That is, 290 complete replies received, out of a thousand cooperating partners whose addresses had been obtained from field offices.

following visits to field offices (regional bureaux and country offices). The External Auditor also validates the draft annual report on the implementation status of its previous recommendations, submitted by the Secretariat to the Board for consideration.

8. The audit on the management of WFP cooperating partners was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAI) on performance and compliance audits, the WFP financial regulations and the additional terms of reference annexed thereto. These standards require the External Auditor to conform to the relevant ethical rules in respect of the audit, to exercise professional judgement and to adopt a critical mentality during the audit.

9. The primary aim of the audit was to analyse:

- the definition of WFP's cooperating partners, which differs in form from that of most other international organizations;⁶
- the selection of WFP partners, which is mainly entrusted to country offices and organized in a decentralized way;
- the negotiation and implementation of cooperation agreements between country offices and partners for the implementation of their mandated activities;
- the monitoring and evaluation of partnerships;
- the information shared with WFP headquarters and management on managing these partnerships.

10. Each observation and recommendation was discussed with relevant staff, in particular staff of the Programme and Policy Development Department, which oversees the NGO Partnerships Unit. The audit closing meeting was held at WFP headquarters on 28 January 2022 in the presence of the director of the department.

11. During an audit conducted in accordance with international standards, performance and compliance are examined based on appropriate criteria, and the causes of any variations from these criteria are analysed. The goal is to answer the main audit questions and to recommend improvements. The first step in the audit is to define the scope of the subject matter in question, that is, the information or activity to be assessed. This can take many forms and have different characteristics, depending on the audit objective. An appropriate subject matter is identifiable and capable of consistent evaluation or measurement against the selected criteria, such that it can be subjected to procedures for gathering sufficient and appropriate audit evidence to support the audit opinion or conclusion.⁷

12. To carry out its examination, the External Auditor prepared a logical classification of the stages relating to the objectives pursued by WFP in relation to cooperating partners, classifying them as immediate, operational and strategic objectives. To achieve each type of objective, a programme aims for different types of impacts: immediate aims translate into factual outputs; operational aims mean that the results obtained require a more qualitative assessment; strategic aims manifest themselves through long-term expected impacts, the analysis of which is more of an evaluation process. The expected outputs, outcomes and impacts listed in the logical framework constitute the basic criteria for assessing the performance of the programme concerned. The degree of complexity of achieving the objectives varies depending on their

⁶ These retain the concept of "implementing partners" that was also previously used by WFP.

⁷ Standard ISSAI 100, paras. 22 and 26.

status and in some cases, particularly with regard to expected impacts, it often exceeds the limits of a performance audit and tends towards an evaluation.

Table 1: Logical framework for the management of WFP's cooperating partners

| Immediate objectives | Operational objectives | Strategic objectives |
|---|---|--|
| <ul style="list-style-type: none"> • Have reliable data on cooperating partners. • Compile a financial statement on partnerships. • Have appropriate procedures for the management of all types of cooperating partners. • Organize the pooling of the means of managing partnerships at various levels. • Continuously monitor cooperating partner transfers and operations. • Organize efforts to verify cooperating partners' execution and performance. | <ul style="list-style-type: none"> • Enhance data on cooperating partners. • Build cooperating partners' capacities. • Strengthen governance in respect of partnerships by involving regional bureaux in the management of cooperating partners. • Coordinate partnerships with other United Nations entities. • Perform a faster and more controlled follow-up of the operations carried out by the partners. • Ensure consistent application of partner management standards and guidelines in the field. | <ul style="list-style-type: none"> • Strengthen the partnership dimension of relations with service providers. • Enhance WFP's focus on partners. • Be a credible partner of NGOs and governments. • Report on efforts to donors and other stakeholders. • Enable an impact assessment of WFP's intervention in target countries. • Improve WFP's balance between the quest for performance and risk-taking. |
| Outputs | Outcomes | Impacts |

Source: External Auditor.

II. LIST OF RECOMMENDATIONS

13. The recommendations are classified in order of priority:

- **Priority 1**, essential point requiring the immediate attention of management;
- **Priority 2**, a less urgent control issue, requiring management attention;
- **Priority 3**, issue brought to the attention of management, pertaining to which controls could be improved.

14. In annex 1 of this report there is also a **list of actions** that, without requiring monitoring by the Executive Board, are suggested to the Secretariat.

| Field | Priority | Recommendations |
|-------------|----------|---|
| Reliability | 1 | 1. The External Auditor recommends that the registration of cooperating partners by country offices be made more reliable by completing the clean-up of their identifiers by the end of 2022 and preparing a guide for country offices on how to record data. |
| Reliability | 1 | 2. The External Auditor recommends that a database of cooperating partners be created in order to facilitate their administration and reporting on their management. |
| Governance | 1 | 3. The External Auditor recommends that the WFP central governance arrangements for cooperating partnerships be clarified and unified by consolidating responsibilities in a single unit or division at headquarters and by adapting the Corporate Guidance on WFP Management of non-governmental organization partnerships ⁸ and the contractual agreement template to take into account government partners. |
| Performance | 2 | 4. The External Auditor recommends the preparation of memoranda of understanding with international non-governmental organizations, taking into account their internal control mechanisms, so as to make the process of concluding agreements at the country office level more flexible. |
| Performance | 2 | 5. The External Auditor recommends that a partner capacity strengthening strategy be proposed as of 2022. |
| Performance | 2 | 6. The External Auditor recommends that the United Nations organizations that are members of the food security cluster be invited to engage in a dialogue on the management of cooperating partners and the use of the United Nations Partner Portal. |
| Performance | 2 | 7. The External Auditor recommends that a dialogue with partner United Nations organizations be initiated at headquarters with a view to establishing a common contractual instrument for cooperating partners. |

⁸ Circular OED2018/004.

| Field | Priority | Recommendations |
|---------------------|-----------------|--|
| Performance | 2 | 8. The External Auditor recommends that consideration be given to extending the duration of field-level agreements to match that of country strategic plans, including both a framework agreement and a financing addendum. |
| Information systems | 1 | 9. The External Auditor recommends that the "digital transformation roadmap" for cooperating partners be presented to the Digital Business and Technology Committee and that steps be taken to ensure that all conditions necessary for this project to be continued are met. |
| Risk | 2 | 10. The External Auditor recommends that risk analyses be conducted systematically in the selection of cooperating partners and that the results be shared at the regional and central levels. |
| Risk | 2 | 11. The External Auditor recommends that provision be made for the review by the local cooperating partner committees of any difficulties encountered in monitoring distributions. |
| Performance | 2 | 12. The External Auditor recommends that an improvement plan be presented to the cooperating partner committees for any partner with weaknesses, before any renewal of an agreement. |
| Management | 1 | 13. The External Auditor recommends strengthening the role of the regional bureaux in training, facilitation, verification and reporting to headquarters with regard to cooperating partners. |
| Reports | 1 | 14. The External Auditor recommends that annex IX of the annual performance report, insofar as it relates to cooperating partners, be supplemented. |
| Reports | 2 | 15. The External Auditor recommends that quantitative data on partnerships with local non-governmental organizations be included in annual country reports. |

III. OBSERVATIONS AND RECOMMENDATIONS

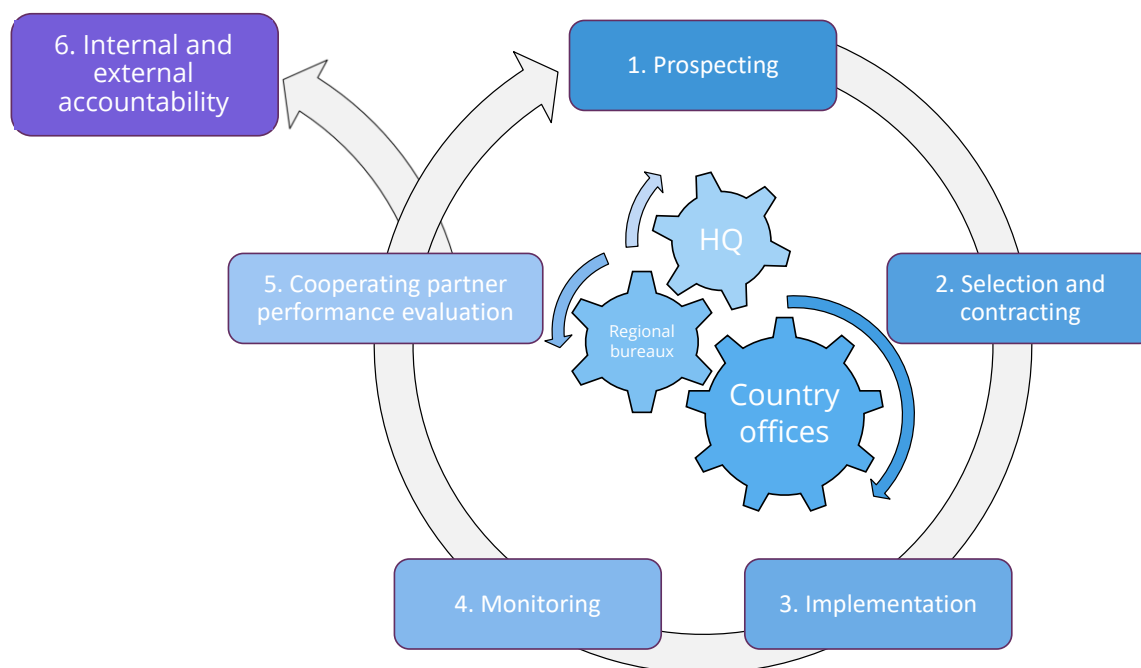
15. WFP's main mode of intervention is to work through third parties, the cooperating partners, to implement its activities through a model of "indirect execution" rather than a model in which activities are directly assigned to its own employees.

