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Cash policy

Draft decision*

The Board approves the cash policy set out in document WFP/EB.A/2023/5-A.

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

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Background

1. WFP's first policy on cash and vouchers was approved by the Executive Board in 2008, laying the foundations for these modalities as part of food assistance programmes.¹ In 2008 WFP considered cash transfers to be an alternative way of getting food to people. However, many raised questions regarding its impact on markets and on people's protection and what people would buy with it.
2. The evidence accumulated over the past decade shows that in most contexts cash effectively and efficiently meets people's food, nutrition and other related essential needs. It also points to the unique benefits of cash that can help people break the vicious cycle of poverty and vulnerability and bring multipliers for local economies.^{2, 3, 4, 5}
3. Since 2008 WFP's capabilities and knowledge of how to deliver cash have grown tremendously. WFP has gone from delivering USD 10 million to 1 million people in 10 countries in 2009 to sending USD 3.3 billion to 56 million people in 72 countries in 2022. In 2022 WFP also helped 65 governments to design and implement their own cash transfer programmes.⁶ Cash-based transfers⁷ now constitute 35 percent of all WFP assistance,⁸ making WFP the world's largest provider of humanitarian cash.
4. This new policy applies the evidence about cash transfers to today's immediate and emerging challenges and describes how WFP will use the cash delivery capabilities that it has developed to achieve greater impact for more people while mitigating and preventing potential risks in both development and humanitarian contexts.

Context

5. At no point in modern history have humanitarian needs been greater. Three hundred and forty-nine million people were acutely food-insecure in 2022,⁹ a staggering 159 percent increase from 2019.¹⁰ An estimated 60 million children globally suffer from wasting, up from 47 million in 2019.¹¹ The interrelated impact of conflict, extreme weather events, global economic instability and growing economic inequality are driving humanitarian needs to these catastrophic levels. The coronavirus disease 2019 (COVID-19) pandemic exacerbated and deepened the impact of each of these crises.

¹ "Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges" (WFP/EB.2/2008/4-B).

² Bastagli, F. and others. 2018. *The Impact of Cash Transfers: A Review of the Evidence from Low- and Middle-income Countries*.

³ Mikulak, M.. 2018. *Cost-effectiveness in humanitarian work: cash-based programming*.

⁴ Overseas Development Institute. 2016. *Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features*.

⁵ WFP. 2021. *WFP Evidence summary. Cash-based transfers: Lessons from evaluations*.

⁶ Source: WFP Cash-Social Protection COVID-19 Cell/Coordination Group, 2022.

⁷ Cash-based transfers include both money and value vouchers.

⁸ WFP CASHboard (internal). 2022 figures are preliminary as of 2 February 2023.

⁹ WFP. 2022. *WFP Global Operational Response Plan 2022: Update #6*.

¹⁰ WFP. 2022. *Global Food Crisis 2022*.

¹¹ *Ibid.*

6. With the number of people living in extreme poverty increasing for the first time in 20 years in 2020,¹² more people are also suffering from chronic hunger and malnutrition.¹³ Poverty is exacerbated by conflict, economic instability and climate change, but is also rooted in persistent income and wealth inequality.¹⁴ Gender inequality in earning remains considerable,¹⁵ with women making up the largest part of the world's poor.¹⁶ While women's economic empowerment could lift hundreds of millions out of poverty by adding trillions to the global economy,¹⁷ discriminatory gender norms, laws and legal gaps continue to restrict women's options for earning a living,¹⁸ and fewer than half of women participate in the formal labour force.¹⁹
7. The rapid advance of digital technology provides new opportunities for people to connect with services and jobs and for countries to accelerate economic growth.²⁰ Digital development is not happening evenly, however. Globally, 2.7 billion people – more than a third of the world's population – were still offline at the end of 2022.²¹ Those most frequently left out are the poorest, the least educated, those with disabilities and those uprooted by crises.²²
8. Cash transfer programmes are increasingly being used by governments to provide income support to vulnerable people and to keep money flowing in national economies.^{23, 24} While the drivers of food insecurity are complex and multifaceted and require interventions across a number of fronts, money sent by WFP or governments in combination with careful and intentional programming can make an important contribution to helping people transform their lives and move towards better and more sustainable food security and nutrition.

Cash as part of WFP's portfolio

9. WFP serves the people who are most at risk of going hungry or being malnourished.²⁵ Two thirds of these people live in conflict settings, the majority are women and many live in hard-to-reach areas with limited access to services, including in development contexts. This policy describes how WFP will continue to harness the power of money to help the people who are suffering the most in the world today to survive and thrive. In doing so WFP will pay special attention to specific groups of people that may require additional support in order to benefit from cash transfers, such as child-headed households, older persons and persons with disabilities.

