



SYNTHESIS REPORT

Global Workshop on Cash and Vouchers

Johannesburg
17-19 November 2009

Initiative supported by the Government of Spain



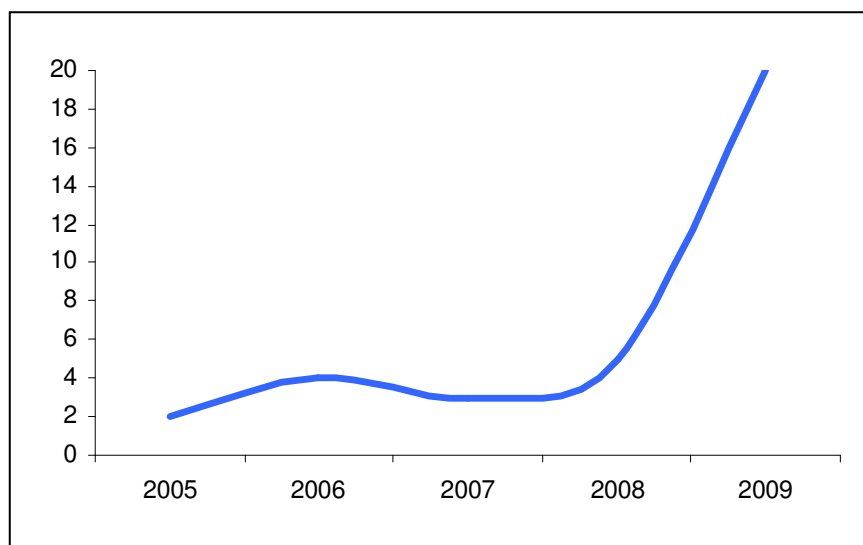
SYNTHESIS REPORT OF THE WFP GLOBAL WORKSHOP ON CASH AND VOUCHERS

The 2008-2011 Strategic Plan positions WFP within a rapidly-changing global environment and lays out strategic objectives for pursuit in the organization's role as the world's leading humanitarian agency, with an additional mandate to promote long-term development by addressing the root causes of hunger. The Plan seeks to reinforce the coherence of WFP's work within the United Nations reform process, enhance support to governments in pursuing national development priorities, and harness WFP's potential in helping the world achieve the Millennium Development Goals (MDGs), especially with respect to MDG1 on ending acute poverty and hunger. According to the Strategic Plan, WFP's interventions should be provided in ways that meet hunger needs, strengthen local markets, foster the productivity of small farmers, and build national capacities. This approach affirms WFP as a front-line actor and innovator in the humanitarian domain, and also as an agency that strategically addresses the root causes of hunger, and thereby promotes growth and development. Most notably, the Plan projects WFP as an agency that not only provides food commodities, but also offers a broader array of *food assistance* tools to address hunger. Vouchers and cash transfers loom large in the expanded toolbox. WFP's country offices have now an unprecedented opportunity to deploy a variety of instruments to meet identified hunger needs and attain the corporate strategic objectives.

WFP's 2008 policy on "Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges" was the first such policy from a UN agency. As set out in that policy, and in line with the Strategic Plan, vouchers and cash transfers allow WFP to better adapt its toolbox to varying contexts and meet identified needs in a more flexible and appropriate manner. Under appropriate circumstances, the use of vouchers and cash transfers can harness WFP's potential to provide assistance in ways that further strengthen local markets, enhance the productivity of small farmers and empower beneficiaries.

Since adoption of the policy, the number of voucher and cash interventions within WFP's portfolio has grown exponentially (Figure 1). To build further understanding of this dynamic and help shape future work, WFP organized a global workshop on cash and vouchers, including participants from 34 country offices, 5 regional bureaus, several headquarter units, and selected external experts.