16. This principle, set forth in WFP's general regulations and rules,⁹ stems from the desire to develop synergies with other institutional actors that are active in the territories in which WFP operates and that can help it fulfil its mandate. This derives from a partnership strategy approved by the Executive Board in June 2014, which has not been updated.¹⁰

17. The quality of the management of cooperating partners is crucial to enabling WFP to achieve the objectives set out in its strategic plan for 2017-2021,¹¹ and in particular Strategic Goal 2, "Partner to support implementation of the SDGs", and Strategic Objective 5, "Partner for SDG results". WFP's strategic plan for 2022–2025, approved by the Executive Board in November 2021, does not change the intervention model, despite a greater emphasis on development. In this strategic plan, the ability of partners to meet WFP's expectations represents a central risk, described as "medium". It determines overall performance because it relates to the last link in WFP's chain of intervention in the field.

18. The External Auditor reconstructed a cooperating partner management cycle, which guided its audits at headquarters and in the field.

Figure 1: Cooperating partner management cycle



Source: External Auditor.

⁹ General Rule III.1: "Modalities of cooperation of WFP with the United Nations and FAO and with other agencies and organizations: [...] (b) WFP shall, whenever possible, associate its assistance with material, financial and technical assistance provided through other multilateral programmes and shall seek similar coordination with bilateral programmes and non-governmental operational partners. (c) WFP shall, wherever possible, collaborate and cooperate, as appropriate, with non-governmental organizations."

¹⁰ [WFP Corporate Partnership Strategy \(2014–2017\): We Deliver Better Together](#) (WFP/EB.A/2014-5-B).

¹¹ [WFP Strategic Plan \(2017-2021\)](#) (WFP/EB.2/2016/4-A/1/Rev.2).

1. Knowledge of the portfolio of cooperating partners

19. Effective management of cooperating partners requires reliable data at all levels. The 2020-2021 performance plan of the NGO Partnerships Unit in the Programme and Policy Development Department, which is responsible for managing partnerships, set out five priorities, one of which was to make partnership data management more effective by creating a “single source of truth.”

20. These data are now stored in several information systems that have their own repositories and purposes. Financial and physical (commodity) transactions involving partners are tracked in the WFP Information Network and Global System (WINGS) and the Logistics Execution Support System (LESS), where partners are “vendors”; while data relating to their activities (targeted and reached beneficiaries, amount of distributions, etc.) are recorded in the country office tool for managing effectively (COMET). Since 2019, WFP has been using DOTS to address data fragmentation, which is an undeniable step forward.

21. According to tests carried out by the External Auditor, the quality of these data remains insufficient. The concept of a cooperating partner and the registration processes are not sufficiently formalized, resulting in errors in aggregating data for a given partner and unassigned data. To address this challenge, the NGO Partnerships Unit launched a data reliability campaign in 2021 aimed at removing duplicates and automatically merging these data.

22. Duplicates remained at the beginning of 2022. A new data reliability campaign is planned but will be only a remedial solution. To avoid these anomalies being repeated, the quality of the data needs to be assured as soon as they are recorded by the field offices by providing these offices with more support at this stage.

Recommendation 1. The External Auditor recommends that the registration of cooperating partners by country offices be made more reliable by completing the clean-up of their identifiers by the end of 2022 and preparing a guide for country offices on how to record data. (Programme and Policy Development Department)

23. In view of these inaccuracies, the data relating to the cooperating partners presented to managers at headquarters and the Executive Board cannot be considered reliable. Many discrepancies between data from annual performance reports and data from DOTS persist, as shown in the table below.

Table 2: Number of cooperating partners identified in various documents

| Source | Number of cooperating partners | Definition used |
|--|--------------------------------|---|
| Annual performance report for 2020: Annex I “2020 Key figures” (“Working in partnerships”). | 911 | NGOs |
| Annual performance report for 2020: Annex IX “2020 Collaboration with NGOs and the International Red Cross and Red Crescent Movement.” | 1 052 | NGOs and partners of the International Red Cross and Red Crescent Movement involved in implementation |
| Annual performance report for 2020: Annex IX “2020 Collaboration with NGOs and the International Red Cross and Red Crescent Movement” (footnote i) | 746 | NGOs and partners of the International Red Cross and Red Crescent Movement with which WFP has worked |
| COMET active partner list | 920 | NGOs |
| Review of the management of significant risk and control issues – 2020 | 736 | NGOs |
| Review of the management of implementing partners in United Nations system organizations (JIU/REP/2021/4) | 872 | Implementing partners |

Source: External Auditor based on the cited documents.

24. Thus, the number of NGOs and International Red Cross and Red Crescent Movement entities (746 according to annex IX of the annual performance report for 2020) differs depending on the sources used.¹²

25. Despite these inaccuracies, the External Auditor has taken – without this being an endorsement – the census carried out for the purpose of its analysis by means of COMET, according to which the number of cooperating partners increased from 966 in 2019 to 1,125 in 2021 (+16.5 percent). These inaccuracies are found at the local level, as shown by field audits, for example in Pakistan, where the data reported by the country office on its cooperating partners was not identical to that obtained from DOTS.

Table 3: Number of cooperating partners

| Entity type | 2019 | 2020 | 2021 |
|---------------------|------------|--------------|--------------|
| Government partners | 300 | 359 | 381 |
| International NGOs | 116 | 116 | 120 |
| Local NGOs | 526 | 559 | 567 |
| Other | 24 | 47 | 57 |
| Total | 966 | 1 081 | 1 125 |

Data used: data retrieved from COMET, provided by the Corporate Planning and Performance Division.

¹² In its 2018 “Advisory Assignment on NGO Risks and Oversight” (AA/18/04), the Office of Internal Audit already noted the large discrepancy (39 percent) between the number of NGO partners identified in WINGS and COMET.

26. The implementation of DOTS has led WFP to create a data table for cooperating partners, but this does not feed into the reporting process as it stands. For example, the fiscal year is not defined there by default and must be entered by the user. In addition, DOTS does not allow for the aggregation of data from the United Nations Partner Portal.

27. Similarly, data analysis enabled by DOTS should inform the management of cooperating partners at the local level. However, country offices do not currently use DOTS. In addition to providing them with access to this tool, indicators that would be useful for the management of cooperating partners should be identified at their level and possibly at the level of the regional bureau.

Recommendation 2. The External Auditor recommends that a database of cooperating partners be created in order to facilitate their administration and reporting on their management. (Programme and Policy Development Department)

2. Management of relationships with government partners

28. The meaning of the term “cooperating partner” has given rise to various debates and interpretations in recent years. This debate has been settled since last year, as according to the definition given in the new anti-fraud and anti-corruption policy,¹³ approved by the Executive Board in June 2021, a cooperating partner is a “non-profit entity that enters into a contractual relationship with WFP for the purpose of assisting in the performance of WFP’s work (including government entities, non-governmental organizations and United Nations organizations).”

29. This definition is consistent with that given in WFP’s partnership strategy for 2014-2017. It matches the definition of “implementing partners” used by most United Nations agencies. It is also consistent with the strategic plan for 2017-2021, and in particular its Strategic Objective 4. The Legal Office stresses, however, that while the definition in the anti-fraud and anti-corruption policy provides needed clarity, it is only applicable in the context of that policy and should be integrated into the relevant policies and documents relating to cooperating partners.

30. Government entities should therefore be considered a special category of cooperating partners, as they provide direct assistance for WFP donor-funded programmes. These relationships should be clearly distinguished from those that WFP may maintain, sometimes simultaneously, with those same States in their capacity as host governments (a situation generally covered by a diplomatic agreement) or as a contributor to the financing of WFP activities (a situation potentially covered by a contribution agreement).

