FREQUENTLY ASKED QUESTIONS ON THE NEW FIELD LEVEL AGREEMENT

NGO Partnerships Office (OSR), 2013

This note provides responses to common questions raised by WFP and Cooperating Partner staff regarding the revised FLA format introduced in December 2012. You can click on any question in the index to jump to the answer. The order of the questions follows the structure of the FLA and its Annexes.

CONTENTS

THE PROCESS .......................................................................................................................... 2
  1. How and when was the new format officially launched? .............................................. 2
  2. Where can I find the latest FLA formats? ................................................................. 3
  3. When is the FLA format to be used? ........................................................................ 3
  4. Can we use the FLA format for agreements with local government? .................. 3
  5. When will new FLA guidance be available? ............................................................. 3
  6. Where do we get guidance in the meantime? .......................................................... 3
  7. Will the FLA be translated into other languages? ..................................................... 4
  8. If the Country Office has delegated the authority to negotiate FLAs to Sub-Offices, is the Sub-Office responsible for the contract? ........................................................................ 4
  9. Are the timeframes for e.g. reporting in the FLA indicative, or can they be modified by the Country Office? .................................................................................................................. 4
 10. What is the procedure for budget revisions and extensions in time of FLAs? ...... 4

THE FORMAT .......................................................................................................................... 4

  11. What are the main changes in the FLA? .................................................................. 4

GENERAL CONDITIONS .......................................................................................................... 5

  12. In Section 4 Reporting, have structural changes been made? ............................... 5

PAYMENTS ............................................................................................................................. 5

  13. In Section 5 Payments, have structural changes been made? ............................... 5
  14. How are payments, rates per MT and percentages calculated? ............................. 5
  15. How is the 7 percent management fee calculated? ...................................................... 6
  16. Does the 30% advance payment as stipulated in General Conditions point 5.5 include eventual costs for equipment, etc.? .............................................................. 6

AUDIT ...................................................................................................................................... 6

  17. Are there any guidelines available on how to conduct an audit of cooperating partners – i.e. TORs, supporting documentation, etc.? ......................................................... 6

OTHER PROVISIONS ........................................................................................................... 6
NGO Partnerships Office (OSR): FAQ on the Field Level Agreement

18. Does the clause 16.8 on subcontractors refer to NGOs subcontracting NGOs? How should the written approval required in the clause be obtained? ........................................ 6

ANNEX 1 SPECIAL CONDITIONS ......................................................................................... 6
19. How do you indicate which Special Conditions apply in each particular FLA? .... 6
20. What if none of the Special Conditions fully apply to my situation? ...................... 6
21. What is the difference between Annexes 1b, 1c and 1d? ........................................ 7

ANNEX 2 PLAN OF OPERATIONS ....................................................................................... 7
22. For very small activities, do we need to complete the entire Plan of Operations?.. 7

ANNEX 3 PROJECT PROPOSAL ......................................................................................... 7
23. What is the difference between the Plan of Operations and the Project Proposal? 7

ANNEX 4 BUDGET .................................................................................................................. 7
24. How do we calculate fixed costs when WFP does not provide the full tonnage specified in the agreement? ................................................................. 7
25. Is the 7% management fee obligatory or can the rate be amended in agreement with the NGO partner? ................................................................. 8
26. Do the management and administration costs in the new format relate to a similar section from the old format? ................................................. 8
27. How are time-bound costs entered in the budget? .................................................... 8
28. How do we register in the budget those partners that are only monitoring cash and voucher activities without any involvement in the transfer of funds? ................. 8
29. Are the cooperating partner’s total direct costs the total ODOC? .......................... 8
30. What if we work with very small local partners with a very small budget?........... 8
31. What is the flexibility between line items that WFP permits partners to have when executing the budget? ................................................................. 8

ANNEX 5 ADDITIONAL CONDITIONS ............................................................................. 8
32. What is Annex 5 meant for? ...................................................................................... 8

