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**Executive Board  
Annual Session**

**Rome, 3–6 June 2013**

# RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

*For consideration*



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## REPORT OF THE EXTERNAL AUDITOR ON WORKING WITH COOPERATING PARTNERS

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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for consideration.**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding availability of documentation for the Executive Board, please contact the Conference Servicing Unit (tel.: 066513 2645/2558).

***The Comptroller and Auditor General of India (CAG) provides an external audit service to the World Food Programme (WFP).***

***CAG's audit aims to provide independent assurance to the World Food Programme and to add value to WFP's management by making constructive recommendations.***

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*External Audit Report*

***Performance Audit Report on  
Working with Cooperating Partners***



**COMPTROLLER AND AUDITOR GENERAL OF INDIA**

## ***Executive Summary***

This report presents the results of the Comptroller and Auditor General of India's Performance Audit on "Working with Cooperating Partners (CPs)" in the World Food Programme (WFP).

Nearly 80 per cent of food assistance programmes executed by WFP are implemented through non-governmental organization (NGO) and government partners. The success or otherwise of WFP in achieving its Strategic Objectives therefore, crucially hinges on their management. Our audit was aimed at assessing the performance of WFP in managing these partners and spanned the WFP Headquarters (HQ) in Rome, 20 country offices (COs) and three regional bureaux (RBs) for the period January 2010 to August 2012.

### **Role of WFP HQ**

As the core responsibility of WFP HQ is to ensure coherence in the assessment, design and implementation of WFP activities, the present arrangement of having no single centre of responsibility for managing information related to all partners (governments, NGOs, Red Cross and Red Crescent Movement and UN agencies) at HQ is not suited for their effective management. Existing reports like the Partnership Overview Report on NGOs did not capture information on profile, partnership history, food aid distributed payments made etc. to NGOs grouped by projects and COs. No report on government partners was being prepared. Hence, WFP is unable to take immediate advantage of information already at hand for planning future operations and assessing effectiveness of cost of operations. There was a consultative mechanism for holding discussions with NGOs and following these up, which is not in place for government partners.

Global Memoranda of Understanding (MoUs) of WFP with 14 NGOs were signed prior to the year 2006. With the strategic shift from 'food-aid' to 'food-assistance' as enshrined in the Strategic Plan (2008–13), these MoUs may have lost relevance. No criteria were adopted by WFP in the initial selection of these 14 NGOs and none of these 14 MoUs were reviewed, as required.

**Role of COs and RBs**

Mindful of the fact that WFP intervenes in emergent conditions, effective implementation of a project would crucially hinge on correct identification of CPs in the least possible timeframe. Hence, creation and periodic updation of a databank/register is very important. Some COs do not have a databank of potential CPs. Where such databank exists, it is not comprehensive. Periodic updation by the COs could not be ascertained in audit.

Documented Standard Operating Procedures (SOPs) for selection of CPs do not exist uniformly in WFP. Where an SOP exists, there is no mechanism in place to ensure that COs do not violate its provisions.

Although a broad framework for keeping a watch over budget formulation by CPs exists, the same is not enforced strictly. No guidelines exist for formulation of budgets in the case of government partners.

Programmes in COs are executed through field-level agreements (FLAs) with NGOs. There was a pervasive non-compliance with corporate procedures on FLA management suggesting inefficiencies and giving rise to the risk of failure to ensure transparency and optimum cost.

Although HQ had designed a framework for monitoring and evaluation (M&E) of projects in the form of the M&E Toolkit, some COs had not developed specific SOPs for M&E of CPs. These were also not being analysed regularly, resulting in gaps in tracking the achievement of activities of the CPs, thus losing the chance to introduce mitigating measures on a timely basis.

Regional bureaux, at present, are not playing any significant oversight role in CP management by COs. No separate missions to evaluate CP management by COs were carried out. Even the Management Plan 2013–15, which envisages a new organizational structure of WFP, is silent on the exact role and responsibility of RBs with regard to CP management in COs.

## **Summary of recommendations**

### **Recommendation 1**

*WFP HQ needs to have a single centre of responsibility, for managing information related to all its partners (governments, NGOs, Red Cross and Red Crescent Movement and UN agencies), which could ensure that all information/data on them is readily available and accessible, as and when required by the Executive Board/Senior Management.*

### **Recommendation 2**

*As an online system was already in place to collect information on NGO partnerships from the COs, WFP HQ needs to review its reporting requirements and management information structure to ensure that the data is collected on all partners and the same is comprehensive and of value for decision-making by management at various levels.*

### **Recommendation 3**

*We recommend that WFP continue to closely monitor compliance to the 'Action Plan' to improve its working with NGO partners. WFP may consider the feasibility of having similar consultative arrangements for government partners, to ensure compliance and strengthen operational relationships.*

### **Recommendation 4**

*We appreciate that WFP is in the process of reviewing its approach vis-à-vis global MoUs, including criteria for concluding MoUs with NGOs. We recommend that WFP hasten the process of review of existing MoUs and evolve transparent criteria for establishing Global MoUs. A periodic review of International NGOs may also be done with a view to establish global MoUs, where appropriate, in future.*

### **Recommendation 5**

*We recommend that the COs maintain a databank/register of potential CPs, in order to be able to identify suitable potential CPs for implementing a particular project. The databank should contain the detailed institutional profile of the CPs, which includes their financial capacity, core competencies, manpower profile, past experience, etc. and should be periodically updated. WFP HQ may design a standard format for the databank/register and issue directives for its periodic updation.*

### **Recommendation 6**

*We recommend that all COs have documented SOPs for selection of CPs. Although the document Working with NGOs provides a broad framework for CP selection, WFP may consider issuing a directive to ensure compliance by the COs to the minimum criteria outlined in the Programme Guidance Manual and provide additional optional criteria that may be used for CP selection. The directive may also include minimum documentation requirements for the selection process with the overall aim of having a fair and transparent selection mechanism. WFP may consider a greater oversight role for RBs and it HQ in CP selection by COs to ensure that all controls are in place to reduce all risks to acceptable levels.*

**Recommendation 7**

*We recommend that WFP ensure that all provisions of Guidelines for Preparation of NGO Budgets in Support of WFP Operations are followed by the NGOs and WFP. Guidelines may be reviewed to consider the obligations of the government partners.*

**Recommendation 8**

*We recommend that WFP strengthen mechanisms with respect to the entire process of signing FLAs to ensure that all of WFP's programmes are implemented, as outlined in the FLAs, in an efficient and effective manner.*

**Recommendation 9**

*We recommend that WFP HQ consider issuing directive to COs for developing SOPs for CP M&E and may also prescribe minimum essential monitoring mechanisms for compulsory compliance.*

**Recommendation 10**

*We recommend that WFP RBs play a larger role in oversight over COs. In particular, oversight missions, to evaluate the performance of COs in managing their CPs, must be planned and executed.*