¹² World Bank. 2021. *Updated estimates of the impact of COVID-19 on global poverty: Turning the corner on the pandemic in 2021?*

¹³ "WFP strategic plan (2022–2025)" (WFP/EB.2/2021/4-A/1/Rev.2).

¹⁴ Chancel, L. and others. 2022. *World Inequality Report 2022*.

¹⁵ *Ibid.*

¹⁶ Office for the Coordination of Humanitarian Affairs. 2022. *Global Humanitarian Overview 2022*.

¹⁷ McKinsey & Company. 2015. *The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth*.

¹⁸ United Nations. 2022. *Progress towards the Sustainable Development Goals: Report of the Secretary-General (E/2022/55)*.

¹⁹ International Labour Organization. 2022. *The gender gap in employment: What's holding women back?*

²⁰ Demirgüç-Kunt, A. and others. 2022. *The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*.

²¹ World Bank. 2022. *Digital Development*.

²² International Telecommunication Union. 2022. *Global Connectivity Report 2022*.

²³ WFP. 2021. *World Food Programme Strategy for Support to Social Protection*.

²⁴ Gentilini, U.. 2022. *Cash Transfers in Pandemic Times: Evidence, Practices, and Implications from the Largest Scale Up in History*.

²⁵ In line with WFP's *Targeting and prioritization: Operational Guidance Note*, January 2021.

10. WFP will always aim to use the modality or combination of modalities (cash, value vouchers, commodity vouchers, in-kind food, capacity strengthening) that best helps people to meet their food, nutrition and other essential needs. Each context is different, and every household has specific needs and strategies for navigating through crisis and hunger. Through careful assessments and by talking to food-insecure people WFP identifies the modality that is the safest and most likely to achieve the best outcomes for them. Where food is not available and markets are unlikely to respond to greater demand, where commercial supply chains are seriously disrupted or where people prefer other modalities, WFP uses vouchers, in-kind food or a combination of modalities.

Guiding principles

11. In addition to the humanitarian principles that guide all of WFP's work in emergencies and protracted crises,²⁶ the principles and goals described in WFP's strategic plan²⁷ and other key policies and strategies,²⁸ WFP is guided by three principles when it sends money to people or supports governments that are doing so.
12. *People are at the centre.* People receiving money should feel respected and empowered through all their interactions with WFP and its partners. To ensure this, WFP will listen to people's needs, experiences and aspirations and place them at the centre of its cash operations and its support for government cash programmes.
13. *People know what they need.* WFP aims to provide people the flexibility to choose when and how to spend their money and where to receive it. Wherever possible, this requires removing restrictions on the money people receive and making sure they have the information they need to make the choices that are best for them.
14. *Everyone deserves a healthy diet.* WFP seeks to help people avoid trade-offs between serving their children a well-balanced meal and sending them to school, between buying the food they need each day and buying medicine.²⁹ This entails understanding key household needs and expenditures and working with government and other partners so that people have the resources to meet all of their food, nutrition and other essential needs. The portion of the essential needs gap that WFP covers will depend on the context, partnerships, resources and capacities that are available. In addition to adequate transfers, complementary activities such as social and behaviour change communication are essential to ensuring healthy diets.

²⁶ "Humanitarian Principles" (WFP/EB.A/2004/5-C).

²⁷ "WFP strategic plan (2022–2025)" (WFP/EB.2/2021/4-A/1/Rev.2).

²⁸ Of particular relevance to this policy are WFP's [2022 gender policy](#), [2021 strategy for support to social protection](#), [2017 nutrition policy](#), [country capacity strengthening policy as updated in 2022](#), [2017 climate change policy](#) and [2020 protection and accountability policy](#).

²⁹ A household's ability to meet its food and nutrition needs depends in part on its ability to meet other essential needs. Households with limited resources must constantly prioritize between equally urgent needs, which presents them with impossible dilemmas.