ANNEX 5A LETTER OF AUTHORISATION AND 5B ADDENDUM .................................. 9
33. When should Annexes 5a and 5b be used? ................................................................. 9
34. What is the difference between Annexes 5a and 5b? ............................................. 9

THE PROCESS

1. How and when was the new format officially launched?
The FLA formats date back over a decade, with the first FLA circulated in 2002. A first major revision was done in 2004. On 31/12/2012, after a thorough review, a fully revised English language FLA format was shared by email by AED Operations Services Ramiro Lopes da Silva, addressed to all RDs, DRDs and CDs. This format replaced the old FLA as
of 1/1/2013. FLAs signed before that time can run their course or be replaced by the new format, whichever is more convenient for the CO, but any new agreements signed after the date 1/1/2013 must use the new format.

2. Where can I find the latest FLA formats?
The two following links (Internal and external website) always contain the latest format:

- [go.wfp.org/pgm >topics: partnerships > key documents](#)
- [www.wfp.org/about > partners > ngos](#)

Following the launch, a small but important update was made in the section on anti-terrorism, reducing the number of clauses from eight to three. More recently, Annex 5 has been removed, meaning that previous Annexes 6a and 6b are now Annexes 5a and 5b. While revisions will be kept to a minimum, it is good practice to obtain the latest version of the FLA through either of the above links.

3. When is the FLA format to be used?
The FLA should be used whenever WFP engages an NGO, CBO or other non-governmental, non-profit organisation to implement on its behalf activities that involve payments from WFP to the partner and/or the handling of WFP resources by the partner (be these resources in-kind or cash).

4. Can we use the FLA format for agreements with local government?
The FLA may, in some cases, serve as the basis for drafting an ad hoc agreement for implementing activities together with local governments. It is advisable that you consult the Legal Office and, if appropriate, the NGO Partnerships Office in such a situation. Any ad hoc agreements or adjustments to existing corporate formats drafted at the Country Office (CO) level should be approved by the Legal Office before they are signed.

5. When will new FLA guidance be available?
This FAQ list provides corporate answers to questions received by the NGO Partnerships Office since the introduction of the new FLA. The email sharing the FLA contains a summary of the main features of the FLA. A guidance note on the FLA budget will be circulated along with this FAQ to RDs and Cos, and a Reinforcement Memo, highlighting the principles guiding the use of FLAs, is foreseen. Guidance in the PGM will be gradually updated, although the existing content remains valid, as far as it does not contradict any of the more recent guidance or the Reinforcement Memo.

6. Where do we get guidance in the meantime?
The Reinforcement Memo (the 2007 version or any subsequent ones) is the first source of guidance. If, after reading the Memo and this document, you have questions, your first point of reference is the Regional Programme Adviser, who may coordinate support and forward questions to headquarters.

The PGM, which will be gradually revised, currently contains two sections on NGO partnerships: The NGO Partnership Framework covers strategic guidance on why, when and how to develop enduring partnerships with NGOs; and Working with NGOs provides

---

1 A French translation was published later in 2013, and the Spanish and Arabic translations are foreseen to become available in early 2014.
practical tips on how to define objectives for partnerships, establish the necessary agreements and operational arrangements, and involve NGOs in the different stages of the programme cycle. These will be gradually updated. In addition, the Working with WFP handbook, published in 2005, while primarily for an NGO audience, has also proven a good source of guidance for WFP staff.

7. **Will the FLA be translated into other languages?**
The FLA and the budget template are now available in English and in French. Translations into Spanish and Arabic are foreseen to become available in early 2014. Meanwhile, where feasible, we suggest you use either the English or the French version.

8. **If the Country Office has delegated the authority to negotiate FLAs to Sub-Offices, is the Sub-Office responsible for the contract?**
Even when FLAs are negotiated by Sub-Offices, the Country Director signs the FLA and is responsible for all obligations under all FLAs in country.