## Introduction

1. The World Food Programme (WFP) is the UN's food aid agency and the world's front line agency in the fight against hunger.
2. The Strategic Plan 2008–2013 formulated by WFP envisages a strategic shift from WFP being a 'food aid' agency to a 'food assistance' agency. As per this plan, WFP's efforts and interventions are aimed at achieving the following Strategic Objectives:
  - Save lives and protect livelihoods in emergencies
  - Prevent acute hunger and invest in disaster preparedness and mitigation measures
  - Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations
  - Reduce chronic hunger and under nutrition; and
  - Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase.
3. In 2011, WFP provided food assistance to 99.1 million beneficiaries in 75 countries of which women and children together accounted for 84 per cent of the beneficiaries.
4. The success of WFP's efforts depends not just on its own capacity but also on how effectively it can partner with other agencies to achieve the above objectives. WFP's partners can broadly be classified as under.
  - **National and Local Governments and Communities** – They have the primary responsibility to meet all hunger-related needs of their populations. WFP's partnerships with them are implemented on the principles of ownership, alignment, harmonization, management for results, mutual accountability, knowledge-sharing and capacity strengthening. Thus, WFP plays a complementary and coordinating role with a view to ultimate hand-over of its interventions to governments.
  - **Other UN Agencies** – WFP partners with other UN system agencies like the Office for the Coordination of Humanitarian Affairs (OCHA), the Office of the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Children's Fund (UNICEF), etc. for achieving its Strategic Objectives. Here again, the partnership is more of a coordinating and complementary nature. These partnerships are mainly aimed at sharing information or obtaining services like security and IT support from UN agencies. No food is generally handed over to these partners for distribution.
  - **Non-Governmental Organisations** – WFP has partnerships with many NGOs whereby the NGOs are responsible for carrying out an activity on WFP's behalf such as transport, storage and distribution, usually within a food assistance intervention designed by WFP. WFP retains accountability to the government and WFP's Executive Board for the intervention. Most of the NGOs are primarily



engaged for distribution. However, some of the other services for which NGOs are engaged are monitoring, storage, transport, project design, evaluation and assessment.

5. Food is distributed by WFP through various channels viz. on its own, through government establishments, the Red Cross and Red Crescent Movement and through NGOs, of which almost 80 per cent is through various partners; the NGOs being the more dominant partners. In 2011, WFP distributed a grand total of 3.6 million mt of food. Of this, nearly 1.9 million mt (53 per cent) was distributed through NGOs and Red Cross and Red Crescent Movement partners and approximately 1.2 million mt by government partners. In the year 2011, WFP engaged 2,141 NGOs, of which 189 were international and 1,952 were local.

### Organizational Structure of WFP

6. WFP has its HQ in Rome. During the major part of the audit period (January 2010–August 2012), WFP had 78 COs and six RBs<sup>1</sup> and was organised into the following three departments and an office at HQ.
  - **The Operations Department** headed by a Deputy Executive Director (DED), had direct management responsibility for field operations and systems that supported WFP's work such as the supply chain, programme design, IT and facilities management. The RBs reported to the DED Operations.
  - **The Resource Management and Accountability Department** was headed by a DED, who was also the Chief Financial Officer (CFO). The department was responsible for integrating financial management functions and promoting better systems for external and internal accountability. It oversaw resource allocation, including budgeting and contribution programming. Three divisions and an office reported to the DED for Resource Management and Accountability (RM): i) the Budget and Programming Division; ii) the Finance and Treasury Division; iii) the Performance and Accountability Management Division; and iv) the Business Innovation and Support Office.
  - **The External Relations Department**, headed by a DED, maintained WFP's relations with partners such as governments, United Nations agencies and NGOs. The department is WFP's interface with the United Nations system. The Government Donor Relations Division, the Multilateral and NGO Relations Division and the Executive Board Secretariat reported to the DED for External Relations.
  - **The Office of Hunger Solutions** headed by a DED, worked with the African Union (AU), the New Partnership for Africa's Development (NEPAD) and the RBs on global advocacy and leadership on hunger issues in the United Nations system.

<sup>1</sup> The Management Plan (2010–2011) includes 78 country offices, of which 5 did not have operational activities but were involved in the analysis of food and nutrition security.

## Responsibilities of HQ, RBs and COs

### Headquarters

7. The primary responsibility of HQ is to ensure that WFP achieves its mandate, guided by the Board. It helps to formulate policies on the basis of inputs from the RBs and COs and in turn provides them with normative guidance, advice and support. In the current world recession, units in HQ are monitoring global vulnerability and food insecurity and the impact of fluctuations in food prices. HQ help the RBs and COs in food security monitoring and contribute to the launch of new initiatives.
8. Its core responsibilities are to ensure coherence in the assessment, design and implementation of WFP activities by providing advice and expertise in vulnerability analysis and mapping (VAM), project design, logistics, procurement and IT and to provide management support in human resources, finance and security.
9. Headquarters takes the lead in resource mobilization and is responsible for the allocation of resources. It is also involved in advocacy in favour of the hungry poor through the media; this also involves developing partnerships with governments, UN agencies, international and regional organizations, and civil society.

### Regional Bureaux

10. The RBs are fundamental to WFP's ability to implement large-scale operations. They also develop and strengthen partnerships with governments, UN agencies and international organizations within the regional and sub-regional policy framework. They support WFP's COs primarily in:
  - oversight of programme implementation and technical support in nutrition, VAM, HIV/AIDS needs assessments, and reporting;
  - financial management and support;
  - logistics and tracking of food deliveries;
  - regional advocacy, fundraising and pipeline reporting;
  - coordination with UN agencies and NGOs; and
  - IT and WINGS support.
11. The RBs ensure that adequate logistics support is provided; active corridors are managed; local food procurement is handled according to WFP procedures; resources are safeguarded and utilized efficiently through the financial oversight functions; and media and advocacy strategies are provided to support country offices implementing operations. Most bureaux also support COs in information and communications technology (ICT), human resources management and regional fundraising.

### Country Offices

12. The core responsibility of COs is to implement projects and programmes in accordance with the Strategic Plan (2008–2013). The food and nutrition security situation in each country is regularly monitored, with a focus on vulnerable groups

such as internally displaced persons (IDPs), refugees and people affected by conflict; contingency planning and emergency preparedness are developed accordingly.

13. With the support of the RBs and HQ, the COs ensure the implementation of WFP-assisted activities and utilization of resources in line with its policies. The COs support development and humanitarian activities and develop joint programmes in the context of the United Nations Development Assistance Frameworks (UNDAFs) and other UN programmes. The COs work in partnership with donors, host governments, other UN agencies, local institutions and NGOs. They support capacity development to facilitate the hand-over of WFP-assisted activities and take the lead in advocating for the hungry poor and developing media and public information material.

### **Audit Objectives**

14. The objectives of the performance audit on working with cooperating partners (CPs) were to seek an assurance that:
- i) criteria exist for selection of CPs. These criteria have been set against comprehensive and clearly identifiable parameters and the participating CPs meet the criteria;
  - ii) these criteria cover the evaluation of the CP comprehensively covering its repute, its standing in financial terms, reach, expertise and commitment in the country;
  - iii) the budgets submitted by the CP are realistic and comply with the guidelines and standard formats for budget and cost-sharing;
  - iv) the COs maintain the documentation providing the trail for selection of CPs, including performance evaluations. The documentation at each stage of selection is complete and lends to a post-selection review by RBs and HQ, to derive an assurance that due procedures are followed;
  - v) the COs maintain a roster of potential CPs and relevant data, facilitating a broad-based availability of CPs;
  - vi) field-level agreements, or where applicable the MoUs, outline clearly the strategic areas where both organizations will work together; the areas of responsibility of each organization reflecting their comparative advantages; and the resources to be contributed by each organization;
  - vii) the CPs maintain the requisite records and submits periodic reports, especially those on distribution of food aid in real time. The performance of CPs is evaluated periodically in a transparent manner; and
  - viii) the COs provides the CPs with the promised support towards achievement of project objectives.

### Sources of Audit Criteria

15. The performance of WFP HQ was evaluated against its own Strategic Objectives and specific policies/rules/directives framed by it for managing its relationship with NGO and government partners. In particular, provisions contained in the following documents/directives served as the criteria:
- i) *Programme Guidance Manual*. In particular, documents like *NGO Partnership Framework*, *Working with NGOs*, *A Handbook for NGOs* and *Guidelines for the preparation of NGO budgets in support of WFP operations*;
  - ii) FLAs and MoUs;
  - iii) Basic Agreements signed with governments;
  - iv) Documents in COs like standard operating procedures, notes for the record of project review committees, CP capacity assessments, CP evaluations, CP distribution reports, etc.
  - v) Strategic and Management Plans; and
  - vi) Annual WFP partnership consultations action plan.