Outcomes

15. Sending people money is a flexible and safe way to help them meet their food and nutrition needs in a timely manner. Unrestricted money is highly effective; people affected by crisis receive more adequate entitlements and are able to spend the money they receive in the way that is most beneficial to them.^{30, 31} The low delivery costs associated with sending people money means that a high proportion of the resources WFP has available reaches people directly, which makes it highly efficient.^{32, 33}
16. At the same time, with cash WFP can contribute to a number of additional outcomes that help people overcome the immediate threats to their lives while also finding pathways out of hunger. The focus of this policy is the potential of cash to do both with the aim of achieving the following outcomes:
 - i) people have access to money to cover their urgent needs during crises;
 - ii) people's purchasing power is safeguarded and the economy is supported during times of economic volatility;
 - iii) people are more financially resilient as a result of digital financial inclusion; and
 - iv) governments have strengthened cash transfer programmes and government-to-person payment systems.
 - v) Food-insecure women have greater economic power.

This last outcome is an outcome in and of itself but also cuts across all the others.

17. To maximize the contribution of cash to meeting people's needs and transforming their lives, WFP will prioritize sending unrestricted money³⁴ and, building on evidence, will avoid imposing conditions that people must meet in order to receive it, particularly in the context of humanitarian emergencies.^{35, 36} This does not preclude the use of conditionality as part of programmes that are inherently conditional, such as school-based or resilience programmes.
18. This policy aims to integrate relief assistance with interventions that lay the foundations for long-term change for people. This means that whenever possible WFP will provide emergency assistance in ways that can benefit people also in the long term and that it will help build national systems that are better geared to responding to future shocks. All of the outcomes in the policy are therefore applicable in all types of contexts in which WFP works and across all WFP programmes in which money is transferred. They will be implemented based on context analysis and taking into consideration the specific challenges and opportunities in each setting. The outcomes contribute to the five strategic outcomes of WFP's strategic plan for 2022–2025³⁷ and are directly linked to WFP's overall vision of eradicating food insecurity and malnutrition (Sustainable Development Goal (SDG) 2) and supporting national and global actors in working to achieve the SDGs (SDG 17).

³⁰ Bastagli, F. and others. 2018. *The Impact of Cash Transfers: A Review of the Evidence from Low- and Middle-income Countries*.

³¹ Overseas Development Institute. 2016. *Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features*.

³² Doocy, S. and Tapis, H. 2017. *Cash-based approaches in humanitarian emergencies: a systematic review*.

³³ WFP. 2022. *Cash and In-Kind Transfers in Humanitarian Settings: A Review of Evidence and Knowledge Gaps*.

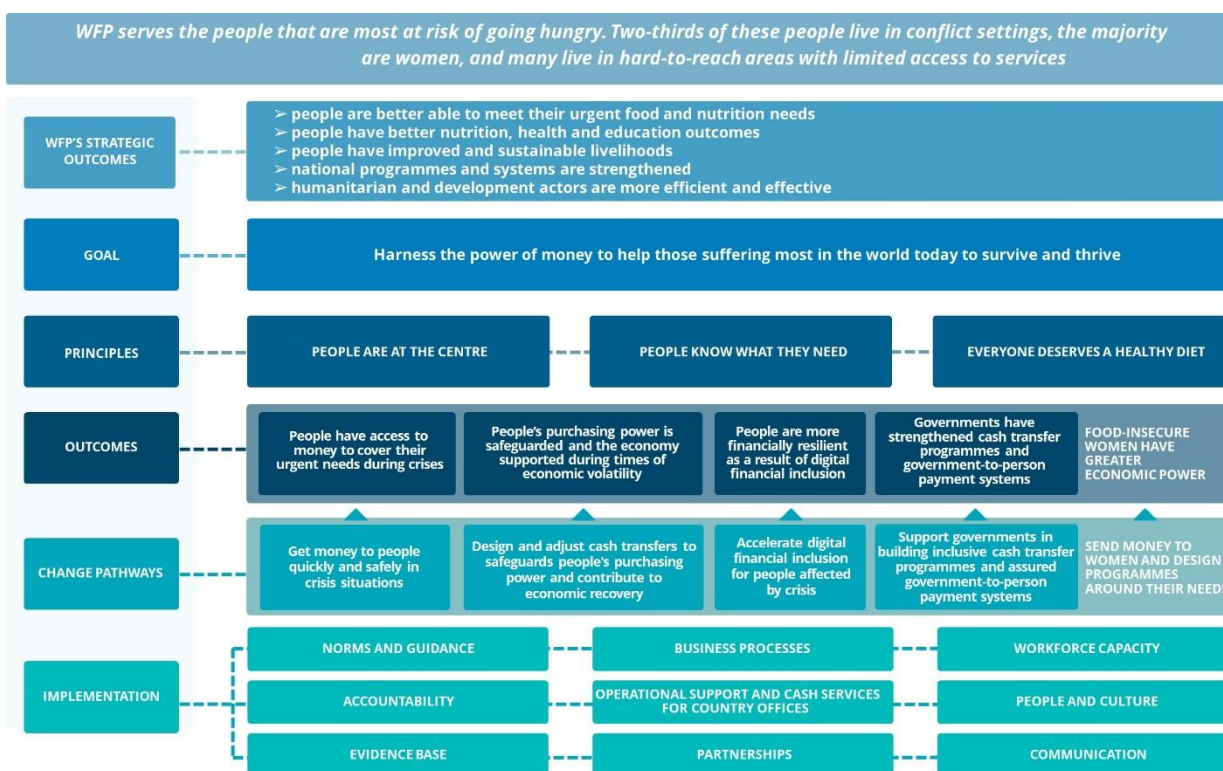
³⁴ Money is inherently unrestricted (as opposed to value vouchers) because people have no limitations on how they can use it.