9. **Are the timeframes for e.g. reporting in the FLA indicative, or can they be modified by the Country Office?**
The FLA reflects WFP’s corporate recommendations for maximum timeframes for e.g. partner reporting and WFP’s payments to partners. These time limits allow the required information to feed into other corporate systems and ensure compliance with corporate standards. While these timeframes should not be exceeded, activities may naturally be completed in less time, and shorter timeframes established by the CO and the partner NGO in the Plan of Operations.

10. **What is the procedure for budget revisions and extensions in time of FLAs?**
As before, any change in an FLA budget, duration or other key feature needs to be recorded in a numbered addendum to the FLA, dated and signed by both WFP and the partner, with two originals kept in file by both parties. The signed addendums must be kept together with the original FLA. Once signed, the changes in the FLA must be reflected in all relevant areas (WINGS, COMET, etc.).

**THE FORMAT**

11. **What are the main changes in the FLA?**
The language of the FLA has been simplified. Importantly, the structure of the FLA has been adapted to WFP’s current portfolio of activities: It now contains General Conditions applicable to all FLAs with new clauses on sexual exploitation and abuse (clause number 9), anti-terrorism (12), anti-fraud and corruption (13) and audit (6), as well as a redrafted Force Majeure clause (10). Four sets of Special Conditions are provided to regulate activities related to different tools or modalities of assistance:

- Annex 1-A: Food Distribution and Related Activities
- Annex 1-B: Cash Distribution Activities
- Annex 1-C: Vouchers Monetization
- Annex 1-D: Implementation and Monitoring of Cash and Vouchers Activities
NGO Partnerships Office (OSR): FAQ on the Field Level Agreement

Upon signing the FLA, both parties automatically subscribe to the Special Conditions related to the activities conducted under the FLA. All food distribution clauses were moved from the General Conditions to Annex 1-A, while the provisions on cash and voucher related activities in Annexes 1-B, 1-C & 1-D are completely new.

Accompanying changes were made in the FLA budget template so that it corresponds to WFP’s new financial framework and allows for the inclusion of multiple tools of assistance in a single budget. Furthermore, clarity has been provided on how payments for different activities are made (see question 13 and the FLA budget guidance note).

GENERAL CONDITIONS

12. In Section 4 Reporting, have structural changes been made?
No. Quantitative monthly reports and quarterly progress reports continue to be recommended, with the modality-specific details found in the relevant Annex 1. In addition, a final report should be submitted within ninety days of the termination of the FLA, unless otherwise specified in the Plan of Operations. The CO may establish other reporting requirements, but these should remain within timeframes shorter than or equal to those set in the FLA text. Report templates are not provided in the FLA, but guidance with an indicative distribution report (found in the previous FLA) can be obtained via PGM>Topics: Partnerships>key documents>WFP or Cooperating Partner Distribution Report.

PAYMENTS

13. In Section 5 Payments, have structural changes been made?
No. While some small changes were made in the text, the main principles for making payments, paying advances, and dealing with pipeline breaks remain unchanged. For food-related activities, the text has not been modified. Monthly payments following payment requests, with certified supporting documents, apply. However, as the budget template has been revised, the ways that payments to partner NGOs are calculated have been redesigned.

14. How are payments, rates per MT and percentages calculated?
In the previous FLA, all payments to cooperating partners were based on a rate per MT. In the new FLA, there are three different ways to calculate payments: the rate per MT, a percentage of cash and voucher benefits delivered, and payment upon actual cost of technical or specialist services rendered:

- **for food**, a rate per MT, calculated as budgeted cost divided by budgeted tonnage, as was done under the previous versions of the FLA;
- **for cash and vouchers**, the equivalent of a rate per MT is calculated by dividing the budgeted costs for delivery by the total USD value of benefits (example: it costs USD20,000 to deliver USD1,000,000 worth of benefits, making the rate USD20,000/USD1,000,000=2%); and
- **for technical or specialist services**, payment is done based on the actual cost of services as per the invoices submitted by the partner.