### Audit Scope and Methodology

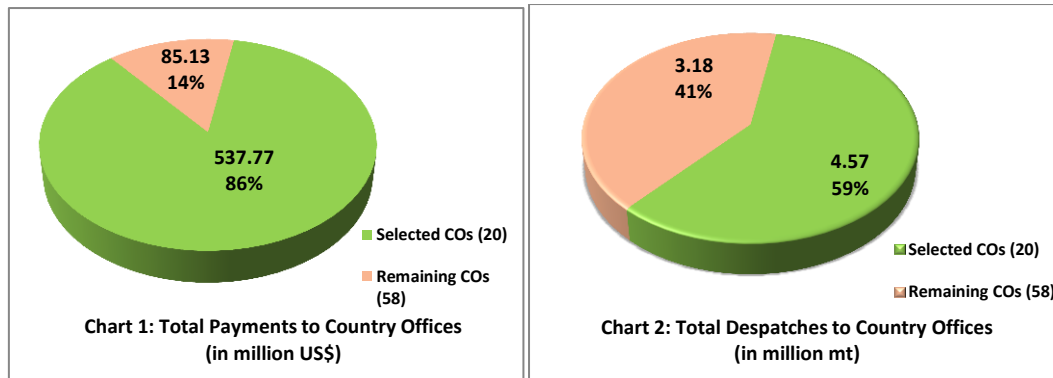
16. Records of the Multilateral and NGO Relations Division (ERM) of the External Relations Department at HQ, which is responsible for management of global MoUs with selected international NGOs, were scrutinised (24 September 2012 to 12 October 2012 at WFP HQ, Rome). Some data pertaining to these NGOs was also obtained from the Operations Department and Resource Management and Accountability Department at HQ. Although we had selected the period from January 2010 to August 2012 for detailed scrutiny, we did analyse global MoUs which were signed as far back as in the year 1995 since all these global MoUs were active on the date of audit.
17. Since the entire management of NGOs and government partners is done at the CO level, we selected 20 out of a total of 78 COs on the basis of total<sup>2</sup> payments made by these COs during the audit period for detailed scrutiny. A total payment of US\$537.77 million was made in these selected COs, which accounted for nearly 86 per cent of payments<sup>3</sup> made by all COs (Chart 1). As per data on total despatches to COs for the period from July 2010 to June 2012 extracted from COMPAS<sup>4</sup> at HQ, a net of 4.57 million mt was despatched to the selected 20 COs, which accounted for nearly 59 per cent of despatches<sup>5</sup> to all COs (Chart 2). We designed questionnaires for the selected COs. We received responses from all the 20 selected COs and the same are incorporated in this report.

<sup>2</sup> Includes all payments made in a CO, which we feel is a good indicator of level of operations in a CO. This data was extracted from WINGS at HQ.

<sup>3</sup> Total payments made in all COs during the audit period = US\$622.90 million

<sup>4</sup> Commodity Movement Processing and Analysis System

<sup>5</sup> Total despatches made in all COs during July 2010 to June 2012 = 7.75 million mt



18. Our teams conducted compliance audits of three RBs and eight of the selected 20 COs. Their findings have been incorporated in the report. A list of the selected COs and RBs can be found in Annexure-1.
19. We adopted the following procedure at WFP HQ, Rome.
- i) Entry conference was held on 24 September 2012.
  - ii) Audit requisitions and queries were issued.
  - iii) Responses to requisitions and queries were analysed.
  - iv) Audit observations were issued based on the above analysis.
  - v) Responses to audit observations were analysed and discussed with WFP management in an exit conference held on 12 October 2012.
20. A similar procedure was followed by our teams at three RBs and eight COs.
21. Our observations are presented in the following paragraphs in two parts. **Part A** deals with our observations pertaining to HQ Rome. **Part B** deals with our observations pertaining to selected COs and RBs.
22. We thank the WFP management for the cooperation and assistance rendered for finalizing this report at WFP HQ in Rome and the RBs and COs visited and also for giving their responses to the questionnaires issued.

## Part A - Management at HQ

### I. Responsibility Centre

23. We noted that there was no single business unit or centre of responsibility at WFP HQ for managing information related to all CPs. Basic information like total food handed over, total payments made and oversight role being performed by HQ was not available in a single, dedicated business unit.
24. We were informed that ERM is the first port of call at WFP HQ with regard to liaison with NGO partners. ERM is, however, not the single responsibility centre at WFP HQ for NGO CPs. Financial data with regard to NGO CPs is dealt with by Finance, while the commodity deliveries to CPs are managed by Logistics. ERM 'manages' the external relationship with NGO partners at the global/Headquarters level, while operational aspects of the partnership, such as the quantity of food handed over to NGO CPs, is handled by other business units.

25. Information regarding total food handed over to CPs could only be extracted from the COMPAS database, which was 'owned' by the Logistics Division.
26. Information on the total payments made to CPs during our audit period was received from RM, which had extracted the same from the WINGS IT database being managed by them.
27. We were informed by management that WFP's new organizational design was based on the 'Fit for Purpose' principle and promotes placing decision-making authority as close as possible to the point of implementation and as outlined in the WFP Management Plan (2013-15), it is intended for the RB and not Rome HQ to provide operational oversight and management support to the COs.

### **Observation 1**

WFP HQ plays no direct oversight role over management of CPs by COs. Information like 'payments made' and 'tonnages delivered' to CPs is available in different business units and a single centre of responsibility for managing all partners (governments, NGOs and UN agencies) does not exist at WFP HQ. As the core responsibility of WFP HQ is to ensure coherence in the assessment, design and implementation of WFP activities and since nearly 80 per cent of WFP activities are implemented through NGO and government partners, the present arrangement is not suited for their effective management.

### **Recommendation 1**

***WFP HQ needs to have a single centre of responsibility, for managing information related to all its partners (governments, NGOs, Red Cross and Red Crescent Movement and UN Agencies), which could ensure that all information/data on them is readily available and accessible, as and when required by the Executive Board/Senior Management.***

## **II. Reporting Framework**

28. We observed that during the period of audit, WFP HQ prepared only one report on partnerships i.e. the *partnership overview report*, related to the WFP's partnership with NGOs. To prepare the report, all COs were requested each year to fill in the information in a DACOTA<sup>6</sup> based data entry form. This data was cross-checked for completeness by the NGO unit at HQ against a list of food dispatches to NGOs obtained from COMPAS and was then used in the preparation of an annual report on WFP's operational relationship with NGOs, as well as in all inputs submitted for briefs and other corporate WFP reports.
29. We were informed that: "ERM collects NGO operational partnership information from WFP COs worldwide as part of the annual reporting exercise Standard Project Report (SPR), which was conducted at the end of each calendar year."

<sup>6</sup> Data Collection Transfer and Analysis



30. While analysing the partnership overview reports of selected COs, we observed that these reports captured some basic parameters like names of the NGO partners, type of partnership (cooperating, complementary or coordinating), sectors of collaboration and services provided by the NGO – by project.
31. However, the reports were deficient to the extent that data on food dispatches, performance, and payments made to the NGOs were not made a part of these reports. Further, no reports on government partners were being prepared.
32. We were informed that corporate initiatives were already ongoing to explore integration/linkages between the NGO partnership database and the corporate monitoring and evaluation tool (COMET)<sup>7</sup>, which was being rolled out.