Figure 1: Number of WFP Voucher and Cash Transfer Initiatives Underway – 2005-2009



The workshop—held in Johannesburg on November 17-19, 2009—built on a similar one held in Addis Ababa in 2006, at a time when WFP's approach to vouchers and cash transfers was still embryonic. Three years on, progress in defining and institutionalizing a corporate

approach has been remarkable: the new Strategic Plan, the corporate Policy on Cash and Vouchers, two operational and programming Directives, an Interdivisional Working Group, and, above all, several on-going and planned interventions have contributed to making vouchers and cash transfers part of WFP's standard toolbox.

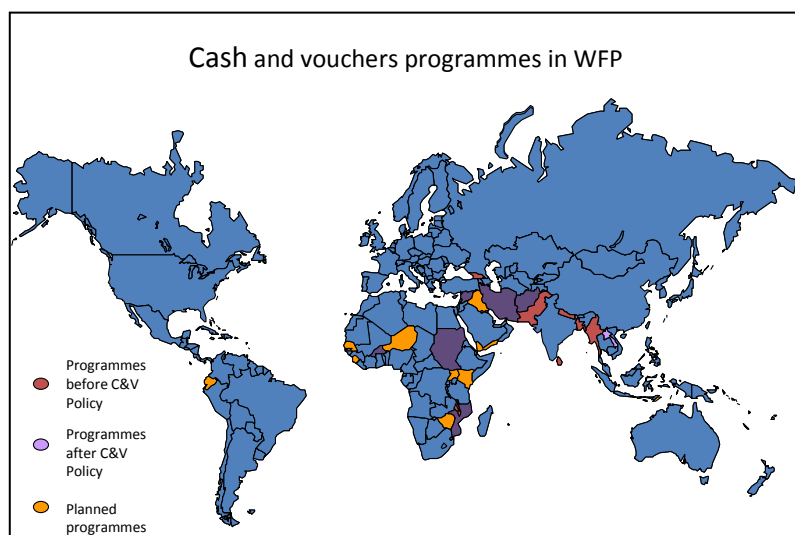
Initial indications are that vouchers and cash transfers do indeed present both opportunities and limitations that need to be carefully weighed on a context-specific basis. A number of analytical and practical opportunities and challenges are emerging but have yet to be examined or shared in a structured way. The global workshop aimed to help fill that gap by: (1) updating participants on WFP's cash and vouchers policy and operational frameworks, (2) taking stock of WFP's completed and ongoing cash and voucher initiatives, and (3) sharing lessons on cash and voucher analysis and operations.

This document provides a summary and synthesis of key outcomes and emerging priorities. The next section provides a summary of the current status of voucher and cash programming in WFP. A discussion of key emerging cross-cutting issues follows. Strategic priorities for WFP voucher and cash programming and policy engagement round out the analysis.

Current Status

Cash and voucher (C&V) programs have either been completed, are underway, or are planned in all five of WFP's regions of operation (Figure 1). Prior to issuance of the policy in 2008, the few C&V programmes undertaken by WFP were mainly in rural or peri-urban areas in central and south Asia. There is now broader coverage, with many programmes in Africa, predominantly in urban areas (often in response to low purchasing power borne of high food prices).

Figure 2: Voucher and Cash Programmes in WFP as of November 2009



Six programmes have been completed and 14 are ongoing; 8 were/are within emergency operations (EMOPs), 6 in protracted relief and recovery operations (PRROs) and 3 in country programmes (CPs). Thirteen more are at the planning stage and five additional country offices are currently looking into feasibilities.

Key features of the completed or ongoing programmes include:

- Size: mostly small, ranging from 2,000 beneficiaries in Laos to 500,000 in Bangladesh; median number 30,000
- Duration: range from 2 weeks in Myanmar to 14 years in Pakistan; most <1 year.