³⁵ Smith, G. and Bowen, T. 2020. *Adaptive Social Protection: The delivery chain and shock response*.

³⁶ Ladhani, S. and Sitter, K. C. 2018. *Conditional cash transfers: A critical review*.

³⁷ "WFP strategic plan (2022–2025)" (WFP/EB.2/2021/4-A/1/Rev.2).

Theory of change



Outcome 1: People have access to money to cover their urgent needs during crises

WFP will get money to people quickly and safely in crisis situations

"WE PREFER MOBILE MONEY BECAUSE WE CAN USE IT FOR MANY PURPOSES: CLOTHES, SCHOOL UNIFORMS, FOOD AND ANYTHING WE NEED."

MALYUN - IN SOMALIA

- During crisis the risks of food insecurity and malnutrition grow exponentially and safety and health risks are rife. Those most exposed include women and girls, those with the fewest resources, people with disabilities and those living on the margins of society. People facing crisis need money to pay for urgent essentials such as food, transportation and temporary accommodation to get out of harm's way, as well as medical and other costs. Sending money in a way that allows people full flexibility in where and how to spend it and ensuring they have access to nutrition information to inform choices that benefit all household members gives them the best chance of navigating their journey to safety and well-being, and ultimately away from food insecurity.
- Responding with speed and agility is all about being prepared and balancing risks. When WFP is prepared, and coordination with government and other actors on the ground is effective, it can safely and effectively send money to people in the first few days of a crisis. WFP will continue to invest in being able to send money to people quickly and safely and ensuring that they receive it.³⁸

³⁸ WFP. 2022. Cash assurance framework (internal).

21. Whenever conditions allow WFP will provide emergency relief in a way that lays the foundations for greater financial resilience and women's economic empowerment in the long term. This means sending money to women, when possible, to accounts in their name and of their choosing, using existing government systems to do so whenever appropriate.
22. Sending money before disaster strikes helps people to protect themselves better, suffer less and recover faster, which also reduces the cost and duration of humanitarian response.^{39, 40, 41} Most often anticipatory cash transfers are used in relation to predictable extreme weather events because they effectively reduce the risks to people and their livelihoods caused by such events.⁴² Even conflicts, economic crises and pandemics have a margin of predictability that can be used to transfer money so that people can prepare. WFP will pursue anticipatory cash transfers as a strategic priority for all types of crises where early warnings and anticipatory action plans exist.

Enhancing people's financial resilience ahead of a crisis

In 2022, 1.7 million people worldwide were protected ahead of forecast hazards through WFP's anticipatory cash programmes. In Somalia, based on WFP's early warning system, WFP transferred anticipatory cash through mobile money accounts directly to over 200,000 women to help them prepare for the expected drought. When people receive money ahead of a crisis it is less likely that they will have to sell their agricultural assets or their harvest early to survive. This means that they can preserve their means of income and livelihood and that they have some cash on hand for buying essentials such as food for themselves and their livestock.

Outcome 2: People's purchasing power is safeguarded and the economy is supported during times of economic volatility

WFP will design and adjust cash transfers to safeguard people's purchasing power and contribute to economic recovery

"LIFE HAS BEEN TOUGH WITH THE FOOD PRICES INCREASING ALMOST THREEFOLDS THIS YEAR. WE USE THE CASH TO PAY FOR DIFFERENT EXPENSES. WHATEVER IS LEFT OF THE CASH IS USED FOR AMIRA'S EDUCATION AND ANY URGENT MEDICATION FOR THE FAMILY."