### **Observation 2**

Information pertaining to CPs like food dispatched, payments made, their profile and performance is vital for senior management at HQ, RBs and COs. Although a vast amount of information/data is available, reporting at HQ on information pertaining to CPs is not comprehensive. No reports on government partners are being prepared.

### **Recommendation 2**

*As an online system was already in place to collect information on NGO partnerships from the COs, WFP HQ needs to review its reporting requirements and management information structure to ensure that the data is collected on all partners and the same is comprehensive and of value for decision-making by management at various levels.*

## **III. Consultation Mechanism**

33. We noted that WFP has held annual consultations with its main NGO partners, referred to as “WFP-NGO consultations”, at HQ since 1995. These consultations were stated to be a key event in WFP’s calendar, providing a strategic setting for nurturing and fostering partnerships beyond the field level. It was also seen as an opportunity to review the partnership between WFP and its main NGO partners and to highlight areas of common interest and/or concerns.
34. We observed that mechanisms to monitor the action taken on these consultations were not quite adequate during the major part of the audit period. However, from 2012 these were formalised and an action plan was approved by the senior management, which was also to be closely followed-up.
35. We further observed that there was no similar consultative mechanism at HQ to review the constraints and challenges and take note of the feedback and best practices across governments, functioning as partners, which could help foster better operational relationships with governments.

<sup>7</sup> Corporate monitoring and evaluation tool

**Observation 3**

While a mechanism to consult NGO partners has been in place for a long time, a formalised system to monitor compliance on the action plan has been put in place only recently. A similar process of consultations is not available for government partners.

**Recommendation 3**

*We recommend that WFP continue to closely monitor compliance to the action plan to improve its working with NGO partners. WFP may consider the feasibility of having similar consultative arrangements for government partners, to ensure compliance and strengthen operational relationships.*

**IV. Global Memoranda of Understanding**

36. WFP signed Global Memoranda of Understanding (MoUs) on collaborative working arrangements with the following 14 NGO partners between 1995 and 2006:

- i) December 2006 – **Islamic Relief Worldwide**
- ii) November 2001 – **CARE Canada**
- iii) October 2001 – **CONCERN**
- iv) August 1998 – **Lutheran World Federation (LWF)**
- v) June 1998 – **Movimondo Molisv**
- vi) October 1997 – **Action Contre la Faim (ACF) Network**
- vii) May 1997 – **Adventist Development and Relief Agency (ADRA)**
- viii) December 1996 – **CARE – Australia**
- ix) November 1996 – **Food for the Hungry – International (FHI)**
- x) September 1996 – **German Agro Action (GAA)**
- xi) July 1996 – **CARE – U.S.**
- xii) July 1996 – **Save the Children – U.S.**
- xiii) July 1996 – **World Vision International (WVI)**
- xiv) January 1995 – **Catholic Relief Services (CRS)** (MoU amended in February 1996)

37. These agreements establish a division of tasks and responsibilities between WFP and its partners, and build on the comparative advantages of both organizations. The MoUs establish a global framework based on:

- shared goals and mutual respect and trust;
- joint design of joint decision-making on joint activities;
- commitment to building and nurturing partnerships;
- willingness to give up a certain amount of independence to pursue joint programmes; and
- commitment to accountability and transparency.



38. We observed that no records were available where criteria that formed the basis for selection of these 14 NGOs were documented. We were informed: “ERM was unable to determine which criteria might have been used for selecting the NGOs with whom global MoUs were concluded, taking into consideration that these MoUs were signed between 1995 and 2006. Furthermore, WFP was in the process of thoroughly reviewing its approach vis-à-vis global MoUs, including criteria for concluding MoUs with NGOs.”
39. One of the clauses of every global MoU stipulated that WFP and the concerned NGO would hold annual joint HQ reviews,<sup>8</sup> to monitor progress in the implementation of the MoU. Whereas consultative meetings were held with selected international NGOs at HQ, we found that WFP had not conducted the requisite reviews of these MoUs since their signing.

#### **Observation 4**

Global MoUs of WFP with 14 NGOs were signed prior to the year 2006. With the strategic shift from ‘food aid’ to ‘food assistance’, as enshrined in the WFP Strategic Plan (2008–2013), these MoUs may have lost relevance. No criteria were adopted by WFP in the initial selection of these 14 NGOs and none of these 14 MoUs were reviewed.

#### **Recommendation 4**

*We appreciate that WFP is in the process of reviewing its approach vis-à-vis global MoUs, including criteria for concluding MoUs with NGOs. We recommend that WFP should hasten the process of review of existing MoUs and evolve transparent criteria for establishing Global MoUs. A periodic review of International NGOs may also be done with a view to establishing Global MoUs, where appropriate, in future.*

## **Part B - Management in COs and RBs**

### **V. Identification of CPs**

40. We asked the COs whether they have a databank of potential CPs and if so, whether the databank had provisions to capture the institutional profile of the CPs and whether the databank was updated periodically.
41. Out of the selected 20 COs, nine COs (Iraq, Ethiopia, Kenya, Pakistan, Sri Lanka, State of Palestine, Zimbabwe, Uganda and Zambia) did not have a databank of potential CPs at all. Further, in 11 COs where a databank existed, it did not contain vital information like financial and functional capacity of the CPs, etc. In the Chad CO, the databank was not being updated at all. In other COs, we could not ascertain whether the updating was being carried out periodically.

<sup>8</sup> In the case of two NGOs— *Movimondo Molisv* and Lutheran World Federation, biannual reviews are to be held.

42. Some COs like Ethiopia and Sri Lanka stated that since all programmes were implemented through the government, they did not maintain a databank of potential CPs. The Zimbabwe CO stated that they use the OCHA databank to ascertain 'humanitarian presence.
43. We are of the opinion that a databank of potential CPs does not only facilitate broad based selection of CPs but also addresses 'Reputational Risk' and helps reduce the disaster response time.

#### **Observation 5**

Some COs do not have a databank of potential CPs. Where such a databank exists, it is not comprehensive. Periodic updation by the COs could not be ascertained in the audit. Mindful of the fact that WFP intervenes in emergent conditions, effective implementation of a project would crucially hinge on correct identification of CPs in the shortest timeframe. Hence, creation and periodic updation of a databank is very important.

#### **Recommendation 5**

*We recommend that the COs maintain a databank/register of potential CPs, in order to be able to identify suitable potential CPs for implementing a particular project. The databank should contain the detailed institutional profile of the CPs, which includes their financial capacity, core competencies, manpower profile, past experience, etc. and should be periodically updated. WFP HQ may design a standard format for the databank/register and issue directives for its periodic updation.*

## **VI. Selection of CPs**

44. Standard operating procedures (SOPs) should be precisely formulated for the selection of CPs. These should clearly outline the criteria for selection and lay out the procedure to be followed for selection. Selection criteria laid out therein should be objective and the selection procedure transparent.
45. Out of the selected 20 COs, seven COs (Ethiopia, Iraq, Nepal, State of Palestine, Sri Lanka, Zambia and Zimbabwe) did not have written SOPs. Our audit of the Kenya CO revealed that SOPs for selection of CPs were violated by the CO. In the year 2010, the Kenya Red Cross Society (KRC) was selected for implementing a project despite its evaluation score being lower than WVI.
46. The CO stated that the main reason for not selecting the best ranked NGO was compelling considerations in support of KRC presented by the district authorities and communities themselves.