31. An initial difficulty is to count the cooperating partners in this category. As of spring 2021, WFP had identified 63 partner government entities, comparable to the figure provided by the NGO Partnerships Unit in 2019. According to COMET, however, there were 381 partners that same year (see table 3).

32. According to the Programme and Policy Development Department, WFP works with government partners in 39 countries on the basis of partnership agreements such as memoranda of understanding or letters of understanding. During the survey conducted in November 2021, some of these countries told the External Auditor that they had no cooperating partners.¹⁴ In this count, WFP lists only central governments (only one per

¹³ [Revised anti-fraud and anti-corruption policy](#) (WFP/EB.A/2021/5-B/1).

¹⁴ Bhutan, Bolivia (Plurinational State of), Caribbean, Cuba, the Democratic People’s Republic of Korea, Indonesia, Kyrgyzstan, the Lao People’s Democratic Republic, Namibia, Sri Lanka.

country). However, government partners may be ministerial departments or decentralized public entities (federated states, provinces, etc.), as is the case in the Dominican Republic where 10 national institutions had concluded agreements with WFP to implement activities in 2020-2021.

33. Finally, the data retrieved from DOTS shows a total of 611 active WFP partner government entities, which is a much higher figure than that officially recorded by WFP. For example in India, a country with which there is no official state partnership, DOTS lists 39 government partners.

34. A mapping of government partners has been undertaken at the WFP level following the 2020 audit conducted by the Office of the Inspector General in Ethiopia,¹⁵ which identified significant weaknesses in the management of this category of partners in a country where they were the main cooperating partners. A new stocktaking exercise in January 2022 lists 32 countries in which government entities play a partner role and assist in the implementation of WFP's activities. This first exercise shows discrepancies with a November 2021 review in which WFP considered, for example, that there was no government partner in Nicaragua, while at least one is involved in providing cash-based transfers to beneficiaries.

35. This may be due to the fact that the definition adopted by WFP and the External Auditor in this report is not yet well established in a uniform way in all internal guidelines, or is still poorly assimilated in the field. For example, the mechanism for sanctions that may be imposed on vendors¹⁶ includes private-sector cooperating partners but excludes government partners.

36. A second difficulty is that the management of these cooperating partnerships with government entities falls within the remit of neither the NGO Partnerships Unit nor any other headquarters unit. As a result, the Corporate Guidance on WFP Management of NGO Partnerships (hereinafter "the partnership management guidance")¹⁷ that this unit developed only focuses on NGOs, and its update, which the unit began in early 2021, still does not include government partners. The Programme and Policy Development Department does not yet have an agreement template for government partners, unlike the case of NGOs,¹⁸ and in many country offices, such as Pakistan, the management of cooperative partnerships with government entities is not monitored by a specialized team.

37. In a 2019 synthesis note on government partners,¹⁹ the Office of Internal Audit already identified a number of issues related to this situation. These included a lack of ex-ante assessment of the capabilities of entities participating in programmes, lack of a contract template; inability to ensure the traceability of transfers to beneficiaries, and insufficient ex-post monitoring and evaluation.²⁰

38. According to the field audits carried out in the autumn of 2021 by the External Auditor, these problems are not yet fully resolved. The agreements, whose wording is now obsolete,²¹ are based on heterogeneous formats (Namibia), have insufficiently precise content (Pakistan) or are no longer up to date (Dominican Republic, Central African Republic).

¹⁵ Office of Internal Audit, internal audit report [AR/20/05](#), February 2020.

¹⁶ Circular [OED2020/005](#), February 2020.

¹⁷ Circular [OED2018/004](#), January 2018.

¹⁸ Programme – Humanitarian and Development Division, which was due to prepare a specific directive within the framework of a task team on assistance provided directly through public systems, had not yet prepared a draft at the time of the audit.

¹⁹ Office of Internal Audit, Note on government engagements, November 2019.

²⁰ See, for example, the audit of the WFP Country office in Mali carried out in 2019 by the External Auditor.

²¹ The document providing guidance and templates on the subject of WFP agreements ([WFP Agreements - Guidelines and templates](#)), which dates from 2016, still refers for example to emergency operations and protracted relief and recovery operations, a terminology that has not been used since the adoption of the integrated roadmap.

39. The External Auditor's November 2021 survey of country office managers found that a significant proportion of them (42 percent) were not satisfied with the contractual arrangements with government partners. Several of them²² want a clarification of the frameworks and recourse with regard to partners who are in some cases indispensable, for example in the area of school feeding.²³

40. In view of the experience of other international organizations such as the United Nations Children's Fund (UNICEF), which has a single contractual document, and the value of promoting a unified approach to the management of cooperating partners, it is desirable to adapt the existing agreement template (field-level agreement) to include these government partners, which is what the NGO Partnerships Unit has undertaken to do.

41. This extension of the contractual framework for the services provided also calls for an adaptation of the scope of the circular defining WFP's policy on the management of cooperating partners, which is currently limited to NGOs.²⁴

Recommendation 3. The External Auditor recommends that the WFP central governance arrangements for cooperating partnerships be clarified and unified by consolidating responsibilities in a single unit or division at headquarters and by adapting the Corporate Guidance on WFP Management of non-governmental organization partnerships and the contractual agreement template to take into account government partners. (Programme and Policy Development Department)

3. Management of relationships with international NGOs

42. International NGOs often have more organizational experience than local NGOs and they operate across several countries.²⁵ Most of the 120 NGOs of this nature identified in 2021 are essential partners of WFP, and some have a longstanding and close relationship with it. World Vision International, for example, has been implementing programmes with WFP for thirty years and has adapted its organization by decentralizing and strengthening its own country offices. This partner, WFP's first in terms of payment volume,²⁶ also has focal points at the country office level that manage the partnership with WFP.

43. Some international organizations have strengthened their internal audit and control mechanisms in recent years by endorsing the Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief developed in 1991 and the 2005 "Accountable Now" initiative. For example, World Vision International publishes an annual accountability report and, like Islamic Relief Worldwide, complies with the requirements of the Humanitarian Quality Assurance Initiative, an independent certification body. International

²² These include WFP offices in Cambodia, the Lao People's Democratic Republic, Lesotho, Malawi, Pakistan, Rwanda, Senegal, Yemen and Zimbabwe.

²³ This was highlighted previously in the report of the Office of Internal Audit on the proactive integrity review of WFP school feeding programmes (PIR/01/20).

²⁴ Circular [OED/2018/004](#).

²⁵ Some local organizations may be large, but international NGOs operate simultaneously in several countries: 45 for Islamic Relief Worldwide, including around ten with WFP, or 13.9 million beneficiaries; 54 for World Vision International, including 31 with WFP, and 47 million beneficiaries (including 11.5 million for WFP); around ten for Action Against Hunger with WFP.

²⁶ For an amount of USD 69 million. The following nine (in order of importance of payments made) are: Plan International (USD 20 million), Care (USD 17 million), Save the Children (USD 16 million), Danish Refugee Council (USD 10 million), Catholic Relief Services (USD 9 million), Acted (USD 9 million), Norwegian Refugee Council (USD 9 million), Islamic Relief Worldwide (USD 9 million), Samaritan's Purse (USD 8 million).

NGOs may have risk assessment mechanisms in place and have their external audits carried out by an external auditor.

44. However, neither these features nor the recurrent nature of the partnership concerned are specifically taken into account by WFP. According to the 2016 internal audit report on WFP's management of NGO partnerships,²⁷ at that time there were 15 memoranda of understanding with international NGOs that had been concluded between 1995 and 2006. According to those consulted, these memoranda of understanding were declarations of intent to cooperate without any further objectives. The Office of Internal Audit therefore recommended identifying international NGOs with which a partnership agreement with an action plan in areas of common interest would be of strategic value to WFP. Relations with international NGOs are currently channelled through field-level agreements.

45. As a result, international NGOs are subject to the same degree of control as local NGOs. WFP thus monitors the expenditure incurred to implement the programmes on a line-by-line basis. A survey of field operation managers conducted by one of these NGOs at the request of the External Auditor highlighted the bureaucratic and time-consuming nature of the agreements concluded with WFP, some of which involve quite small amounts.

46. At present, WFP's monitoring and control processes do not take into account the fact that these international NGOs may offer stronger guarantees, which should make it possible to lighten some of the procedures followed and to relax the requirements of field-level agreements. A comprehensive agreement on this issue would allow the conditions for advances and payments to be adjusted and for limited field checks to be made, in return for WFP's assurance with regard to the quality of NGO procedures, taking a risk-based approach.

