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Resource, financial and budgetary matters
For consideration

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

WFP management response to the recommendations in the report of the External Auditor on the management of cooperating partners

Background

1. Management welcomes the recommendations made in the report of the External Auditor on the management of cooperating partners.

2. The external audit started in July 2020 and comprised an initial headquarters mission from 19 to 23 July 2021, and a final headquarters mission from 17 to 28 January 2022. There were also two interim missions at headquarters, on 27 and 28 October and from 9 to 12 December 2021.

3. The audit team interacted mainly with the NGO Partnerships Unit in the Programme and Policy Development Department; the Technical Assistance and Country Capacity Strengthening Service (PRO-T) in the Programme – Humanitarian and Development Division; the Corporate Planning and Performance Division (CPP); the Technology Division (TEC); and other divisions and units involved in the cross-cutting functionality of WFP's management of cooperating partners (CPs). The Assistant Executive Director, Programme and Policy Development Department, received periodic briefings on emerging findings.

4. With the aim of supplementing the review process by including various policy, operational and partnership perspectives, the audit team conducted field missions to seven country offices – Algeria, Armenia, Namibia, Pakistan, the Central African Republic, the Democratic Republic of the Congo and the Dominican Republic – and carried out opinion surveys with WFP regional bureaux and country offices, all active NGO partners at the country level, selected international NGO partners and a few donor representatives.

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5. In February 2022, the auditors shared a draft report with WFP management, who shared their observations on the report on 22 February. In April, the auditors submitted the final table of recommendations (in English) and the final audit report (in French).

6. The purpose of the audit was to examine WFP's management of CPs (including host government entities that are engaged by WFP to provide direct assistance to beneficiaries) in accordance with WFP's principles of economy, effectiveness and efficiency and with the aim of providing recommendations for improvement. To facilitate the review process, the following five elements of CP management were identified as focus areas:

   - the notion of operational partner;
   - the selection of operational partners;
   - the negotiation of agreements with operational partners;
   - the implementation of agreements with operational partners; and
   - the evaluation of partnerships.

7. Management welcomes the External Auditor's recognition of the importance of cooperating partnerships and the corresponding need to strengthen CP management, and notes that the External Auditor's recommendations are closely aligned with current initiatives aimed at improving WFP's CP management framework, oversight mechanisms, operational tools and relevant guidelines.

8. Management agrees with the report's observations that knowledge of the landscape and portfolio of CPs must be improved through the optimization and deployment of information systems. In close consultation with TEC and other divisions that manage information systems relevant to CP performance, the NGO Partnerships Unit has been coordinating the cleaning of CP data and their integration into the DOTS data management platform, which will provide a 360-degree view of WFP's CP landscape to facilitate informed strategic, programmatic and operational decision-making at the headquarters, regional bureau and country office levels.

9. Management reconfirms that WFP is committed to advancing digital transformation within its end-to-end CP management processes. The United Nations Partner Portal has been rolled out to 61 of the 69 country offices with active cooperating partnerships (as at April 2021), thereby contributing to the harmonization of due diligence processes for the selection of CPs among United Nations agencies (the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Population Fund and the United Nations Secretariat). The ongoing roll-out and scale-up of Partner Connect is currently focused on the digitalization of daily and monthly distribution reporting. In 2022, future modules will capture other field-level agreement (FLA) management processes, such as budgeting, FLA approvement and invoicing. This will allow better partner-facing data collection, which in turn will allow the flow of more comprehensive operational data into DOTS, enriching CP data and knowledge and enabling better corporate reporting, evaluation and operational decision-making.

10. Management also agrees that specific actions should be implemented to standardize the management of partnerships with host governments that are providing assistance directly. PRO-T is currently leading the development of the policy framework that will guide such standardization, with assistance from the NGO Partnerships Unit and other stakeholders.

11. In accordance to WFP's commitment to the Grand Bargain, the localization agenda has been reinforced through the organization's strategic engagement with international and local NGOs at the jointly organized annual partnership consultation and through NGOs' involvement in the development of WFP's strategic plan and in other dialogues on common humanitarian and development issues.

12. With regard to the observation on formal cooperation with other United Nations agencies, management draws attention to the role of the United Nations Partner Portal. The governance structures of the portal serve as a platform for coordination of all CP management issues among the participating United Nations agencies. The portal also supports United Nations-wide cooperation on CP management at the operational level, facilitating the identification of country coordination mechanisms.

13. Management agrees that the monitoring and evaluation of partners' performance can be improved further through increased involvement of the regional bureaux. Digital transformation and a focus on improving data quality will strengthen the oversight ability of regional bureaux. These priorities were conveyed to WFP's Leadership Group, which endorsed them.

14. Management takes note of the recommendation on improving the reporting on CPs' operational activities provided to WFP leadership. Efforts to this end will continue.

15. Management thanks the External Auditor for its constructive collaboration during the internal review.

16. The following matrix sets out WFP's planned actions for implementing the External Auditor's recommendations, and the timelines for their completion.

Draft decision*

The Board takes note of the WFP management response to the recommendations in the report of the External Auditor on the management of cooperating partners (WFP/EB.A/2022/6-H/1/Add.1).

* 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.