47. We agree that the opinion of the local community is important and this must be objectively factored into the evaluation criteria by assigning appropriate weightage to it, yet the selection of CPs should have been based on a merit based approach and a single criterion overriding all other evaluation criteria did not ensure fairness and transparency in the selection process.
48. We scrutinized records pertaining to selection of three CPs *Fundación acción contra el hambre*; Philippine Business for Social Progress (PBSP); and Helen Keller International (HKI) in the Philippines CO and found that:
- There were no written SOPs for selection of the CPs. Hence, there was no formalized list of the documents/information required to be submitted by CPs as part of their project proposal and no guidelines for formulation of the project budget. The formats of the capacity assessment reports were not specified.
  - There were no details regarding the selection of the CPs prior to the formation of the Project Review Committee (PRC) in October 2012.
  - CP selection and evaluation was done by the PRC for only the Disaster Preparedness and Response Unit. Selection criteria used by the PRC did not include Performance of the CPs in previous years as a criterion.
  - Capacity assessment of the three CPs was not done.
49. Further, we found that although the PRC had been constituted in October 2012, which is a welcome move, the responsibilities of the PRC did not clearly specify its role in CP selection.
50. In the Zambia CO, we observed that the office entered into transport contracts to carry various commodities from warehouses at Lusaka to the districts where the commodity was to be taken over by the district education boards (DEBs) for down-the-line distribution in schools. The transportation from the district warehouses to the schools was through contracts given by the DEBs and the cost of the transportation was to be borne by WFP on a reimbursement basis. We observed that the CO played no role in the selection of these secondary transporters and nothing was found on record with the CO regarding the performance of these transporters.
51. We are of the opinion that the CO should engage with the Government of Zambia and play a proactive role in selection of transporters. The CO should insist on a comprehensive feedback on performance of transporters from DEBs. This is particularly significant in view of the disruptions in the programme due to transport problems, more so in the far flung districts.
52. World Vision International, Concern Worldwide, Care Zimbabwe, Christian Care and GOAL were selected for detailed analysis during the audit of the Zimbabwe CO. However, during our audit, we found no record/documentation for selection of these CPs for the year 2011.
53. Our audit of the Pakistan CO revealed that CP selection process for major emergencies during 2010, 2011 and 2012 was entirely delegated to the provincial offices in order to rapidly respond to the emergency requirements. The CO could not produce any evidence of a well-documented criteria being used for CP selection.

54. We understand that delegation to provincial offices reduces response time but we are of the opinion that this should be resorted to only in cases of emergency. Delegation of entire CP management to provincial offices was not in order particularly in the protracted relief and recovery operation (PRRO) context. This situation further reiterates our earlier observation regarding the need to maintain a databank of potential CPs at the CO level so that in times of emergency, WFP can respond in the least possible timeframe, without compromising its rules and procedures.

#### **Observation 6**

Documented SOPs for selection of CPs do not exist uniformly in WFP. Where SOPs exist, there is no mechanism in place to ensure that COs do not violate its provisions.

#### **Recommendation 6**

*We recommend that all COs have documented SOPs for selection of CPs. Although the document Working with NGOs provides a broad framework for CP selection, WFP may consider issuing a directive to ensure compliance by the COs to the minimum criteria outlined in the Programme Guidance Manual and provide additional optional criteria that may be used for CP selection. The directive may also include minimum documentation requirements for the selection process with the overall aim of having a fair and transparent selection mechanism. WFP may consider a greater oversight role for RBs and its HQ in CP selection by COs to ensure that all controls are in place to reduce all risks to acceptable levels.*

### **VII. Budgeting**

55. As per *Guidelines for Preparation of NGO Budgets in Support of WFP Operations*, the CP was required to provide Budget Schedules 1 and 2, a Budget Narrative and the Project Proposal and hand them over to WFP at the time of submission of the budget. The CP's budget was to be based on a realistic estimate of costs. Where feasible, the WFP and the CP were to work together on estimating the cost of an operation. The estimate of costs was to be proportional to WFP's activities with the partner. If the CP had a multi-year established presence in the country, the office rent, supplies, computer and communications equipment, furniture, etc. were assumed to already exist and/or charged to another WFP project.
56. The CP was to ensure that the costs were comparable with similar activities in the country. Fixed costs were to be calculated separately from variable costs. The amount reimbursed to the CP was calculated on the basis of an estimate of the fixed costs ('time-bound costs') plus an estimate of costs calculated on the basis of the tonnage to be distributed ('variable costs'). The costs related to phasing down an intervention and those related to the complete closure of an intervention needed to be estimated and included in the budget. Ideally, the CP and the WFP country office were to discuss and review the budget narrative to ensure that all the information that WFP needed to justify its own budget was included. When there were delays in the arrival of food, interruptions in the pipeline, or distributions were increased/reduced or extended beyond the originally planned period, the CP was to

submit a revised budget, using the same budget schedule forms, reflecting changes, including any additional costs incurred, owing to the delay or extension of an intervention.

57. Our audit was aimed to ascertain whether the aforesaid provisions were being implemented. The selected 20 COs were asked to disclose whether the budgets submitted by the partners were realistic and prepared on the basis of guidelines and standard formats for budget and cost-sharing.
58. We observed that detailed guidelines for the preparation of budgets by NGOs were available in the *Programme Guidance Manual*. However, no such guidelines had been formulated for government partners.
59. We observed that out of the selected 20 COs, in six COs (Ethiopia, Iraq, Nepal, Niger, Sri Lanka and State of Palestine) the budget had not been submitted by the partners along with the relevant schedules and narrative.
60. Our audit of selected COs revealed that:
  - i) In the Afghanistan CO, WFP prepared the initial budget for the Ministry of Labour and Social Affairs. In the case of the CP, Nutrition and Education International, WFP did not participate in the budget preparation. Thus, WFP and the partners did not work together in estimating the budget. WFP also did not compare the cost of operations as estimated by Nutrition and Education International with local standards in similar operations in the country.
  - ii) In the Chad CO, although WFP and the partners worked together on estimating the cost of operation, there were no specific documents in support of the consultation process for the selected partners viz. United Nations Mission in the Central African Republic and Chad (MINURCAT), Croix-Rouge du Tchad and Agence adventiste du développement et de l'aide humanitaire.
  - iii) In the Ethiopia CO, in the case of selected partners viz. Amhara Bureau of Finance and Economic Development, Tigray Bureau of Finance and Economic Development, the National Intelligence and Security Services of the Federal Democratic Republic of Ethiopia, revised budgets were prepared by WFP.
61. In the Sri Lanka CO, the government, through the Project Management Unit (PMU) of the Ministry of Economic Development, took the lead in providing logistic facilities, field implementation guidance to the implementing agencies and conducting the review and meetings. The PMU facilitated the implementation through the District Secretariats in the respective districts. On examination of the documents related to selected partners (PMU, World Vision and ZOA Refugee Care), we observed that budgets were not prepared. In the case of the PMU, only the costs were discussed between the WFP and the Government along with the overall contribution of the Government. It was not known whether:

- the estimated costs of office supplies, rent and running costs were proportional to the WFP activities with the partner;
- the office rent supplies, computer and communications equipment, furniture already existed;
- these had been charged to another project; and
- there had been duplicity or excess calculation of charges.

#### **Observation 7**

Although a broad framework for keeping a watch over budget formulation by CPs exists, the same is not enforced strictly. No guidelines exist for formulation of budgets, in the case of government partners.