47. From this point of view, this type of agreement could be accompanied by a central due diligence and audit mechanism. The Office of Internal Audit has conducted three experimental audits since 2020 and the NGO Partnerships Unit conducted such an audit in March 2021.²⁸ However, the unit has not since continued this practice or indicated whether it plans to perpetuate it going forward, for which it would need to strengthen its own skills. Such audits appear necessary to meet headquarters' assurance objectives, provided that they accurately assess the existence of the functional oversight link between the headquarters of these international NGOs and their own field offices (some NGOs subcontract the work to local NGOs).²⁹

48. The NGO Partnerships Unit organizes annual consultations with cooperating partners. In the opinion of the international NGOs with which the External Auditor spoke, while these meetings are useful, the NGO Partnerships Unit uses them more as an opportunity to share information than to discuss difficulties or consider common solutions. Some major United States NGOs have established a working group that has identified obstacles to cooperation with WFP, including difficulties related to the financial and budgetary processes, and highlighted the lack of standardization of WFP processes. However, the NGO Partnerships Unit has limited capacity to influence country office practices in this regard.

Recommendation 4. The External Auditor recommends the preparation of memoranda of understanding with international non-governmental organizations, taking into account their internal control mechanisms, so as to make the process of concluding agreements at the country office level more flexible. (Programme and Policy Development Department)

²⁷ Office of Internal Audit, Internal Audit Report [AR/16/12](#), October 2016.

²⁸ World Vision International, Oxfam, Samaritan's Purse, Save the Children.

²⁹ This is the case of Islamic Relief Worldwide in Tunisia, Pakistan or Somalia.

4. Management of relationships with local NGOs

49. The ability of smaller cooperating partners to gain in independence or in familiarity with WFP programmes, methods and tools, so that they can participate smoothly in implementation and contribute to reporting, as well as in their ability to establish internal risk mitigation mechanisms, are issues envisaged in the contractual obligations defined by field-level agreements (article 2 in particular). This is the case for the approximately 567 local NGOs identified in 2021, which may sometimes be just offshoots of charitable or humanitarian organizations without well-established administrative structures. This challenge has already been identified by WFP in its partnership management guidance³⁰ as well as in the findings of internal audits.³¹

50. In this regard, the 2013 report of the Joint Inspection Unit, which reviewed the management of implementing partners in United Nations agencies, considered that donors do not sufficiently emphasize strengthening the capacity of partners in the organizations they fund.³² In this regard, the Office of the United Nations High Commissioner for Refugees (UNHCR) has prepared an operational guidance note on complementary capacity strengthening for its NGO partners, and UNICEF is opening its training portal (Agora) to its external partners.

51. However, local entities represent 83 percent of WFP's NGO partners, which WFP has committed itself to support under the May 2016 Grand Bargain.

52. With regard to reporting, in its annual performance report for 2020, WFP mentions a series of measures taken with regard to its cooperating partners, but it is not possible to determine the precise costs and benefits. Certain areas, such as the prevention of harassment and sexual exploitation, have been the subject of specific guidance (protection from sexual exploitation and abuse, for example, in February 2021). The WFP strategic plan for 2017–2021 also committed WFP to investing in capacity strengthening for civil society organizations, particularly NGOs, which should have then been reflected in the country strategic plans, but there is currently no specific strategy for country offices to more actively support smaller NGOs.

Recommendation 5. The External Auditor recommends that a partner capacity strengthening strategy be proposed as of 2022. (Programme and Policy Development Department)

53. Apart from the absence of a clear policy at the central level, practices in the field could be significantly improved. Improvement plans for partners (discussed in section 6.4 of the partnership management guidance)³³ are sometimes lacking (Algeria). The measures taken in this regard are also not always consolidated in a document submitted to the country director or to the cooperating partner committee (as in the case of the Central African Republic). In some cases, no targeted or appropriate action can be implemented (Democratic Republic of the Congo) or implemented in a local policy (Namibia).

³⁰ Circular [OED2018/004](#): "Some organizations may not meet all identified criteria, but remain key partners. This is particularly true of some national NGOs and Community Based Organizations (CBOs) which may not initially meet legal and financial requirements, but may still be considered important partners, with a significant potential for capacity strengthening and growth. If selected for partnership, it is essential the process (including any mitigation actions) is fully documented through the [Committee on Cooperating Partners]."

³¹ Office of Internal Audit, Internal Audit Report [AR/19/06](#), February 2019.

³² [JIU/REP/2013/4](#).

³³ Circular [OED2018/004](#).

External Auditor observations made during the field audits in 2021

Systematize the training of cooperating partners and, in particular, raise their awareness of the importance of providing budget proposals before the expiry of ongoing partnerships (Algeria).

Define and implement a reasoned policy for strengthening cooperating partners' capacities and draw up an annual review (Democratic Republic of the Congo).

Establish a plan for training national and international cooperating partners in administrative tasks related to implementation (Central African Republic).

Explain the capacity-strengthening policy and include it in the standard operating procedures for partnerships (with NGOs or government) (Namibia).

Source: *External Auditor's management letters, 2022.*

54. However, the risk associated with the partner's lack of capacity is real. In a survey by the External Auditor, country directors considered this risk to be mainly operational (71 percent), but also financial (16 percent), while the Office of the Inspector General felt it could also have a negative impact on WFP's reputation, particularly because of the involvement of cooperating partners in the collection and management of beneficiary data.

55. Several country directors (for Ethiopia, Lesotho, Jordan, the Sudan) identified capacity-strengthening as one of the main areas for improvement, which could be addressed in a specific paragraph in field-level agreements or related guidelines. Some country directors (Afghanistan) also felt that greater visibility on the duration of partnerships would encourage partners to invest in capacity strengthening.

56. As a result, local NGOs have strong expectations of an improvement in their performance through partnership with WFP. For example, in the Democratic Republic of the Congo, the Office of Internal Audit found in 2020 that partners were very pleased to be able to benefit from concrete measures to improve their capacities.

57. In the absence of upstream capacity assessments, the implementation of a capacity policy at the local level remains difficult, especially since for more than half of NGOs the main interlocutor is a field office (area office or sub-office), not to mention the difficulties related to the lack of specific funding for this purpose, which could be considered in collaboration with other United Nations partner organizations.

Possible action for the attention of the Secretariat – Include in field-level agreements, where necessary, specific funding for partner capacity-strengthening, possibly in collaboration with partner United Nations entities. (Programme and Policy Development Department)

5. Pooling of management by United Nations entities

58. In most of the countries in which WFP operates, country offices are called upon to carry out their activities as part of work coordinated by the United Nations country team and, in particular, as part of the clusters in which WFP participates alongside certain other entities (UNHCR, UNICEF, etc.). WFP is co-leading the food security cluster. However, during the seven field audits it carried out in the autumn of 2021, the External Auditor did not observe any specific coordination of the management of cooperating partners.

59. Other United Nations entities also have an indirect delivery model that means they tend to use cooperating partners – often the same ones as WFP. According to the survey conducted in November 2021 by the External Auditor, more than half of WFP’s partners are also implementing projects with other United Nations agencies, primarily UNICEF (44.5 percent of the partners interviewed).

60. As the Joint Inspection Unit had already noted in its 2013 report,³⁴ the various entities would benefit from improving the sharing of information on partners. In the case of WFP, this would help it find reliable partners, reduce the risks associated with their engagement and reduce the administrative burden on country offices. For partners, this would reduce transaction costs with United Nations entities.

61. In the update to this review, in 2021,³⁵ the Joint Inspection Unit reiterated its recommendation, suggesting in particular that United Nations agencies employ mutual recognition of cooperating partners, an approach that merits support, as does the circular of the Executive Director on mutual recognition, which is currently under development.

62. The gradual deployment of the United Nations Partner Portal³⁶ in WFP country offices is a positive development. On the other hand, as several cooperating partners have pointed out, the fact that WFP does not adhere to the Harmonized Approach to Cash Transfers, which has been in place since 2006 and has been endorsed by the United Nations Development Programme, the United Nations Population Fund (UNFPA) and UNICEF, places an additional burden on these partners.³⁷

63. The sharing of partner audit projects, initiated by UNICEF and UNFPA, is a good practice, as it allows for the sharing of efforts and provides mutual assurance. However, the audit of country offices found that further progress could be made in terms of cooperation. In Algeria, for example, the country office was not informed of a recent UNHCR audit of its main national partner. In the Tanganyika province of the Democratic Republic of the Congo, the WFP country office’s school feeding programmes were clearly not coordinated with programmes of the Food and Agriculture Organization of the United Nations (FAO) and UNICEF. In Pakistan, the people responsible for cooperating partners in the country office did not have direct contact with their counterparts in UNHCR and UNICEF.