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF COOPERATING PARTNERS			
External audit recommendation	**Action by**	**WFP management response**	**Timeframe**
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.	NGO Partnerships Unit and TEC	Agreed. 1) Starting in 2022, WFP will carry out an annual data cleaning exercise as a routine process in CP data management, which will involve every country office in reviewing CP registrations. Data on CP transactions from all corporate systems will be integrated into the DOTS platform to form a final master data list that all WFP offices can use as a single "source of truth". 2) WFP will develop standard operating procedures that will ensure proper governance of the master data list on CPs that is to be used by country offices.	Data clean by 31 December 2022 Standard operating procedures by 30 June 2023
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.	NGO Partnerships Unit and TEC	Agreed. Transactional level data on CPs from all corporate systems will be integrated into the DOTS platform to create a final CP master data list that can be used by all WFP offices as the standard source of reliable data. (See also response to recommendation 1.)	31 December 2022
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.	PRO-T and NGO Partnerships Unit	Agreed. While the NGO Partnerships Unit at headquarters already provides regional bureaux and country offices with unified support on CP management, WFP is building the policy framework for host government entities that are engaged by WFP to provide direct assistance to beneficiaries.	30 June 2023

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF COOPERATING PARTNERS			
External audit recommendation	**Action by**	**WFP management response**	**Timeframe**
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.	NGO Partnerships Unit	Partially agreed. Owing to the significantly varied levels of capacity and operational autonomy possessed by the country-level organizations of international NGOs, global-level memoranda of understanding are considered as providing too limited a view of the field level to replace a portion of the due diligence process. Doing so would also pose a risk to WFP's competitive processes for partner selection at the country office level. Still, WFP will explore the use of thematic memoranda of understanding with a view to taking greater advantage of the complementarities between international NGOs and WFP.	N/A
Recommendation 5 The External Auditor recommends that a partner capacity strengthening strategy be proposed as of 2022.	PRO-T	Agreed. WFP recognizes the practical need for greater guidance and support in facilitating country offices' investment in capacity building of local partners in accordance with the offices' own strategic and programmatic decision making. Giving due consideration to the need for consistent and predictable access to the necessary financial resources, WFP will develop a strategy for CP capacity strengthening within the broader context of country capacity strengthening.	31 December 2022
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.	NGO Partnerships Unit and Emergency Operations Division	Partially agreed. While it may be useful for WFP to discuss CP management with other United Nations organizations, the food security cluster is not the appropriate platform from which to initiate those discussions. The cluster brings partners together to improve the coordination of a food security response in a humanitarian crisis, ensuring that there are no gaps or duplications in the partners' response; it is not the place to discuss CP management and the United Nations Partner Portal. WFP will explore other avenues at the country office level for United Nations-wide coordination of CP management.	31 December 2022

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF COOPERATING PARTNERS			
External audit recommendation	**Action by**	**WFP management response**	**Timeframe**
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.	NGO Partnerships Unit, Legal Office, Global Privacy Office, Ethics Office and PRO-T	Agreed. Building on the success of the United Nations Partner Portal, WFP will continue to explore opportunities for further harmonization in key partnership areas, including on a common contractual template.	31 December 2022
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.	NGO Partnerships Unit and PRO-T	Agreed. WFP's regulatory and legal framework does not prevent country offices from investing in long-term FLAs that take the operational context into account. In accordance with the capacity strengthening strategy mentioned in the response to recommendation 5, WFP will continue to encourage country offices to consider the use of long-term FLAs.	31 December 2022
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.	TEC and NGO Partnerships Unit	Agreed. The digital transformation roadmap for CPs will be presented to the Digital Business and Technology Committee for endorsement.	31 December 2022

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF COOPERATING PARTNERS			
External audit recommendation	**Action by**	**WFP management response**	**Timeframe**
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.	NGO Partnerships Unit and Enterprise Risk Management Division (ERM)	Agreed. WFP will continue to strengthen risk analysis mechanisms for CP management throughout the organization. Efforts include the addition of a risk assessment module within the United Nations Partner Portal that can be used at the regional and central levels.	31 December 2022
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.	NGO Partnerships Unit	Agreed. CPs' ability to report and monitor could be included in performance evaluations and taken into account by cooperating partner committees in their decision-making with regard to partner selection.	31 December 2022
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.	NGO Partnerships Unit	Agreed. In its corporate guidelines, WFP emphasizes that cooperating partner committees should review the improvement plans of CPs as a mandatory component of partner selection procedures.	31 December 2022

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF COOPERATING PARTNERS			
External audit recommendation	**Action by**	**WFP management response**	**Timeframe**
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.	Regional bureaux	Agreed. Building on the standard terms of reference that define the roles and responsibilities of regional bureaux with respect to CP management, which were developed in 2021, WFP commits to providing the necessary resources and building the necessary capacity to ensure that regional bureaux can fulfil their second line oversight functions. While training, facilitation and reporting to headquarters may be common roles that regional bureaux should play to varying extents, depending on their resource and staffing capacities, the bureaux can play only a limited role in verification, which is usually under the responsibility of country offices as part of their first line oversight function.	31 December 2022
Recommendation 14 The External Auditor recommends that annex IX of the annual performance report, insofar as it relates to cooperating partners, be supplemented.	CPP and NGO Partnerships Unit	Agreed. With support from the DOTS integrated data layer, WFP has already upgraded the contents of annex IX of the annual performance report in time for the 2021 report, which now includes an improved data extraction methodology and basic analysis of CP performance in narrative text. As data cleaning and the creation of CP master datasets progress in line with the measures outlined in the response to recommendations 1 and 2, WFP will add elements to CP performance reporting in the annual performance report for 2022.	31 March 2023
Recommendation 15 The External Auditor recommends that quantitative data on partnerships with local non-governmental organizations be included in annual country reports.	CPP and NGO Partnerships Unit	Agreed. With support from the DOTS integrated data layer, WFP will improve the quality and reporting of CP-related data, and will incorporate relevant sections of those data in annual country reports to facilitate country offices' reporting of quantitative data on partnerships with local NGOs.	31 March 2023

Acronyms

CP	cooperating partner
CPP	Corporate Planning and Performance Division
ERM	Enterprise Risk Management Division
FLA	field-level agreement
PRO-T	Technical Assistance and Country Capacity Strengthening Service
TEC	Technology Division