#### **Recommendation 7**

***We recommend that WFP ensure that all provisions of Guidelines for Preparation of NGO Budgets in Support of WFP Operations are followed by the NGOs and WFP. Guidelines may be reviewed to consider the obligations of the government partners.***

### ***VIII. Implementation of Field-Level Agreements***

- 62.** A field-level agreement (FLA) is a project agreement drawn up for each project that WFP and the CP collaborate on, which involves the distribution of food assistance to beneficiaries and for which the CP seeks funding from WFP. The FLA is drawn up and signed by the CP and WFP COs. The FLA outlines:
- the objectives of the partnership;
  - each organization's specific roles and responsibilities;
  - details on food quantities, food rations, distribution mechanisms, etc.;
  - reporting and financial management requirements; and
  - payment procedure.
- 63.** The success of any programme largely depends upon the proper implementation of the provisions of the FLA. Therefore, FLAs are to clearly outline the strategic areas where both organizations would work together; the areas of responsibility of each organization reflecting their comparative advantages; the resources to be contributed by each organization and whether mechanisms exist to ensure that projects/programmes are implemented as per FLAs.
- 64.** We observed that out of the selected 20 COs:
- i) Four COs (Afghanistan, Ethiopia, Iraq and Sri Lanka) did not have a standard FLA format.
  - ii) In three COs (Afghanistan, Iraq and Kenya), there was no mechanism in place to verify the beneficiary lists.
  - iii) In six COs (Afghanistan, Chad, State of Palestine, Sri Lanka, Zambia and Zimbabwe), the list of persons authorized to sign the receipt of commodities, including their specimen signatures and official stamp was not found on record.

- iv) In eight COs (Afghanistan, Democratic Republic of the Congo, Haiti, Iraq, Nepal, South Sudan, Sri Lanka and Zimbabwe) there was delay in signing of waybills.
- v) In ten COs (Afghanistan, Chad, Democratic Republic of the Congo, Kenya, Pakistan, South Sudan, Sri Lanka, Sudan, Uganda and Zambia), there was delay in making payments to the CPs.

#### A. Delay in signing FLAs

65. We observed that out of the selected 20 COs, there were delays in signing FLAs in 14 COs viz. Afghanistan, Bangladesh, Democratic Republic of the Congo, Haiti, Iraq, Niger, Pakistan, Philippines, South Sudan, Sri Lanka, Sudan, Uganda, Zambia and Zimbabwe.
66. The audit of the Pakistan CO revealed the following:

- i) For the implementation of CFW/FFW, the agreements/MoUs between WFP and the partners were signed after commencement of the agreement/MoU. Some illustrations are mentioned below:

Name of the Partner	Agreement starting date	Agreement expiry date	Date of signature of Agreement/MoU by WFP	Date of signature of Agreement/MoU by the Partner
SIDA	01.02.12	30.06.12	03.02.12	15.02.12
HANDS	15.02.12	14.06.12	21.02.12	27.02.12
WVI	15.02.12	14.06.12	28.03.12	26.03.12
SIDA	01.02.12	31.08.12	11.07.12	17.07.12
ACTED	01.08.12	15.08.12	23.08.12	23.08.12

- ii) Scrutiny of the agreements with selected partners signed during 2011 and 2012 viz. Save the Children Federation Inc., Sindh Community Foundation, Relief International, Education Department (project implementation unit (PIU), Department of Education and Literacy), National Rural Support Programme and Basic Education and Employable Skill Training, revealed that all agreements were signed after commencement of the agreement either by both parties or at least by one of the parties or one of the parties had left it unsigned. Further, dates given by both parties differed in all agreements indicating that it was signed by way of circulation.
- iii) The original FLA with Basic Education and Employable Skills Training (BEST) under the IDPs emergency operation (EMOP) 108280 was signed on 23 September 2008 by WFP and 8 October 2008 by the partner BEST. It was amended 13 times. Amendment No. 13 was signed on 26 July 2011 by WFP and on 2 August 2011 by the partner. Continued engagement of the CP for three years by amending the original FLA instead of following the procedure for a fresh FLA was not in the interests of fair competition.



67. In our audit of the Zimbabwe CO, we observed the following:

- i) Field-level agreements entered into with the CPs, namely, World Vision, Care International, Concern Worldwide, GOAL Zimbabwe, and Christian Care during the year 2011 for the programme protracted relief and recovery operation (PRRO) 200162 were signed after the commencement of the programme as detailed below:

Name of the Partner	FLA Period	Date on which FLA was signed by CP
World Vision	1.01.2011 to 30.04.2011	16.02.2011
Care International	1.01.2011 to 30.04.2011	7.01.2011
Concern Worldwide	1.01.2011 to 30.04.2011	26.01.2011
GOAL Zimbabwe	1.01.2011 to 30.04.2011	01.02.2011
Christian Care	1.01.2011 to 30.04.2011	14.01.2011

- ii) The CO acknowledged the late signing of the FLAs during this period and attributed the delays to negotiations taking longer than expected and delays on the part of CP. It was also stated that efforts were made to ensure that FLAs were signed before the start date, after concern was raised by the senior programme advisor, RB, Johannesburg. They also stated that the need to commence the seasonal targeted assistance – STA operations in a time-bound manner resulted in the lag between signing and commencement of the programme.
- iii) We observed that the MoU between WFP and the Government of Zimbabwe for PRRO 200162 was signed on 10 October 2012 whereas the programme had commenced on 1 January 2011. The delay was attributed to changes in the template introduced by the WFP Legal Office and the delay by the Ministry of Labour and Social Services, which in turn had sent it to their own legal department and then to the Cabinet for final approval before it was signed. The CO also stated that while waiting for the new MoU to be approved and signed, they had always extended the previous MoU in order to have a valid legal document in place. However, it was noticed that the extended MoU was only valid up to 31 May 2012 whereas the new MoU was signed only in October 2012, after a delay of four months.

### ***B. Shortfall in delivery of food***

68. We observed that out of 20 selected COs, in 11 COs (Bangladesh, Democratic Republic of the Congo, Kenya, Nepal, Pakistan, South Sudan, Sri Lanka, Sudan, Uganda, Zambia and Zimbabwe), there was loss of food due to deterioration or transportation and storage lapses.



69. The audit of the Kenya CO revealed that in three projects viz. PRRO 200294, PRRO 102583 and PRRO 200174, food delivery had been commendable. However, there was shortfall in delivery of food in the case of the project – PRRO 106660 (completed), by the selected CPs (Kenya Red Cross Society, World Vision Kenya, Save the Children, Care Kenya, Food for the Hungry and Islamic Relief) during the years 2010 to 2012 (up to August 2012), in spite of availability of food items.
70. The audit of the Somalia CO revealed that there was a shortfall in delivery of food by the selected CPs during the years 2010 to 2012 (up to August 2012) despite availability of food as depicted below:

Name of Partner	Target Food Distribution (mt)	Actual Distribution (mt)	Actual Distribution made (%)	Remarks
Danish Refugee Council	29 575.29	22 677.911	76.68	
Brothers Relief	13 549.383	12 409.146	91.59	
Save the Children UK	13 940.55	6 730.283	48.28	Target date in 3 out of 6 FLAs was up to Dec. 2012
Muslim Aid UK	3 705.887	311.149	8.4	Target date in 2 out of 6 FLAs was up to Dec. 2012
Agency for Peace and Development	3 010.437	758.040	25.18	Target date in both FLAs was up to Dec. 2012

71. The CO stated that it was continuously working with CPs to improve distribution and distribution reporting.
72. In the Zambia CO, the project Country Programme 200157 had as its main component the Home Grown School Feeding Programme, which aimed at bringing children back to school through the feeding programme. As the Government of Zambia had provided maize in kind, WFP's role was largely limited to procurement of the matching commodities such as vegetable oil and pulses/beans/peas and also the reimbursement of secondary transport contracts and funding of resource persons. The implementing agencies were the DEBs and the schools.
73. We observed that the achievement against targets in this programme had been extremely low with only 7 per cent achievement in terms of beneficiaries and 9 per cent in terms of tonnage up to July 2012.
74. We also noted that there were a number of instances where the DEBs/schools had not distributed any commodity to the children for several months in Shangombo, Mongu, Kaoma, Mambwe and Kalabo districts despite the availability of food commodities.