AISHA - IN LEBANON

23. Economic instability increases the number of people who cannot meet their food and other essential needs and puts their nutrition at risk when price hikes make nutritious food unaffordable.⁴³ Assessing how economic risks and market functionality affect people and the cash operations that WFP implements to assist them allows WFP to adjust so that people can continue to receive cash when they need it the most. Understanding the food markets and broader economic environment also allows WFP to design cash transfers that contribute to economic recovery and stimulate local markets.

³⁹ Matos Coelho Bernardo, S. 2022. *Cash Transfers and Post-Disaster Agriculture: The 'Post' is the 'Pre'*.

⁴⁰ Cabot Venton, C.. 2018. *Economics of Resilience to Drought: Ethiopia Analysis*.

⁴¹ WFP. 2019. *Forecast-based Financing in Nepal: A Return on Investment Study*.

⁴² Matos Coelho Bernardo, S. 2022. *Cash Transfers and Post-Disaster Agriculture: The 'Post' is the 'Pre'*.

⁴³ Global Network Against Food Crises. 2002. *2022 Global Report on Food Crises*.

24. To maintain people's purchasing power during times of economic instability, WFP can increase the amount of money it provides or change the frequency of payments so that people are better able to withstand the pressures of inflation and protect their consumption and their small businesses and assets.⁴⁴ By transferring money to women, WFP can help release the additional economic benefits that come from bringing women into the formal economy. In contexts of currency depreciation and parallel exchange rates WFP can advocate preferential humanitarian exchange rates or change the currency of disbursements to people or service providers to maintain the value of each donor dollar. Where conditions do not allow WFP to continue to send money WFP can switch partially or fully to vouchers or in-kind assistance.
25. Injecting cash into local economies alongside addressing supply chain inefficiencies can contribute to strong food systems and well-functioning markets – even when the food supply in markets is initially low. The increase in people's purchasing power can lead to an increase in the number of local businesses and support local food production and the diversity of the goods on offer⁴⁵ while supporting more beneficial pricing dynamics⁴⁶ and preventing market distortions.⁴⁷ Even in cases where local prices briefly increase following cash transfers, prices typically revert to their previous levels when market supply adjusts to the greater demand and food availability increases.^{48, 49}
26. The benefits of cash transfers spill over to people who are not receiving assistance by stimulating demand, creating jobs and fostering productive investments, among other things. Studies have shown that these positive spillovers produce nominal income multipliers in local economies ranging from 1.34 to 2.52 for every dollar transferred.⁵⁰ When people continue to spend money they also contribute to overall consumption and gross domestic product growth.^{51, 52}
27. WFP will work with ministries of finance, central banks, international financial institutions and other national and international stakeholders to ensure that it is prepared when economic crisis hits and can leverage resources strategically to contribute to economic recovery.

Protecting people's purchasing power during economic crisis

Following the onset of the economic and financial crisis in 2019, triple digit inflation in Lebanon compromised people's ability to meet their essential needs. Informed by periodic price monitoring and in coordination with the Ministry of Social Affairs, the Lebanon country office implemented frequent increases to the transfer value to compensate for the higher cost of goods and services. A preferential exchange rate agreement with the Central Bank contributed to maximizing the value that people received while limiting increases in funding requirements.

⁴⁴ Consultations with women receiving money transfers from WFP, 2021–2022.

⁴⁵ United Nations Development Programme. 2015. *The Impact of Cash Transfers on Local Economies*.

⁴⁶ WFP. 2014. *Economic Impact Study: Direct and Indirect Impact of the WFP Food Voucher Programme in Jordan*.

⁴⁷ Özler, B. 2021. *Distortionary effects of conditions attached to cash transfers*.

⁴⁸ CALP Network. 2010. *The Impact of Cash Transfers on Local Markets: A Case Study of Unstructured Markets in Northern Uganda*.

⁴⁹ Overseas Development Institute. 2015. *Humanitarian cash transfers: cost, value for money and economic impact*.

⁵⁰ Food and Agriculture Organization of the United Nations. 2016. *Cash transfers: their economic and productive impacts – Evidence from programmes in sub-Saharan Africa*.

⁵¹ Berriel, T. and Zilberman, E. 2011. *Targeting the Poor: A Macroeconomic Analysis of Cash Transfer Programs*.

⁵² GSDRC. 2016. *Economic impacts of humanitarian aid*.

Outcome 3: People are more financially resilient as a result of digital financial inclusion

WFP will accelerate digital financial inclusion for people affected by crisis

“WITH AN E-WALLET I CAN EASILY CASH OUT MY MONEY, SAVE MONEY, TRANSFER TO ANYONE AND PAY MY BILLS.”