Management and administration payments are based either on the MT of food distributed, the C&V delivery and/or technical or specialist services delivered, or on the
technical and specialist services delivered in the case that no food or C&V are delivered (the “other” modality). The management fee consists of seven percent of the payable amount for the total cooperating partner direct costs.

15. How is the 7 percent management fee calculated?
The management fee consists of seven percent of the payable amount for the total direct costs of the cooperating partner. The fee does not incorporate in the formula the transfer value of benefits (cash, food or vouchers) or any cooperating partner contributions. The seven percent is added to each payment, and the NGO does not have to provide any invoices or justification for the fee as such.

16. Does the 30% advance payment as stipulated in General Conditions point 5.5 include eventual costs for equipment, etc.?
Yes. The advance payment is meant to cover any of the NGO budget items.

AUDIT

17. Are there any guidelines available on how to conduct an audit of cooperating partners – i.e. TORs, supporting documentation, etc.?
As explained in section 6 on Audit of the General Conditions, audits are to be conducted in accordance with the auditing procedures of WFP as provided in the Financial Regulations, Rules and Directives (the CO Finance/Administration Unit can provide support in this regard). Should specific concerns arise, terms of reference may be drafted and agreed upon with a local auditing firm to carry out a review of the NGO partner. Headquarters may provide assistance in drafting the terms of reference.

OTHER PROVISIONS

18. Does the clause 16.8 on subcontractors refer to NGOs subcontracting NGOs? How should the written approval required in the clause be obtained?
The clause can refer to NGOs and commercial companies alike. The Country Director’s prior written approval must be obtained by the partner before it proceeds to subcontract.

ANNEX 1 SPECIAL CONDITIONS

19. How do you indicate which Special Conditions apply in each particular FLA?
The Special Conditions are the context-specific part of the FLA contract. They apply based on the combination of modalities of assistance and activities included in the FLA. The Country Office should attach the Annex/Annexes that are relevant to the FLA in the section marked “Annex 1”. The partners should familiarise themselves with the content of these relevant Special Conditions and abide by them.

20. What if none of the Special Conditions fully apply to my situation?
If none of the Special Conditions apply, a CO can draft their own set of Special Conditions. These should be shared with the NGO Partnerships Office for revision and advice and, if necessary, further support from the Legal Office.
21. What is the difference between Annexes 1b, 1c and 1d?
Annex 1a relates to food distribution, and 1b, c and d to cash and voucher provision: Specifically, 1b applies when the partner is involved in distributing cash benefits; 1c when the partner handles payment of funds to retailers in connection with voucher programming; and 1d when the partner is not directly distributing any benefits but involved in other implementation or monitoring activities necessary for C&V programming (note that this Annex also applies when the partner is involved in the distribution of vouchers to beneficiaries).

ANNEX 2 PLAN OF OPERATIONS

22. For very small activities, do we need to complete the entire Plan of Operations?
When working with very small NGOs or CBOs, with the FLA covering short-term, small-scale activities, the CO can decide to complete only the Summary Table, provided that it contains the key information and that a Project Proposal is included in Annex 3.

ANNEX 3 PROJECT PROPOSAL

23. What is the difference between the Plan of Operations and the Project Proposal?
The Project Proposal (Annex 3) and the Plan of Operations (Annex 2) are both compulsory. The Project Proposal has no standard corporate format at the moment, and it is drafted by the NGO in a language of their choosing. The Plan of Operations follows the corporate format that is included in the FLA, which attempts to capture key features of the agreement in a manner that facilitates data collection, and saves time when there is a need to aggregate FLA and partnership information (which will potentially be done through COMET in the future).