64. WFP’s special responsibility, given its size and the benchmark it represents for many cooperating partners, should encourage it to work more decisively. As suggested by the Joint Inspection Unit,³⁸ it should take the initiative and propose a regular inter-agency consultation within the framework of the United Nations country team, involving, where appropriate, the most active cooperating partners. The objective would be to encourage convergence of practices and establish a contractual framework that is as uniform as possible. The discussions launched in 2019 on this topic with certain partners are still under way.

Recommendation 6. The External Auditor recommends that the United Nations organizations that are members of the food security cluster be invited to engage in a dialogue on the management of cooperating partners and the use of the United Nations Partner Portal. (Programme and Policy Development Department)

³⁴ [JIU/REP/2013/4](#).

³⁵ [JIU/REP/2021/4](#).

³⁶ See <https://www.unpartnerportal.org/landing/>.

³⁷ As the External Auditor did not investigate the matter further in the present audit, this policy is not the subject of a specific recommendation, although more than a quarter of the country office managers interviewed considered that its adoption would reduce the administrative burden on them.

³⁸ [JIU/REP/2021/4](#), recommendation 10.

Recommendation 7. The External Auditor recommends that a dialogue with partner United Nations organizations be initiated at headquarters with a view to establishing a common contractual instrument for cooperating partners. (Programme and Policy Development Department)

6. The contractual instrument for the implementation of collaboration

65. Apart from government cooperating partners,³⁹ relations with WFP partners are governed by field-level agreements.

66. The 2012 template has been adapted several times since its creation: in 2013, first, to include clauses on sexual abuse, the fight against terrorism, fraud and corruption, and auditing; in 2017, to include the issue of data protection; and in July 2021, to reduce the number of annexes. This new template developed by the NGO Partnerships Unit is beginning to be used in the field.

67. The number of these agreements, which are signed by country directors,⁴⁰ is considerable: it was still 2,180 in 2021, a decrease of 22.1 percent compared to 2018, when WFP had 2,800; indeed, several partnerships are sometimes concluded with the same organization in the same country (depending on the geographical areas or activities), often for less than a year.

68. The field-level agreements contain most of the clauses advocated by the Joint Inspection Unit in its review of the management of implementing partners. Many country offices, such as in Pakistan, have standard operating procedures for their negotiation and implementation.

69. Field managers, however, remain dissatisfied with this instrument. As indicated in the document "Management review of significant risk and control issues – 2020" presented to the Executive Board in June 2021, the main criticisms relate to the insufficient duration of these agreements, motivated, according to the country offices, by the lack of visibility regarding the availability of funding (there is no legal obstacle to longer-term agreements), and the complexity of their clauses.

70. There are similarities in the overall outline of the procurement process and the management of cooperating partners. Accordingly, consideration could be given to the application of certain procurement practices to the management of partners. The provisions of contracts for the purchase of goods and services set out in the procurement manual are indeed close to those of field-level agreements: the definition of need, pricing, clauses relating to protection against sexual exploitation and abuse, etc. The clause relating to the prevention of conflicts of interest (article 13) could also be included in a new field-level agreement template.

71. These elements could provide an incentive to apply the principle of framework agreements (long-term agreements) to field-level agreements, such that an agreement would be signed for a longer period of time (which could match that of the country strategic plan), with general provisions, including programmatic provisions, and with the partnership being activated once the implementation plan and the corresponding funding were confirmed. This would avoid the duplication of certain tasks and thus reduce the administrative burdens referred to by both partners and country directors. In the longer term, consideration could be given locally to transposing existing contract "piggybacking" principles applicable to procurement, i.e. signing up to an agreement already entered into by another organization with a cooperating partner simply by adding an operational plan.

³⁹ WFP does, however, identify 75 field-level agreements with government partners.

⁴⁰ As noted in particular during internal audits, these agreements are sometimes signed after their implementation (such is the case for 19 of the 20 field-level agreements analysed for the WFP Sudan country office in 2019 (internal audit report [AR/19/14](#), July 2019).

72. The NGO Partnerships Unit expects formalities for field offices to be simplified with the digitalization of field-level agreements, planned for 2022 under its digital transformation roadmap, but this will not replace the adaptation of the contractual instrument.

73. Based on the Joint Inspection Unit's analysis and the External Auditor's direct discussions with selected United Nations entities or WFP cooperating partners, field-level agreements could be adapted to take into account the contractual arrangements of other entities.⁴¹

74. The average duration of field-level agreements has increased in recent years: from 6.5 months in 2016, it went down to 5.3 months in 2017, before rising to 5.5 months in 2018, 6.8 months in 2019, 7 months in 2020, and 7.4 months in 2021. This is a positive development, but remains uneven.

75. Although the duration of field-level agreements is set by country offices, nearly 60 percent of those interviewed expressed concern about the short duration of such agreements. In addition, more than a third of partners found fault with inappropriate durations. One suggestion might be to decouple the cooperation agreement, which would take the form of a framework agreement, from financing, which would come through contract addenda, in order to reduce the administrative burden and formalities of renewal. Some United Nations entities already distinguish between an overall contractual framework and funded actions.⁴² The duration of the country strategic plan, usually five years, is in principle the same as that of United Nations system framework documents (humanitarian response plans, among others), which seems appropriate for building sustainable partnerships. Implementation would begin as soon as funds became available, and would be for a period of one year, corresponding to the implementation plans under the country strategic plans.

76. This mechanism would allow for better risk control. Indeed, while the partnership management guidance provides that each field-level agreement must be submitted to the cooperating partner committee before its signature, as stipulated in the various guidance documents available,⁴³ this step is not performed systematically in the field.

Recommendation 8. The External Auditor recommends that consideration be given to extending the duration of field-level agreements to match that of country strategic plans, including both a framework agreement and a financing addendum. (Programme and Policy Development Department)

7. Cooperating partner information systems

77. Information systems support the management of cooperating partners not only by facilitating the implementation of the partnership cycle, but also by providing reliable and aggregated data for WFP's various levels of decision making.

78. According to the survey of country offices carried out by the External Auditor in November 2021, 35 country offices consider the information systems for the management of cooperating partners to be inadequate.

⁴¹ Partnership agreement for UNHCR, partnership agreement for UNFPA and FAO, programme cooperation agreement for UNICEF.

⁴² UNICEF programme cooperation agreements have a maximum duration of five years and follow the country programme document systematically, which also has a duration of five years.

⁴³ OED2018/004 and *Partnership Cycle Phase II: Negotiating the Field Level Agreement*, September 2021.

79. The NGO Partnerships Unit identified the risk of slow digitalization of the management of cooperating partners,⁴⁴ and has high hopes for the digital transformation roadmap that it presented to the Digital Advisory Board⁴⁵ in July 2020. The objective was to digitalize management of cooperating partners from end to end by the spring of 2022, a goal that today seems unattainable within the originally planned timeframe. In November 2020, the NGO Partnerships Unit submitted to the same committee the “Partner Connect” tool,⁴⁶ one of the objectives of which is to digitalize data collection by transferring it to cooperating partners, which should make it possible to increase the frequency of reporting on distributions and to enhance the data collected.⁴⁷

80. According to the Corporate Planning and Performance Division, which is responsible for the COMET tool, the functionality allowing cooperating partners to register their monthly reports themselves had already been developed for this instrument but it was decided in the first half of 2021 to halt its deployment.

81. No cost-benefit analysis of the development of Partner Connect has been submitted to the External Auditor. The NGO Partnerships Unit and the Technology Division consider Partner Connect and COMET to have different functionality, making such an analysis not useful. However, on the basis of the information available to the External Auditor, this argument rests on the development of features that are not yet available. Moreover, the External Auditor notes the contradictory nature of the information provided by the NGO Partnerships Unit and the Corporate Planning and Performance Division regarding the possibility of obtaining daily operational reports locally through COMET and monitoring the distribution of food in batches, two improvements that would be effected by Partner Connect.

82. The governance of WFP’s information systems includes the involvement of the Digital Business and Technology Committee⁴⁸ to set strategic direction and oversee WFP’s digital effort and related data and technology investments.

83. The Digital Business and Technology Committee is also responsible for digital transformation roadmaps, including that of the NGO Partnerships Unit, which has not yet been submitted to the Committee. Consultation with this committee, also advocated by the leadership group in November 2021,⁴⁹ would partially address the lack of coordination between the various stakeholders and answer key questions on costs, timelines for implementation, impact on existing information systems and opportunities for pooling with other United Nations agencies.

84. The NGO Partnerships Unit’s performance plan for 2020-2021 sets as a first priority the completion of the deployment of the United Nations Partner Portal, launched in 2018, to harmonize and simplify the management of cooperating partners between the various entities, which the External Auditor considers crucial for improving this management.