75. The CO Zambia attributed the problems to various issues such as funding constraints and pipeline breaks, difficulties in transportation in some of the faraway districts where the secondary transport contracts did not materialize (as in the case of Shangombo and Kalabo) and non-availability of matching commodities. For instance, for Shangombo, the pulses were first received before cereals arrived and could not be distributed as this would have doubled the transport cost.
76. During 2011 and 2012, until the date of the audit, the total loss of damaged commodities reported by the Zambia CO, District Education Boards (ZMB\_DEBS) valued at US\$69,600 was as follows:

Description	Loss Value (in USD)	Loss Period
Maize meal	7 333.14	January 2011
Vegetable oil	1 545.94	
Beans and peas	1 351.92	
Maize meal	53 184.52	January 2012
Pulses	6 184.25	
<b>TOTAL</b>	<b>69 599.77</b>	

77. The reasons for loss were listed as 'damaged' and this was due to various reasons such as poor quality supplied by the miller, delayed supply to schools and delayed consumption resulting in loss due to storage. However, no recovery was made on these instances by WFP as maize was supplied by the Government free of cost. In respect of the losses in other commodities, the Zambia CO stated that recovery was made where the loss was due to negligence.
78. We understand that while there is a loss report made out as and when the loss occurs, there was no detailed analysis of reasons for loss, which could serve as a source for identifying systemic issues.

### C. Distribution Delays

79. We found that out of the 20 selected COs, in eight COs (Democratic Republic of the Congo, Iraq, Kenya, Nepal, South Sudan, Sri Lanka, Sudan and Zambia), there were delays in transportation of food to the distribution points.
80. In the Zambia CO, one of the commodities used extensively for the country programme 200157 (Home Grown School Feeding Programme) was CERMMML (maize meal), which was supplied to the schools through local purchase by the Government of Zambia. The roller maize meal has an optimal shelf life of two months if purchased locally (WFP specifications on maize meal/local dated 23 May 2011).
81. We observed that in some of the districts, the maize meal was consumed after nearly eight months. In one case of the Mazabuka District, the balance of 77,169 mt of maize meal, delivered in November 2011, was shown as a loss in February 2012 after nearly four months, presumably due to loss in storage given the short shelf life.

82. One of the problems with the supply of commodities was that it was done either well into the term or just before the schools closed for the term. As a result, either the commodity remained unconsumed, leading to deterioration in the case of short shelf life items such as CERMML (maize meal) or was issued by the school as home rations to the children defeating the objective of bringing the children to the school.
83. The Zambia CO attributed the reasons for delays in supply to transportation issues. We were given to understand that CERMML was slowly being replaced by maize grain which had a longer shelf life, particularly in the difficult to reach districts. It was also intimated that the CO was aware of these problems and was making efforts with the Government of Zambia to address the issues.

#### **Observation 8**

There was a pervasive non-compliance to corporate procedures for signing FLAs, implying inefficiencies and potential failure to accomplish WFP's objectives and giving rise to the risk of failure to ensure transparency and optimum cost.

#### **Recommendation 8**

*We recommend that WFP strengthen mechanisms with respect to the entire process of signing FLAs to ensure that all of WFP's programmes are implemented, as outlined in the FLAs, in an efficient and effective manner.*

### ***IX. Monitoring and Evaluation***

84. Ideally, both WFP and the CP should together design as well as implement the M&E strategy. The WFP CO and the CP should meet on a quarterly basis to review output progress, beneficiary contact monitoring findings and early evidence of outcome achievement. They should also meet once or twice annually to review output progress and agree formally on action to be taken if needed.
85. The CP was responsible for monitoring day-to-day activities and was to submit three types of reports to WFP and other agencies. The monitoring reports included:
- A monthly distribution report: providing information on the amount of food received and number of beneficiaries segregated by sex and age.
  - A quarterly progress report: providing both narrative/qualitative information as well as quantitative information as specified and detailed in the FLA.
  - Finally, upon termination of activities, a final report was required to be submitted with consolidated information gathered throughout the period covered by the FLA.
86. For all operations, WFP was responsible for:
- Analysing partner reports to ensure that operation objectives were being met;
  - Working together with partners to ensure that corrective action was taken when required; and
  - Collecting independent field-level information, including discussions with beneficiaries known as 'Beneficiary Contact Monitoring (BCM) following the M&E strategy developed jointly to cross-check partners' findings.

- 87.** Both WFP and the CP were to carry out post-distribution monitoring, which involved visiting beneficiary households to check the extent to which they were food insecure, clarify how the food aid was used and distributed within the household and assess what assets and other sources of food the household had access to.
- 88.** Our audit was aimed at ascertaining whether the implementation of programmes by CPs were being properly monitored and whether the CPs were submitting the requisite periodic reports in time, especially those on distribution of food aid. We also ascertained whether the performance of CPs was evaluated periodically in a transparent manner to gauge their performance in implementing WFP programmes.
- 89.** We found that out of the selected 20 COs:
- i) In six COs (Iraq, State of Palestine, South Sudan, Sri Lanka, Uganda and Zimbabwe), SOPs for monitoring did not exist.
  - ii) In the Bangladesh CO, monitoring was done through a monthly monitoring plan. However, only a summarised report of the outcome was received at the CO level. The detailed report had to be requested from the sub-office as and when required. Further, a test check of a report of a partner (Shushilan) for July 2012, for the location Satkhira (country programme project 104100) revealed a discrepancy of 2,066 mt of rice. Reasons/remarks for the discrepancy were not found on record.
  - iii) In seven COs (Afghanistan, Ethiopia, Haiti, Iraq, Pakistan, Somalia, Sri Lanka,), there were delays in submission of monthly reports.
  - iv) In the Pakistan CO, we found that the reports of partners were outstanding for more than one month. The arrears were more in the government implemented projects.
  - v) In the Somalia CO, 81 CP reports (out of 267 due) were pending in the case of selected CPs (Danish Refugee Council, Save the Children, Muslim Aid, Brothers Relief and Development, and Agency for Peace and Development) as of 30 September 2012.
  - vi) In six COs (Ethiopia, Pakistan, Somalia, South Sudan, Sudan and Sri Lanka), no reconciliation was being undertaken on the data provided by the partners in their reports.
  - vii) In the Pakistan CO, a random cross-check of data on quantity of food distributed as shown in a CP's distribution report with the food distribution report uploaded by the Sub-office Sindh revealed a discrepancy in the quantity of food distributed (Report ID 2537). Reasons/remarks for the same were not found on record.
  - viii) In 14 COs (Democratic Republic of the Congo, Ethiopia, Haiti, Iraq, Kenya, Nepal, Niger, State of Palestine, Philippines, Somalia, South Sudan, Sri Lanka, Sudan and Zimbabwe), the partners were not submitting quarterly reports.