- **Contexts:** following natural disasters (tsunami in Sri Lanka, cyclone in Myanmar), in response to high food prices (Burkina Faso, occupied Palestinian territories [oPt]) and chronic food insecurity (Bangladesh, rural Pakistan), and for special groups (IDPs in Sudan, refugees in Syria, HIV/TB patients in Georgia).
- **Partners:** many national, regional and local government bodies and NGOs; some programmes have many partners.
- **Delivery mechanisms:** cash or paper vouchers still be most widely used mechanisms but electronic mean are also being experimented in several countries.
- **Modalities:** see box below

Even at this early stage in the rollout and mainstreaming of C&V within WFP's portfolio, the range of modalities, country coverage, and contexts is unparalleled globally (Table 1).

Table 1: Characteristics of WFP Voucher and Cash Transfer Initiatives

Modality	Countries	Context and programme category
Unconditional cash transfer	Georgia Myanmar Pakistan Sri Lanka	Natural disasters (EMOP, PRRO) IDPs (EMOP)
Unconditional voucher	Afghanistan Burkina Faso Palestine (oPt) Syria Sudan	High food prices (EMOP PRRO) IDPs (EMOP) Refugees (EMOP)
Cash for work/ training	Armenia Bangladesh Georgia Laos Mozambique	High food prices (PRRO) IDPs (PRRO) Vulnerable groups (PRRO) Permanent high food insecurity (CP)
Cash and food for work/training	Bangladesh Georgia Malawi Nepal	Natural disasters (EMOP, PRRO) IDPs (PRRO) Conflict (PRRO) High food prices (PRRO)
Vouchers for work/training	Pakistan Zambia	Permanent high food insecurity (CP) High food prices (PRRO) Chronically ill (PRRO)
Other conditional vouchers	Georgia Mozambique Zambia	Chronically ill (PRRO)
Cash for livelihoods	Bangladesh Ethiopia	Permanent high food insecurity (CP)

Detailed presentations during the workshop on on-going or recently completed initiatives were highly informative.

Vouchers

Voucher operations in Afghanistan, Burkina Faso, the occupied Palestinian territory, Pakistan, and Zambia were described.

Afghanistan

A pilot temporary-safety-net project in response to high food prices – to support consumption and nutritional status - for 10,000 socially disadvantaged households within the greater Kabul urban area:

- unconditional value-based paper vouchers printed in Dubai, individually numbered, redeemed in 20 small food shops;
- shopkeepers encash vouchers at the bank to which WFP assures timely transfers;
- no automatic adjustment to market prices: in fact, prices fell during the initial operating period;
- WFP presence at all sites - 100% monitoring - in view of the difficult situation in Kabul;
- impact monitored against a baseline using food consumption score and coping strategy index.

Burkina Faso

A 12-month EMOP for 30,000 vulnerable households in Ouagadougou and Bobo Dioulasso, the two largest cities, in response to high food prices, aiming to protect livelihoods, reduce chronic hunger and strengthen national capacities:

- households selection based on vulnerability criteria and a joint government-UN-NGO (Save the Children UK) assessment;
- project overseen by a government-UN-NGO steering committee; vouchers distributed by CRS and Red Cross;
- monthly unconditional value-based vouchers (max. 6 persons per household);
- complemented by distribution of “plumpy doz” and CSB during the lean season to protect nutritional status;
- information/communication campaign at community level (collaboration with Red Cross);
- microfinance institution collects vouchers from and issues cheques to the shops; WFP pays into the institution’s bank account.

Occupied Palestinian Territory

EMOPs for the West Bank and Gaza, and a PRRO for Gaza, to protect livelihoods and diet diversity of urban food-insecure households (total 6,700 household = 46,000 beneficiaries) for 15 months. Vouchers enable beneficiaries to purchase locally available commodities from selected shops, stimulating local economic activity:

- monthly, value-based vouchers in four parts specifying entitlements for each week;
- registration and distribution of vouchers by a single NGO in each of 3 geographic areas;
- can be exchanged in selected retail shops for a range of specified commodities (including bread, milk, eggs, etc);
- vouchers are printed with serial numbers, the name and ID number of the beneficiary, the shop’s name, and the period of validity; the colour changes monthly.