85. According to the survey of country offices,⁵⁰ 35 percent of country offices consider that the United Nations Partner Portal has had a positive impact on the management of cooperating partners, while 23 per cent consider the improvement to be slight.

⁴⁴ Risk register of the NGO Partnerships Unit.

⁴⁵ The Digital Advisory Board is a body under the aegis of the Technology Division.

⁴⁶ Presented to the Chief Financial Officer in June 2021, it received a grant of USD 300,000 for critical corporate initiatives.

⁴⁷ Presentation to the Digital Advisory Board. *Closing the data loop*, 24 November 2020.

⁴⁸ Circular [OED2021/023](#).

⁴⁹ *Leadership group: Risk discussion 2: NGO partnership management function*, November 2021.

⁵⁰ According to the NGO Partnerships Unit, 56 country offices had access to the portal at the end of 2021 compared to 17 in January 2021.

86. The NGO Partnerships Unit does not appear to have any evidence on which to assess the level of use of the portal. According to the documents provided by the unit, there are, for example, only 12 users in the Dominican Republic, while according to the field audit conducted in November 2021, only three country office employees were using it.

87. Nevertheless, several hundred people have been trained in recent months under the leadership of the NGO Partnerships Unit, not only at WFP (country offices and regional bureaux) but also at cooperating partners.

88. Moreover, even in countries where the United Nations Partner Portal has been deployed, there is not always a meaningful pooling of due diligence efforts; this was the case in the Democratic Republic of the Congo in the autumn of 2021 despite the portal's having been deployed in that country for several years. The External Auditor therefore recommends that the deployment of the United Nations Partner Portal be assessed and that solutions to make pooling effective be explored.

Recommendation 9. The External Auditor recommends that the “digital transformation roadmap” for cooperating partners be presented to the Digital Business and Technology Committee and that steps be taken to ensure that all conditions necessary for this project to be continued are met. (Programme and Policy Development Department, Technology Division, Resource Management Department)

8. Use of the risk-based approach

89. As a result of the indirect model adopted by WFP, cooperating partners are at the heart of the risks that it faces. This is not unique to WFP, as the Joint Inspection Unit, in its 2013 review,⁵¹ recommended a risk-based approach to improving the management of these relationships, which it continues to advocate. The existence of this risk at WFP has been noted several times during internal audits.⁵²

90. In the risk register template for country offices (November 2021 edition), cooperating partner risk is now included as an operational risk, without distinguishing partners from vendors.

91. The risk associated with cooperating partners is indeed – mainly – operational, as any failure by them may jeopardize the achievement of the objectives set out in the country strategic plans. However, as shown both by the verifications carried out by the External Auditor and during internal audits in the case of suspected or established fraud originating with partners,⁵³ the risk may also be of a strategic, fiduciary or financial nature.

92. In these circumstances, the effort made since 2018 by WFP to improve overall risk management⁵⁴ contributes directly to improving this aspect of the management of cooperating partners, which are viewed in this context as external stakeholders. The more widespread use of risk registers by country offices⁵⁵ and improvements in their content are signs of progress.

⁵¹ [JIU/REP/2013/4](#).

⁵² See in particular the following Office of Internal Audit documents: Internal Audit Report [AR/16/12](#) (October 2016) and “Advisory Assignment on NGO Risks and Oversight” (September 2018).

⁵³ According to data provided by the Office of Inspections and Investigations, complaints relating to cooperating partners accounted for 158 cases in 2020 (25 percent of the total) and 156 cases in 2021 (20 percent), although not all of them concern potential financial losses.

⁵⁴ [2018 enterprise risk management policy](#) (WFP/EB.2/2018/5-C).

⁵⁵ By the end of 2021, 79 risk registers from country offices had been received at headquarters.

93. The risk in the corporate risk register (updated in June 2021) relating to cooperating partners most directly is risk 9 (“Lack of availability and capacity for effective partnerships”). The NGO Partnerships Unit has been tasked with monitoring nine of the mitigation measures for this risk, which is judged to be elevated, as well as two other risk categories: measures related to data protection, deployment of tools and adoption of specific guidelines (including the one on protection from sexual exploitation and abuse).

94. These ambitions have been reflected in the unit’s most recent risk register, which listed seven objectives aimed for by the end of 2021, in particular to enhance and digitalize processes and empower regional bureaux in this area.

95. The track record of these initiatives led by the NGO Partnerships Unit, including with the support of the Enterprise Risk Management Division in the second half of 2021, is generally positive despite delays in some areas. For example, the unit has developed a standard procedure for the management of NGO partners by country offices, while the division has implemented minimum control standards for the benefit of these country offices.

96. In 2021, the Management review of significant risk and control issues for 2020 indicated that a number of improvements had been made to the management of partnerships at headquarters. These included updating the partnership management guidance; updating the field-level agreement template in February 2021 to replace the one approved in February 2012; adding new country offices to the United Nations Partner Portal; improving the management of NGO data through the DOTS platform; providing online training on partnership risk management for regional bureaux and country offices; and increasing the staffing of the NGO Partnerships Unit to five posts through the addition of three new posts in 2020, with the designation of a risk management focal point.

97. This progress took place against the unfavourable backdrop of the health crisis. According to the management assurance project presented by the Enterprise Risk Management Division at the 154th session of the Audit Committee in March 2021, three quarters of country offices had increased their attention to fraud risk with the support of the NGO Partnerships Unit.

98. However, there remains the problem of a relatively optimistic perception of the risks associated with cooperating partners on the part of country offices, which tend to minimize their importance and frequency in their self-assessments.⁵⁶ According to the survey conducted by the External Auditor in the autumn of 2021, half of the heads of country offices consider the risks relating to cooperating partners to be minor.⁵⁷

99. However, the recent analyses by the Office of Internal Audit⁵⁸ as well as those of the External Auditor give grounds to consider, as the Audit Committee itself did in its report presented to the Board in June 2021,⁵⁹ that the risks associated with partners are significant.

⁵⁶ As highlighted by an analysis of risk registers conducted by the Enterprise Risk Management Division in September 2021, these risks are not high: risk 2.2.1 (inadequate partner availability or capacity) was only found in two countries in 2021 (Iraq and South Sudan) compared to seven in 2020 (Lesotho, Sri Lanka, Iraq, Ethiopia, South Sudan, Colombia and Ecuador); and risk 2.2.2 (poor or inconsistent quality (of delivery)), only in two countries in 2021 (Libya and Lesotho) compared to one (Lesotho) in 2020.

⁵⁷ According to the responses to the survey conducted by the External Auditor in November 2021, for 1 percent of the offices, the risk exposure related to the management of cooperating partners is “critical”; for 35 percent it is “moderate”, for 50 percent it is “minor” and for 14 percent it is “negligible”.

⁵⁸ The Office of Internal Audit considered the management of cooperating partners to be an “area of concern” in its last annual report (June 2021).

⁵⁹ “Imperfect management and oversight of cooperating partners which, while recognized as a significant risk, is neither sufficiently addressed nor prioritized.” [Annual report of the Audit Committee](#) (WFP/EB.A/2021/6-C/1).

Indeed, since 2019, two thirds of internal audit reports⁶⁰ dealing with cooperating partners report weaknesses in the approach to risk in this area. Five of the seven field office audits⁶¹ conducted by the External Auditor in the autumn of 2021 also revealed persistent weaknesses in the management of these risks.

100. Apart from the due diligence process, which remains necessary, a specific risk analysis should be conducted when selecting a partner, as is done for example by UNHCR.⁶² This approach would allow for greater objectivity and accountability for risks at the country office level. This internal analysis will need to be incorporated into the overall assessment of partner capacity referred to in the partnership management guidance. Its results should be shared with the regional bureaux and headquarters.

101. In conclusion, efforts to prevent and reduce the risks associated with the management of cooperating partners should be continued and stepped up in two areas: assigning responsibility for the risk strategy at an appropriate level of the hierarchy, and assessing risk when selecting a cooperating partner.

Recommendation 10. The External Auditor recommends that risk analyses be conducted systematically in the selection of cooperating partners and that the results be shared at the regional and central levels. (Programme and Policy Development Department, Enterprise Risk Management Division)

9. Supervision of service delivery by cooperating partners

102. The monitoring strategy for WFP country offices distinguishes three stages relevant to cooperating partners: output monitoring, which enables verification, inter alia, of the number of beneficiaries, the quantity of food distributed and the volume of cash-based transfers made, based on the reports provided by partners and entered in COMET after verification; process monitoring, carried out during field visits (observation of distributions and interviews with beneficiaries); and outcome monitoring, which assesses the impact of assistance on beneficiaries and measures the discrepancies between the figures established at the time of targeting and those for the distributions actually made.