REHAM - IN JORDAN

28. Technological developments have opened new opportunities for many people who are underserved by traditional financial service providers to take advantage of a range of financial services and products that bring them into increasingly digitally connected societies and economies.⁵³ Bringing people online can be life-changing – even for those with the least income – by allowing them to receive, send and spend money safely and securely, to start or grow small businesses and to save for the future.⁵⁴ Where online services are not available WFP can link people with financial services, work with people to build their financial capability and work with service providers to ensure that their products respond to the needs of the people WFP assists. Connecting new segments of the population to financial services attracts service providers to underserved areas, to the benefit of everyone.
29. WFP plays an important role in ensuring that digital transformation for those left behind happens in a safe and secure way. Money sent by WFP can be an important catalyst of women's integration into the digital economy because they are the ones who are most frequently left out of the formal economy. The real benefit, however, is brought about by women having their own accounts and using them for multiple sources of income and payments.⁵⁵ Most of the people WFP assists have income – however small – from other sources, such as government social assistance, remittances from family members or small businesses. By helping women choose ways to receive their money that best respond to their needs and preferences or by sending money to them through the mechanisms that they already use WFP can help them to collect their income in one place, allowing them to build a credit history so that they can qualify for loans and insurance. Using the solution that people prefer or already use also means that they are more likely to continue to use their accounts even after WFP assistance stops.
30. In many cases, the people that WFP assists do not have government issued identity documents, which prevents them from accessing financial services and products like bank accounts or mobile money wallets. One billion people globally, including approximately half of all women in low-income countries, do not have government issued identity documents.⁵⁶ Many partners are working with governments on national identity document systems, and WFP can draw their attention to the need to ensure that those systems include the most vulnerable and hard-to-reach people.⁵⁷ Together with international financial institutions and partners, WFP can advocate with regulators to lower the identification requirements for people opening small accounts and accessing basic financial services.

⁵³ Pazarbasioglu, C. and others. 2020. *Digital Financial Services*.

⁵⁴ *Ibid.*

⁵⁵ Demirgüç-Kunt, A. and others. 2022. *The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*.

⁵⁶ World Bank. 2022. *ID4D Global Dataset 2021: Global ID Coverage Estimates*.

⁵⁷ Center for Financial Inclusion and WFP. 2022. *Bridging the Gap: How Humanitarian Cash Transfers Can Facilitate Women's Access to IDs*.

31. Digital financial inclusion does not come without risks and requires careful attention to consumer protection. WFP selects service providers carefully and makes sure that mechanisms for safeguarding people's consumer rights are in place. Ensuring that everyone is aware of their rights and knows how to lodge complaints and seek redress when things go wrong is one of the most important consumer protections that WFP and its partners can put in place.⁵⁸ Providing everyone (men and women, young and old) with information, knowledge and skills helps build the trust that is needed for them to take advantage of the economic opportunities that digital financial services offer and to protect themselves from fraud and abuse.⁵⁹ When people can safely and confidently access and use financial products, they are more financially resilient during times of crisis and better able to invest in their own and their children's futures.⁶⁰

Paving the way for women's digital financial inclusion

In Uganda WFP opened 80,000 bank accounts for families so that they could receive money digitally. Forty-seven percent of these accounts are owned by women. To change the way women are viewed by their partners and encourage their inclusion in financial decision-making WFP created a network of male digital champions in Nakivale settlement. The network has proved critical in addressing social norms preventing women from accessing and using digital financial services. The WFP country office in Uganda also advocated that the national central bank support women seeking to become financial service provider agents.

Outcome 4: Governments have strengthened cash transfer programmes and government-to-person payment systems

WFP will support governments in building inclusive cash transfer programmes and assured government-to-person payment systems

"THE COVID RELIEF MONEY IT REALLY HELPS. IT SOMETIMES COMES AT THE PERFECT TIME WHEN I NEED TO PAY MY BILLS OR BUY SOMETHING."

TRACY - IN DOMINICA

32. Humanitarian assistance alone can only go so far to achieve impact at scale and change people's lives. Government social protection systems can reach hundreds of millions more people and play a vital role in helping people meet their essential needs, reducing the impact of shocks and enhancing their resilience.⁶¹ In 2020, 1.36 billion people (one out of six people in the world), received cash transfers from their governments as part of the COVID-19 pandemic response.⁶² When governments provide adequate social protection to people residing in their countries (during crises and in stable times), humanitarian needs drop.⁶³

⁵⁸ CALP Network. *Mitigating risks of abuse of power in cash and voucher assistance* (describing a joint project of the Office of the United Nations High Commissioner for Refugees and WFP).