Pakistan

A long-term, conditional voucher-based programme targeting 60,000 food insecure rural people in arid and mountainous areas with a range of asset-creation activities:

- vouchers were adopted as the government could ill-afford LTSH for direct food deliveries;
- food stamps are distributed based on established work norms (as in a food-for-work project);
- 20 bank branches redeem food stamps to some 100 grocery shops;
- movements and the use/abuse of stamps are monitored using serial numbers;
- Landside transport, storage and handling (LTSH) costs only 5% compared with 35% for direct food deliveries.

A new pilot programme of cash transfers is planned for 10,000 returning internally displaced persons (IDPs), comparing the impacts of cash and food transfers. A market study has assured that food is available; a national authority plans to install electronic cash machines at 25 locations (no ATMs at present); beneficiaries' food expenditures will be closely monitored. Anticipated challenges include: bank branches will have no additional staff to handle the encashment of the food stamps, and small grocers may not be priority customers.

Zambia

A 6-month pilot programme for 3,000 households with HIV patients in 2 districts using a web-based "mobile delivery and tracking" system and 6 retailers:

- beneficiaries are registered against their national registration card (NRC) number; registration is by implementing partners using mobile phones; provision is included for including specific individuals who do not have an NRC;
- "scratch cards" are allocated to registered beneficiaries for each distribution;
- selected retail agents use cell phones to communicate with the central data base managed by WFP to verify entitlements and record ration deliveries in real time;
- retail agents receive prompt payments from WFP electronically through the national MTZL system;
- WFP logistics staff engaged to monitor the process.

Cash Transfers

Cash transfer operations in Georgia, Kenya, and Sri Lanka were described.

Georgia

A short-term pilot project with three components: (i) cash for work (CFW) for 4,000 small farmers and 29,000 IDPs for 5-12 months; (ii) direct cash transfers for IDPs for 3 months; (iii) "value added cards" for nutrition and treatment adherence for 6,000 TB patients and 500 HIV patients for 18 months, then to be handed over to the government:

- built on recent (2006) baseline household and market studies; food consumption score (FCS) used in assessment and selection;
- coordinated with UNHCR, UNICEF, FAO and the Global Fund; government and municipalities as partners;
- CFW focused on agricultural production and community assets more than directly on food security;

Kenya

Planning for an 8-month pilot cash transfer project with the government and an NGO consortium to protect vulnerable households from the effects of high food prices (20,000 households in Nairobi in the first phase: 5,000 for WFP, 15,000 for the NGO consortium; 20,000 more in Mombassa and Kisumu in phase 2). WFP hopes, in addition, to gain experience in cash programming to benefit other programmes. The plan is for:

- unconditional cash transfers (= US\$20 per month);
- mobile phone transfers + bank card through a microfinance institution (for the WFP pilot);
- trust fund account being established;
- evaluation planned before expansion.

Sri Lanka

A 4-month pilot project undertaken during the recovery period following the tsunami (2005 to early 2006) in three distinct rural/peri-urban areas including one in an LTTE-held area: 12,000 beneficiaries (3,200 households). Markets were functioning well and the main source of food. A bumper harvest was expected and there was a network of well-functioning Samurdhi bank branches. Cash transfers had been organized by the government previously. Aims were to

help re-establish livelihoods and compare the effects of cash and food transfers. (Within the selected districts, 50% of beneficiaries received cash, 50% received food.)

- project design took 2 months, the baseline survey a further 2 months;
- although markets in general were well-integrated, there were pockets where they were not;
- partners: government; Samurshi banks (cash delivery); local authorities (targeting using WFP prescribed proxy criteria, and issuing beneficiary cards); Oxfam-GB (project design and management); IFPRI (post-facto impact assessment);
- cash distributions on fixed days every 2 weeks, generally 3 days each round;
- beneficiaries presented entitlement cards and personal ID documents.