103. The procedures for monitoring and the corresponding responsibilities are accurately documented: standard procedures, guidance documents, monitoring tools. The country office monitoring strategy enables country offices to define and enhance their monitoring of programme implementation. In the Central African Republic, as in other country offices, standard operating procedures have been added to the 2005 monitoring and evaluation procedures, detailing the use of tools (such as COMET) and the stages of monitoring (such as reconciliation of vouchers for cash-based transfer activities).

104. According to the Executive Director's assurance exercise completed in spring 2021, 95 percent of country directors believe that the monitoring of programme activities meets the minimum requirements, with the exception of those in a few countries such as Tajikistan, Liberia, the Dominican Republic and Djibouti. However, almost one quarter of country offices (24 per cent) report that quality assurance checks and partner data reconciliation are not performed at least quarterly (LESS, COMET, the WFP digital platform for beneficiary and

⁶⁰ 15 of 23 reports: Niger 2019, Libya 2019, Syrian Arab Republic 2019, Liberia 2019, Pakistan 2019, Nigeria 2019, Honduras 2019, Yemen 2020, Ethiopia 2020, Myanmar 2020, Democratic Republic of the Congo 2020, Burkina Faso 2021, Ghana 2021, Mali 2021, Somalia 2021.

⁶¹ Dominican Republic, Namibia, Pakistan, Central African Republic and Democratic Republic of the Congo.

⁶² For each partnership agreement, equivalent to a field-level agreement, UNHCR normally conducts a risk assessment.

transfer data management (SCOPE), call centres, etc.), which may be due in part to the health crisis.

105. Recent internal audits conducted at country offices show that monitoring practices vary widely (total absence of monitoring in Liberia in 2019 and Cameroon in 2021, irregular monitoring in Honduras in 2019 and absence of standard procedures in Ethiopia in 2020), and that this heterogeneity can also occur within a single country (Democratic Republic of the Congo, Ethiopia).

106. The reconciliation process can be distorted upon the formalization of a field-level agreement, due to discrepancies between the figures in different documents (annex to the response to the call for expressions of interest, annex to the field-level agreement, etc.). However, in principle partnerships must be created and validated in COMET within five days of the signing of agreements, and they must be created as soon as an agreement is reached with planned outputs or shared objectives. This deadline is not always met, as several months may in fact elapse before this validation.

107. The field-level agreement template specifies that each cooperating partner must provide periodic activity reports (article 4.1 - general conditions), in particular:

- monthly reports on the quantities distributed, provided to WFP at the end of each month. Outputs for each month must be validated no later than the 20th of the following month; payment to the cooperating partners must be made no later than 15 days after the validation of the monitoring reports by WFP;
- the cooperating partner must, within 90 days from the date of expiry or termination of the agreement, submit a final report to WFP containing information on all the activities carried out under the field-level agreement.

108. According to the COMET standard operating procedures, monthly distribution reports are received and validated at the sub-offices or the country office. This should be clarified, as the reports that cooperating partners send directly to the country office are then sent back to the sub-offices, thereby lengthening the processing time. The digitalization of the monitoring of field-level agreements, as foreseen in the NGO Partnerships Unit's digital transformation roadmap, could enable real-time monitoring by the country office and sub-offices.

109. SCOPE data is verified by the sub-offices, by cross-checking with the distribution reports, before being entered in COMET. However, the quality of the data transmitted by the cooperating partners is poor, with incomplete data, unjustified deviations from the objectives set in the contractual documents, inadequate aggregation, etc.

110. The sub-offices encode the data and then transmit it to the country office, which sends the partner a statement of the data entered. The partner then sends a report to the country office and sub-offices indicating any errors. In the event of disagreement, however, the number of times this goes back and forth between the partner and the field office, the sub-office and the country office is not limited. The international NGO COOPI has expressed the wish that a focal point be appointed in each country office to resolve billing problems with partners.

111. The reconciliation between LESS and COMET and the reconciliation of invoices at WFP also give rise to delays, as the reconciliation is carried out manually. Indeed, if COMET's data is not up to date, the cooperating partners cannot issue their invoices. At the same time, the Corporate Finance Division requires that advances be reconciled. To circumvent this roadblock, fixed costs are paid without waiting for the outcome of the reconciliation.

112. As a result of the late submission of distribution reports and invoices by partners, the country office cannot perform regular reconciliations. In Benin and Nigeria, for example, they

are performed annually. In October 2021, according to COMET, in the Central African Republic 94 percent of the January 2021 activity reports were validated, the proportion being 22 percent for September 2021, but there were also discrepancies between deliveries and distributions (889 mt). As a result, partners may be paid several months or even a year late (World Vision International).

113. WFP's guidelines on monitoring also remain focused on traditional operations. In Cambodia, monitoring is to be carried out by partners, the national government and decentralized bodies as part of the handover of responsibility for programmes to the government. However, there is little guidance in WFP on the assessment of monitoring standards and practices of government partners in a decentralization process.

114. In these circumstances, it is essential to better understand the difficulties encountered by cooperating partners in the monitoring they are required to carry out and to provide solutions, rather than waiting for them to be reported in the periodic self-reporting or highlighted by internal or external audits. These difficulties should therefore be taken into account by the cooperating partner committees in each country office, and those continuing to exist should be reflected in periodic reports to the regional bureaux.

Recommendation 11. The External Auditor recommends that provision be made for the review by the local cooperating partner committees of any difficulties encountered in monitoring distributions. (Programme and Policy Development Department)

Possible action for the attention of the Secretariat – Report periodically to the regional bureaux on the persistent challenges faced by country offices in terms of monitoring. (Programme and Policy Development Department)

10. Assessment of cooperating partners' performance

115. The principles and methods for evaluating the performance of partners are set out in the partnership management guidance,⁶³ which provides for the systematic conduct of ex post evaluations of partnerships upon completion of field-level agreements and before the conclusion of any new agreement.

116. The 2020 standard operating procedure for the management of field-level agreements emphasizes the awarding of a score and the role of the focal point in the context of such an agreement. The final evaluation, the involvement of the cooperating partner in the evaluation and the examination of seven dimensions of the partnership are strictly required.⁶⁴ The partnership evaluation is based on a detailed evaluation matrix (annex 6.2 of the partnership management guidance), which is intended to yield a score and a rating of the risk presented by the partnership (high, moderate or low). Reciprocally, the cooperating partner may provide in writing its own evaluation of WFP.

117. The great degree of flexibility given to country offices over partner evaluation leads to widely varying practices. The field surveys carried out by the External Auditor in the autumn of 2021 illustrate this observation:

- in the Democratic Republic of the Congo, the country office did not explicitly include the use of the performance evaluation matrix in its monitoring methodology;

⁶³ Circular [OED2018/004](#).

⁶⁴ Operational management (25 percent of the score), complementary activities (25 percent), protection, gender, accountability to affected populations, protection from sexual exploitation and abuse (10 percent), reporting and monitoring and evaluation (10 percent), risk management (10 percent), funding (10 percent), logistics (10 percent).

- although mobilized for a level 2 response, the WFP country office in the Central African Republic used standard WFP tools to evaluate a few partners each year, without adapting as to substance or form;
- in Namibia, evaluation is not mentioned in the local standard operating procedures on partnership management and is not implemented;
- on the other hand, the WFP Pakistan country office carried out such evaluations in a relatively comprehensive way, although they were not exploited beyond the proper implementation of services, in theory, already verified by means of monitoring.

118. Recently, the Office of Internal Audit has made similar findings. Partner evaluations are not carried out or are not carried out systematically in a number of countries (Sudan, Ethiopia and Honduras), or when they are, they are not effectively used by the country office (Mali).

119. The evaluations that are carried out take place at the end of the year, because they are only linked to the field-level agreements. The overlapping of sub-office and area office tasks could partly explain the fact that the evaluations are not exhaustive. The timing and frequency of partner performance evaluations should be reviewed in the light of the recommendations on agreements with cooperating partners.

120. Country offices do not systematically include these evaluations in the files of individual cooperating partners. They are therefore not currently grouped by partner or by country, although the corresponding assessments are sometimes raised at the meetings of the cooperating partner committees.

121. According to the External Auditor's survey, cooperating partners are satisfied with the recommendations made to them by WFP during their performance evaluations (86 percent agree). However, below-average performance evaluations are rarely followed by improvement plans,⁶⁵ with country offices explaining that this is due to the tool's recent introduction (Uganda, Mali, Mozambique). In such cases, evaluations do not enable improvement in partners' efficiency or effectiveness, as confirmed by the 2019 report on Honduras of the Office of Internal Audit.⁶⁶

122. For this reason, the findings of the External Auditor, supported by those of the Office of Internal Audit, do not coincide with country offices' perceptions of their practices. Indeed, 81 percent of them indicated in the November 2021 survey that partnerships were evaluated annually and comprehensively, in line with the standards established by headquarters. Only a few admit that such evaluations are not carried out (Tajikistan) or are carried out informally (State of Palestine).