ANNEX 4 BUDGET
(Please first see the separate Field Level Agreement Budget Guidance Note)

24. How do we calculate fixed costs when WFP does not provide the full tonnage specified in the agreement?
As before, the payments for food-related activities are to be calculated based on a rate per MT distributed. The volume of distribution tends to vary from month to month due to a range of factors, including late delivery by WFP. When the tonnage in the reporting period turns out to be lower than what was planned, the WFP CO can agree on a revised, higher rate per MT for that period, based on the actual costs in that month divided by the actual tonnage distributed. With big partners with considerable cash flow, one revision at the end of the FLA period may be sufficient, while with smaller partners, several rate revisions might be needed to ensure fixed costs are covered. When considering paying a higher rate, the CO should bear in mind that the project’s ODOC is generated based on a rate per metric ton; and thus increasing the rate paid to NGOs may result in an ODOC deficit. During a pipeline break or a significant reduction in tonnage, WFP COs can also consider paying an advance to the NGO.
25. Is the 7% management fee obligatory or can the rate be amended in agreement with the NGO partner?
The seven (7) percent management fee is a fixed rate paid to all NGO partners with no discrimination. It is meant to cover headquarters overhead, and calculated as seven percent of the actual payments, without need for any supporting evidence. WFP COs should carefully review FLA budgets to ensure they do not cover costs covered by the management fee.

26. Do the management and administration costs in the new format relate to a similar section from the old format?
The new Management and administration costs section can be seen to roughly replace the “time bound” costs category used in the previous budget format, although the correlation is not exact.

27. How are time-bound costs entered in the budget?
The budget shall contain fully cost-justified elements for both fixed (time-bound) and variable (tonnage-bound) costs, as these are summed up to obtain the rate or the percentage based on which payments to partners are made.

28. How do we register in the budget those partners that are only monitoring cash and voucher activities without any involvement in the transfer of funds?
When a partner is only monitoring C&V, the partner costs will be registered in the C&V column of the budget, mainly under management and administration costs. The payments will be percentage-based, and the percentage incorporates the total value of the benefits, even if the benefits do not go through the hands of the partner.

29. Are the cooperating partner’s total direct costs the total ODOC?
No, please refer to the detailed budget. Total direct costs are the sum of all of the partner’s costs except the management fee.

30. What if we work with very small local partners with a very small budget?
FLAs must always include a budget. Under exceptional situations, WFP and the partner may opt for using a simplified budget (see the Reinforcement Memo, paragraph 12).

31. What is the flexibility between line items that WFP permits partners to have when executing the budget?
Payments to partners are based on work completed: e.g. the rate per MT or the percentage of the C&V distributed. It is expected that a partner make expenditures based on the approved budget. The WFP CO can verify or investigate the partner’s use of the budget, should it feel the need.

ANNEX 5 ADDITIONAL CONDITIONS

32. What is Annex 5 meant for?
This Annex 5 on due diligence has been deleted subsequent to the publication of the new FLA in December 2012. Therefore, Annexes 6a and 6b are now Annexes 5a and 5b.
33. When should Annexes 5a and 5b be used?
Annexes 5a and 5b (previously 6a and 6b, prior to the removal of annex 5 on due diligence) are to be used when the partner is a federated NGO (larger international NGOs such as e.g. Save the Children), and several parts of the federation participate in the programme implemented together with WFP. Therefore, they are meant for NGOs that have fundraising offices, as well as field offices. These offices sign these annexes. No WFP signature is needed. With these signatures, the offices assume joint responsibility for the obligations that the FLA confers on the partner NGO (article 16.2). If the NGO has no such federated structure or fundraising offices, this annex can be omitted. When an NGO is in doubt about this clause, they should seek guidance from their respective headquarters.

34. What is the difference between Annexes 5a and 5b?
With Annex 5a, the fundraising office of the NGO partner provides authorisation for the operational field office to sign the FLA. Annex 6a is therefore signed by the fundraising office. With Annex 5b, which is signed by the field office, the offices declare themselves jointly responsible for all the CP obligations that the FLA entails. The Annexes complement each other, and are signed and attached together to the FLA.