Combined Cash and Food Transfers

Combined cash and food transfer operations in Bangladesh, Malawi, and Swaziland were described.

Bangladesh

A range of modalities in use within the CP (up to 4 years) and the post-cyclone EMOP (2007) including food and cash for work, food and cash for training, cash for work, monthly cash transfers, and asset grants. WFP is experimenting with different tools to learn what works best in different contexts. Cash programmes cover 550,000 beneficiaries in 2009: total cost US\$ 11.4 m:

- partners: government and NGOs;
- delivery mechanism: through labour contracting societies among the beneficiary groups;
- widespread interest among the development community in country but too early for comparative evaluations among the different modalities; future evaluations should generate guidance.

Malawi

An 8-month pilot cash-for-assets and food-for-assets project in rural areas to promote livelihoods in the context of recovery; 61,500 beneficiaries (11,000 households):

- partners: government, two NGOs, Malawi Savings Bank;
- delivery mechanism: Smart cards (MALSWITCH) with individual PIN codes or fingerprints;
- transfer value based on cost of a standard food ration; entitlements increased with seasonal price fluctuations;
- results: valuable community assets and household investments; food access maintained despite rising prices.

Swaziland

A 6-month drought response project, in two distinct livelihood zones, jointly with Save the Children (SC-UK) and the National Disaster Management Agency (NDMA) in 2007-08: WFP provided food in collaboration with the NDMA; SC-UK organized the cash operation; 40,000 beneficiaries (6,200 households):

- Partners: Standard Bank and Post Office (for cash distribution); Ministry of Justice (issuing ID cards); other ministries and NGO entities for training and other aspects; community leaders and relief committees; DFID (funding for the cash component);
- community-based targeting within the selected zones: relief committees followed food-security-consortium guidelines; SC-UK verified the households before registration.
- beneficiaries received 50/50 food and unconditional cash;
- transfer value slightly above market value of the food initially but then fell below;

- delivery of cash: ATM cards plus post-office withdrawals and some direct cash distributions;
- results: increased diet diversity, expenditures on health care, debt settlement, investment in farming and income-generating activities; improved trade in rural markets; increased income for vulnerable households, especially women-headed households.

Cross-Cutting Issues

A number of cross-cutting insights, challenges, and opportunities emerged in each of the three intervention modalities considered.

Vouchers

- Targeting is a major challenge. Household visits demand much time and human resources; vulnerability scores and ranking based on subjective, self-assessment data; possibilities of error in data entry and processing; likely important inclusion and exclusion errors; many households in similar situation but some selected others not, hence complaints. Targeting based on poverty criteria (proxy means test formula) useful in the relatively stable economic conditions but less appropriate in more volatile settings;
- Some of WFP's financial procedures are not compatible with prompt transfers to the implementing partner—e.g., the WINGS just-in-time transfer system.
- comparing C&V costs with those of a food transfer programme when prices are volatile... and relevance of such a comparison when objectives and food baskets are different;
- WFP's budget is defined in USD, but vouchers are denominated in local currency. Exchange rate fluctuations introduce instability in the actual costs and complicate budgeting and financial management;
- A high level of monitoring is required, of beneficiaries, prices, shops;
- Simple paper-based vouchers involve a great deal of work for reconciliation that could be reduced through the use of information technology (bar code stickers, etc.); alternative modalities would increase accountability and reduce the administrative burden on shops;
- Careful assessment and selection of traders/shopkeepers is essential;
- Risks of forgery of vouchers are real and high in many contexts;
- Verification of beneficiary identities is crucial;
- Control of the use of vouchers by beneficiaries is difficult;
- There may be a tradeoff between giving beneficiaries choice over commodities acquired and key nutritional objectives;
- Voucher operations are not cheap to manage, especially for "low technology" systems.