⁵⁹ Center for Financial Inclusion and WFP. 2022. *Making Digital Financial Capability Programs Work for Women*.

⁶⁰ Sirtaine, S. and McKay, C. 2022. *In an Era of Urgent Climate Risk, Does Financial Inclusion Matter?*

⁶¹ O'Brien, C. 2020. *10 Things You Wish You'd Always Known about Shock-Responsive Social Protection*.

⁶² Gentilini, U. 2022. *Cash Transfers in Pandemic Times: Evidence, Practices, and Implications from the Largest Scale Up in History*.

⁶³ International Labour Organization, United Nations Children's Fund and Food and Agriculture Organization of the United Nations. 2022. *UN collaboration on social protection: Reaching consensus on how to accelerate social protection systems-building*.

33. Government-to-person payment systems are often a crucial part of social protection programmes that enable governments to get money to people who need it in a sustainable way.⁶⁴ When WFP and partners complement government cash transfers, transfer money through government systems,⁶⁵ provide technical assistance to strengthen those systems and the policies that enable them, deliver cash on governments' behalf or undertake a combination of these options⁶⁶ they help governments to enhance the effectiveness and efficiency of social protection programmes and policies, including shock-responsive social protection systems.
34. WFP offers unique value to government social protection systems through its ability to send money to people quickly and at scale, including in hard-to-reach areas. WFP can further help governments improve accountability to their constituents and to financing institutions through assured payment systems and by supporting them in the design and implementation of cash transfer programmes that are people-centred, agile with the ability to expand and contract as needed, financially inclusive and supportive of women's economic empowerment.
35. These engagements with governments on cash transfer programmes are largely within the realm of social protection. Government-to-person payment systems are also used for other types of public transfers (such as the payment of salaries to teachers, health workers and others) and are a core part of expanding electronically delivered government services. Digital access to public goods and basic services is fundamental for people to meet their food security, nutrition and other essential needs. It also helps people manage risks and shocks and independently take care of their families. Digital payments also increase transparency and accountability in money flows and can lead to expanded fiscal space and increased social spending.⁶⁷ Moreover, by supporting government systems that are designed and implemented well, WFP can contribute to strengthening the citizen-state compact and enhancing social cohesion.^{68 69, 70} This has been highlighted as one of the ways that WFP contributes to peace.^{71, 72, 73}

Helping governments strengthen their government-to-person payment systems

As part of the Lebanon emergency crisis and the COVID-19 response social safety net project, WFP has been supporting the Government of Lebanon since 2022 improve its social protection system and send money to 150,000 extremely poor Lebanese households. As part of this project the Government also sends education top-ups to 87,000 children between the ages of 13 and 18 to prevent school dropout among extremely vulnerable households.

⁶⁴ WFP. 2021. *World Food Programme Strategy for Support to Social Protection*.

⁶⁵ In line with WFP's *Draft Guidance on Direct Provision of Assistance through Government Entities* (internal) forthcoming, and WFP's *Interim Guidance and Assurance Standards for Cash-Based Transfer (CBT) through Governments and Social Protection Systems* (internal). 2023.

⁶⁶ See WFP's global social protection strategy for a breakdown of the various ways in which WFP supports governments.

⁶⁷ Agur, I, Martinez Peria, S. and Rochon, C. 2020. *Digital Financial Services and the Pandemic: Opportunities and Risks for Emerging and Developing Economies*.

⁶⁸ K4D: Knowledge, evidence and learning for development. 2017. *Conflict-sensitive cash transfers: social cohesion*.

⁶⁹ Denney, J.T. and others. 2017. *Social Cohesion and Food Insecurity: Insights from the Geographic Research on Wellbeing (GROW) Study*.

⁷⁰ Ayliffe, T., Aslam, G. and Schjødt, R. 2017. *Social Accountability in the Delivery of Social Protection: Literature Review*.

⁷¹ Delgado, C. and others. 2019. *The World Food Programme's Contribution to Improving the Prospects for Peace*.

⁷² Tschunkert, K. 2022. *Improving the Prospects for Peace in Nigeria: Spotlight on Cash-based Transfers*.

⁷³ *Ibid.*

Outcome 5 (cross cutting): Food-insecure women have greater economic power

WFP will send money to women and design programmes around their needs

“I OPENED TWO MORE BRANCHES OF MOBILE MONEY AND WAS ABLE TO BUY 5 COWS AND 2 GOATS.”