Possible action for the attention of the Secretariat: Prepare an annual synthesis of evaluations at the country office level and a summary of them for each regional bureau. (Programme and Policy Development Department, regional bureaux)

Recommendation 12. The External Auditor recommends that an improvement plan be presented to the cooperating partner committees for any partner with weaknesses, before any renewal of an agreement. (Programme and Policy Development Department, Regional Bureaux)

⁶⁵ With the exception of Algeria, among the field audits carried out by the External Auditor in 2021.

⁶⁶ Office of Internal Audit, Internal Audit Report [AR/19/17](#), August 2019.

11. The support provided by the regional bureaux

123. The main tasks of the regional bureaux are oversight, strategic advice or facilitation and support for the country offices. They therefore provide support to country offices on the various aspects of the cooperating partners' management cycle, as part of oversight missions. The survey conducted by the External Auditor confirms this role, which varies from office to office.

124. The Dakar Regional Bureau indicates that the risk posed by the management of cooperating partners is high, while four other regional bureaux describe the risk as moderate and the regional bureau in Panama considers it to be low.

125. Oversight missions make it possible to identify areas for improvement. The dialogue between country offices and regional bureaux continues beyond audits and leads to very specific proposals. For example, in the Dominican Republic, the regional bureau in Panama helped the country director to determine how to improve the management of field-level agreements, and training tailored to the country office is being prepared for the first half of 2022.

126. During these missions, the regional bureaux use a checklist and the fraud and corruption prevention manual (2020), both developed by headquarters.

127. In order to properly support country offices in managing cooperating partners, regional bureaux are seeking to formalize and clarify their support role through the establishment of task forces and a better separation of their tasks from those of headquarters. In this regard, the lack of a systematic team structure in country offices and regional bureaux hampers fluid communications.

128. With regard to the division of labour with headquarters, the hierarchization of responsibilities for partner management is clearly defined in the partnership management guidance:⁶⁷ "Regional bureau: Has the primary accountability for supporting country offices work on partnership" "Headquarters: The NGO Partnership team in [the Partnerships and Advocacy Coordination Division] provides corporate support and guidance to regional bureaux and country offices on NGO partnership management issues."

129. As already noted by the Office of Internal Audit in its 2016 report,⁶⁸ however, the specific missions of the regional bureaux are not specified in corporate guidelines and overlap with those of headquarters or country offices. Work started with the regional bureaux in June 2021 at the initiative of the NGO Partnerships Unit to better distinguish the various levels of responsibility. A first version of terms of reference for country offices for the management of cooperating partners was adopted. Three objectives have been set at the regional level, the first being to ensure that all country offices make use of the United Nations Partner Portal and the other two focused on strengthening the support, including technical support, provided by the regional bureaux in the area of cooperating partner management.

130. The regional bureaux, for their part, say they are prepared to:

- participate in the updating of guidelines and document templates going forward. While agreeing that flexibility should be left to country directors, they called for the clarification of rules, including on partnerships with governments, tripartite partnerships, payments, management of advances, due diligence procedures and capacity-strengthening for partners. The regional bureaux would like to have answers to questions that typically arise and to have a directive on the management of government partners;

⁶⁷ Circular [OED2018/004](#).

⁶⁸ Office of Internal Audit, Internal Audit Report [AR/16/12](#), October 2016.

- facilitate the regional network of cooperating partner focal points in country offices on the one hand and international NGOs with regional representation on the other;
- monitor the extent to which country offices are complying with their obligations in managing partnerships and assist them in making necessary improvements;
- forward the consolidated information to headquarters.

Recommendation 13. The External Auditor recommends strengthening the role of the regional bureaux in training, facilitation, verification and reporting to headquarters with regard to cooperating partners. (Programme and Policy Development Department)

12. Relaying information on cooperating partners to headquarters

131. The financial flows relating exclusively to cooperating partners that are tracked in WINGS amounted to USD 561.5 million in 2020.⁶⁹

Table 4: Flows to partners (excluding value of transfers) in 2020 (USD million)

| Modality | Flows to partners |
|------------------------|-------------------|
| Capacity strengthening | 136.34 |
| Cash-based transfers | 98.84 |
| Food | 319.50 |
| Service provision | 6.77 |

Source: WFP, WINGS, Corporate Finance Division.

132. While the concept of partnership is at the heart of WFP's operating model, its annual performance report contains little information, particularly figures, on cooperating partners. Several of the annexes to the annual performance report could contain data on cooperating partners, but this is not the case. Only annex IX contains specific data, but it has several shortcomings (no distinction is made between small NGOs and large international organizations, the data presented is of questionable reliability, government partners are excluded, and there is a lack of financial data (see table 2 and paragraph 24)).

133. Some donors would like to see improvements in that regard, including more information.

134. This is clearly not unique to WFP, as the Joint Inspection Unit recommended in its recent review that by the end of 2023 the executive heads of the United Nations system organizations should include a chapter on collaboration with and management of their implementing partners in their annual performance reports, giving details of expenditures incurred and the number and categories of implementing partners.⁷⁰

135. In-house reporting on cooperating partners is even more restrictive, as it focuses only on NGOs. The dashboard developed by the Corporate Planning and Performance Division based on COMET relies on flows under field-level agreements in the form of in-kind food transfers or cash-based transfers.

Recommendation 14. The External Auditor recommends that annex IX of the annual performance report, insofar as it relates to cooperating partners, be supplemented. (Resource Management Department, Programme and Policy Development Department)

⁶⁹ Last full year for which data was available at the time of the audit.

⁷⁰ [JIU/REP/2021/4](#), recommendation 2.

136. Guidance on the presentation of annual country reports includes a page on partnerships, which states that this part of the report, which is expected to be about 700 words long, should reflect the value of the various partnerships in achieving WFP's objectives, including those with donors.

137. These guidelines also provide for the presentation of certain points specific to these partnerships, concerning firstly local NGOs, within the framework of the localization strategy called for by the *Grand Bargain*, and secondly government partners, to which more attention should be devoted. A review of several annual country reports⁷¹ shows that the recommended format is followed and facilitates understanding of the partnership mechanisms at stake for the country office, but the reports remain overly descriptive and provide little information on the main cooperating partners or the associated amounts, among other things.

138. Paragraph 200 of the annual performance report for 2020 states that: "Since 2013, WFP has consistently met the obligation to transfer at least 25 percent of resources to or through local partners and has maintained a large portfolio of local partners and community-based organizations that implement WFP programmes." It would be useful for donors interested in the themes of strengthening civil society and transferring capacity to local bodies to know the performance of a country office in relation to this objective, taking due account of the specific modalities of intervention adopted in the relevant country strategic plan.

Recommendation 15. The External Auditor recommends that quantitative data on partnerships with local non-governmental organizations be included in annual country reports. (Programme and Policy Development Department, Resource Management Department)

IV. ACKNOWLEDGEMENTS

139. The audit team thanks the Programme and Policy Development Department and in particular the NGO Partnerships Unit, which greatly contributed to this report, as well as to country offices visited by the auditors, whose directors agreed to share their views and experiences.

End of audit observations.

⁷¹ Available online: <https://www.wfp.org/annual-country-reports-2020> under the "partnership" tab.

Annex 1: Possible actions for the attention of the Secretariat¹

1. Management of relationships with local NGOs. Include in field-level agreements, where necessary, specific funding for partner capacity-strengthening, possibly in collaboration with partner United Nations entities. (Programme and Policy Development Department).
2. Supervision of service delivery by cooperating partners. Report periodically to the regional bureaux on the persistent challenges faced by country offices in terms of monitoring. (Programme and Policy Development Department).
3. Assessment of cooperating partners' performance. Prepare an annual synthesis of evaluations at the country office level and a summary of them for each regional bureau. (Programme and Policy Development Department, regional bureaux).

¹ These actions suggested to the Secretariat complement the recommendations listed at the beginning of the report without requiring a follow-up report to the Executive Board.

Acronyms

| | |
|--------|---|
| COMET | country office tool for managing effectively |
| FAO | Food and Agriculture Organization of the United Nations |
| ISSAI | International Standards of Supreme Audit Institutions |
| LESS | Logistics Execution Support System |
| NGO | non-governmental organizations |
| SCOPE | WFP digital platform for beneficiary and transfer data management |
| UNFPA | United Nations Population Fund |
| UNHCR | Office of the United Nations High Commissioner for Refugees |
| UNICEF | United Nations Children's Fund |
| WINGS | WFP Information Network and Global System |