Cash Transfers

- CFW is not a replacement for FFW but appropriate only where objectives and activities are very well designed and participants well-informed(educated);
- Cash-based responses are not appropriate in the first phase of an emergency response.
- WFP relatively expensive in cash operations compared with other, competing organizations; need to improve cost-efficiency; need careful examination of financial management costs.
- Timely advance financing is required for any cash transfer programme: need facility for advance funding from HQ?
- There is need to develop/strengthen guidance on contracts/agreements with banks.
- There is need for a cash tracking and reporting tool (equivalent to COMPAS).
- There is need for good community mobilization/sensitization, and regular monitoring.
- Cash transfers are appreciated by beneficiaries for flexibility in deciding on priority expenditures (food and non-food); most households including child-headed households, used cash responsibly.

- Rural populations ready and able to adapt to using banks: many continue to use ATMs post-project.

Combined Cash and Food Transfers

- A combination of cash and food is generally preferred by beneficiaries and also best for WFP.
- Flexibility to respond to beneficiary needs (food or cash) is important; rigid criteria should be avoided.
- WFP's excellence in food delivery is well-established. But it would appear that due in large part to its stringent programming requirements, WFP may be a relatively expensive operator in cash operations compared with other competing organizations. There may be need to improve cost-efficiency, alongside careful examination of financial management of costs.

Strategic Priorities

A number of clear strategic priorities emerged.

There is a pressing need for comprehensive programming guidance, building on the draft guidelines discussed during the workshop. Participants indicated that, to best meet their needs, such guidance should be brief, and provide broad principles based on case examples and links to more detailed guidance and best practices. An effective balance needs to be struck between crucial process elements and practical programming direction. A clear indication of what is "non-negotiable" is imperative. An effort should be made to distinguish what is specific to C&V from what is also relevant for food transfers. Practical guidance on "how to choose" in relation to cash, vouchers or a combination of cash and food transfers; conditional or unconditional transfers; value-based or commodity-based vouchers; C&V-related technologies: paper, smart cards, scratch cards, etc. This includes guidance on the analysis process and the pros and cons of different options/ modalities in different contexts; how to link short-term measures to long-term objectives; fixed value or value adjusted to changing prices including seasonal variations etc. However, the guidelines should not stifle innovative approaches.

Responsibilities of country office programme, finance, logistic and other sections in relation to the planning and implementation of C&V programmes must be clarified. Also requiring clarification is the level and nature of support that can be expected from regional bureaus and HQ.

The approval process (and waivers) for C&V initiatives may need to be streamlined, especially for small innovative pilot projects. Further, there is need for more clarity on when a waiver of the PRC review might be justified (noting that waivers are generally inappropriate and do not always save time). In particular, consultations at the senior management level may guide decision-making regarding the appropriateness of completely uplifting the limit of USD 3 million, currently set by the 2007 Directive. An alternative could be to raise the limit, but not remove it entirely until capacities are mainstreamed across the organization. The latter option may allow WFP to further gather experience, build capacities and roll-out innovative programs while minimizing and managing risks entailed by large-scale programs.

Payment delays can be due to slowness or gaps in donor funding but also to internal WFP procedures, which are time-consuming, and the constraints imposed by WFP rules on banking services and account levels. There may be need to reduce approval delays and make processes less cumbersome.

As noted in the corporate policy on vouchers and cash transfers, country-level outcomes and impact include an enhancement in coherence and alignment of WFP interventions with national strategic priorities, policy processes and programmes for food security and nutrition, education, social protection and poverty reduction. The use of vouchers and cash transfers creates new opportunities to hand over activities to partners and governments as

beneficiaries improve their livelihoods and capacities are built. It is therefore crucial that country offices engage with relevant policy processes at an early stage. Especially crucial going forward will be integration into the social protection and disaster risk reduction systems that many countries are putting in place, often with strong support from development partners, including UN agencies.