- ix) In eight COs (Bangladesh, Ethiopia, Haiti, Iraq, Kenya, Niger, Somalia and Sri Lanka), the partners were not submitting final reports.
- x) In four COs (Ethiopia, Sri Lanka, Uganda and Zambia), collection of independent field-level information, including discussions with beneficiaries known as beneficiary contact monitoring (BCM) following the M&E strategy developed jointly to cross-check partners' findings, was not being done.
- xi) In the Zambia CO, we observed that monitoring by the CO was being done only up to the level of DEBs, who were distributing food to schools. However, the CO did no monitoring at the end-point, i.e. schools.
- xii) In the Kenya CO, our examination of monthly monitoring briefs for the months of May to August 2012 indicated that there was scope for improvement in BCM, as was evident from the following table:

Project	PRRO 106660: Protecting and Rebuilding Livelihoods in the Arid and Semi-Arid Areas of Kenya				PRRO 200174: Food Assistance to Refugees in Kenya	
Activity	General food distribution/food for assets		Supplementary feeding programme (SPF)		SPF	
Months	Target	Actual	Target households (HH)	Actual (HH)	Target	Actual
May 2012	900	354	660	183	90	0
June 2012	580	302	760	182	90	0
July 2012	800	665	760	295	90	0
August 2012	790	617	780	310	80	0
<b>TOTAL</b>	<b>3 070</b>	<b>1 938</b>	<b>2 960</b>	<b>970</b>	<b>350</b>	<b>0</b>

- xiii) In two COs (Ethiopia and Haiti) post-distribution monitoring involving visiting beneficiaries was not being done at all.
- xiv) In 11 COs (Afghanistan, Ethiopia, Haiti, Iraq, State of Palestine, Philippines, Sri Lanka, Sudan, Uganda, Zambia and Zimbabwe), SOPs for evaluation of partners did not exist.

- xv) In the Somalia CO, evaluation of the following CPs was not done even though the due date had passed:

Sl. No.	Name of CP	Area office concerned	FLA No.	Contract period up to	Due date
i.	Danish Refugee Council	Hargeisa	CP/DRC/019/VT/2012	23 August 2012	31 August 2012
		Mogadishu	CP/DRC/140/GFD/2011	31 January 2012	Feb. 2012
ii.	Brothers Relief and Development Organization	Central	CP/BRADO/006/FFW/2012	20 May 2012	30 June 2012

- xvi) In the Philippines CO, CP evaluations were not being done. Instead, projects were evaluated as a whole.
- xvii) In the Zambia CO, evaluation of DEBs was not being undertaken.
- xviii) In the Kenya CO, no CP evaluations had been done for the year 2012 (as at 30 September 2012). In the year 2011, the status of evaluations undertaken before the due date for selected CPs is depicted below:

CP	DISTRICT	ACTIVITY	STATUS
<b>Food for the Hungry (FH)</b>	Marsabit	General food distribution (GFD)	✓
<b>KRC</b>	Makueni	GFD	✗
		Food for assets (FFA)	✗
	Kwale	GFD	✓
	Tana river	FFA	✗
		GFD	✗
	Malindi	FFA	✓
		GFD	✓
	Garissa	FFA	✓
		GFD	✓
	Ijara	GFD	✓

CP	DISTRICT	ACTIVITY	STATUS
WVI	Kilifi	FFA	✘
		GFD	✘
	Taita Taveta	FFA	✘
		GFD	✘
	East Pokot	GFD	✘
	West Pokot	GFD	✘
	Makueni	FFA	✘
		GFD	✘
	Turkana	GFD	✘
	Baringo	FFA	✘
		GFD	✘
	Makueni	GFD	✓
		FFA	✓
ISLAMIC RELIEF	Mandera	Blanket supplementary feeding programme (BSFP)	✘
	Wajir	BSFP	✘
Save the Children UK (SCUK)	Wajir	BSFP	✘
	Mandera	BSFP	✘

### Observation 9

Although HQ has designed a framework for the M&E of projects in the form of an M&E Toolkit, the COs had not developed specific SOPs for M&E of CPs. These were also not being analysed regularly and due to this there was a gap in tracking the achievement of activities of the CPs, thus losing the chance to introduce mitigating measures on a timely basis.

### Recommendation 9

*We recommend that WFP HQ consider issuing directive to COs for developing SOPs for CP M&E and may also prescribe minimum essential monitoring mechanisms for compulsory compliance.*

## X. Role of Regional Bureaux

90. Regional bureaux had to provide oversight on commodity accounting and oversee the COMPAS (Commodity Tracking System (CTS)) implementation in the region. They have oversight functions in respect of food handled/distribution captured in COMPAS. In the Nairobi RB, the status of distribution captured as of 30 September 2012 revealed that at the end of the third quarter only 59 per cent food handled had been reported as distributed and captured in the Commodity

Movement Processing and Analysis System (COMPAS). For the Republic of the Congo (Brazzaville), Djibouti and South Sudan, it was even less than 30 per cent. Further, there was a considerable difference between the Physical Count and COMPAS records on stock movements. In the case of Ethiopia, the stock count was even more than the COMPAS entry.

91. The selected RBs (Johannesburg, Nairobi and Bangkok) did not have data regarding the quality of the performance of the CPs. This is an important area of oversight since the final delivery of services was contingent upon the performance of the CPs and information as given by the COs was to be available with the RBs. Periodic reports from the COs on the performance of the CPs would help identify systemic problems with CPs and problem solving. This aspect should be included in the oversight functions of the RB and also in the checklist used for missions. Assessing the quality of performance of the CPs is an important aspect of oversight and monitoring and this would serve as input for any guidance the RBs give to the COs.

**Observation 10**

Regional bureaux, at present, are not playing any significant oversight role in CP management by COs. No separate missions to evaluate CP management by COs were carried out. Even the Management Plan (2013–2015), which envisaged a new organizational structure of WFP, was silent on the exact role and responsibility of RBs with regard to CP management in COs.

**Recommendation 10**

*We recommend that WFP RBs play a larger role in oversight over COs. In particular, oversight missions, to evaluate the performance of COs in managing their CPs, must be planned and executed.*



**Annexure - 1****List of COs and RBs Selected for Audit****Audit Period: January 2010 to August 2012**

<b>Serial No.</b>	<b>Name</b>
1	<i>CO Afghanistan</i>
2	<i>CO Bangladesh</i>
3	<i>CO Chad</i>
4	<i>CO Democratic Republic of the Congo</i>
5	<i>CO Ethiopia</i>
6	<i>CO Haiti</i>
7	<i>CO Iraq</i>
8	<i>CO Kenya</i>
9	<i>CO Nepal</i>
10	<i>CO Niger</i>
11	<i>CO Pakistan</i>
12	<i>CO State of Palestine</i>
13	<i>CO Philippines</i>
14	<i>CO Somalia</i>
15	<i>CO South Sudan</i>
16	<i>CO Sri Lanka</i>
17	<i>CO Sudan</i>
18	<i>CO Uganda</i>
19	<i>CO Zambia</i>
20	<i>CO Zimbabwe</i>
21	<i>RB – Southern Africa, Johannesburg</i>
22	<i>RB – East and Central Africa, Nairobi</i>
23	<i>RB – Asia , Bangkok</i>

## ACRONYMS USED IN THE DOCUMENT

BCM	Beneficiary Contact Monitoring
BEST	Basic Education and Employable Skills Training (Pakistan)
CFW	cash for work
CO	country office
COMET	corporate monitoring and evaluation tool
COMPAS	Commodity Movement Processing and Analysis System
CP	cooperating partner
DEB	District Education Board
DED	Deputy Executive Director
ERM	Multilateral and NGO Relations Division
FFW	food for work
FLA	field-level agreement
HH	household
HQ	WFP Headquarters
IDP	internally displaced person
KRC	Kenya Red Cross Society
OCHA	Office for the Coordination of Humanitarian Affairs
M&E	monitoring and evaluation
MoU	Memorandum of Understanding
NGO	non-governmental organization
PMU	Project Management Unit
PRC	Project Review Committee
PRRO	protracted relief and recovery operation
RB	regional bureau
SOP	Standard Operating Procedure
SPR	Standard Project Report
VAM	vulnerability analysis and mapping
WVI	World Vision International