CHANTAL - IN UGANDA

36. Supporting women to unleash their economic potential is a cross cutting outcome for all other outcome areas in this policy and aligns with the third objective of WFP’s 2022 gender policy, to “advance the economic empowerment of women and girls in food security and nutrition”.⁷⁴ Empowering women reduces their own and their children’s vulnerability to poverty, violence, hunger and malnutrition.^{75, 76, 77} It increases their chances of getting jobs and starting businesses. It helps to keep girls in school, reduces child marriage and improves girls’ nutrition status.^{78, 79} Women’s economic empowerment enhances the resilience of families, resulting in immediate and long-term poverty reduction and improved food security.
37. Estimates suggest that, when combined with other investments, sending money directly to women could lift 100 million women out of poverty.⁸⁰ Conversely, when food is scarce women often eat last and least.⁸¹ WFP will therefore prioritize women as the primary recipients when using cash transfers to support food-insecure households and will design programmes around women’s needs and preferences. WFP will engage with women to identify the challenges and barriers they face when receiving money transfers and make sure they have the information they need to make decisions about which solutions for receiving their money works best for them. WFP will also link women with complementary actions that its partners are implementing, including social protection systems.
38. Prioritizing women as recipients of support for their families will be underpinned by sound context and gender analysis so that risks or tensions related to women receiving money can be mitigated. It does not mean that vulnerable men are left out, nor that other types of intersecting vulnerabilities (like age, ethnicity and disability) are not considered when determining the needs of households. WFP can send people money in a way that benefits everyone through inclusive and accessible programmes, taking into account the unique needs of each household and people’s preferences and experiences, especially of those furthest behind.

⁷⁴ “WFP gender policy 2022” (WFP/EB.1/2022/4-B/Rev.1).

⁷⁵ Hendricks, S. 2019. *The role of financial inclusion in driving women’s economic empowerment*.

⁷⁶ CGAP. 2022. *How Can We Build on COVID-19 Progress in Women’s Financial Inclusion*.

⁷⁷ United Nations Population Fund. 2020. *Linking women’s economic empowerment, eliminating gender-based violence and enabling sexual and reproductive health and rights: Working paper*.

⁷⁸ *Ibid.*

⁷⁹ Klungman, J. and others. 2014. *Voice and Agency: Empowering Women and Girls for Shared Prosperity*.

⁸⁰ French Gates, M. 2021. *With the economic recovery failing women, now is the time to act on gender equality*.

⁸¹ CARE International. 2022. *Left Out and Left Behind: Ignoring Women Will Prevent Us From Solving the Hunger Crisis*.

39. Evidence shows that sending women money can also help to reduce their exposure to violence from their partners or other family members, particularly when combined with measures to mitigate gender-based violence.^{82, 83, 84, 85} Violence in the household is often exacerbated by economic stress, which means that cash transfers can help reduce intimate partner violence by alleviating financial pressures on the family.^{86, 87, 88} Well-designed and implemented communication campaigns, bringing men and leaders on board as champions of women's empowerment and spending time with communities to explain why sending money to women is good for everyone, are some of the ways that WFP works with partners to ensure that women's role in receiving money on behalf of their families is understood and accepted by their communities.
40. Women's economic empowerment starts with keeping girls in school to ensure that they get an education and do not marry or become mothers before becoming adults themselves.⁸⁹ There is extensive evidence that shows how transfers of money can support girls' school attendance and how this in turn increases their prospects for earning an income, accumulating human capital and improving food security and nutrition for themselves and their children.^{90, 91, 92, 93} WFP will therefore seize opportunities to use cash transfers in food-insecure areas to also support girls' education, for example through education grants for girls, and will use these programmes and partnerships to enable young women to take advantage of the financial products and services available to them.

Sending money to women

In Jordan, as in most of its operations, WFP usually opens financial accounts in men's names when they are the heads of households. To send money directly to women and encourage their access to other financial services, WFP and partners have sensitized families to the benefits of opening electronic "wallets" in women's names. Families received information about their options during dedicated information sessions. As a result thousands of women, including women in men-headed households, have opened their own wallets with the mobile money operators of their choice with the support of the men in their families and communities.

⁸² World Bank. 2018. *A Mixed-Method Review of Cash Transfers and Intimate Partner Violence in Low- and Middle-Income Countries*.

⁸³ Lancet Global Health. 2022. *A diagonal and social protection plus approach to meet the challenges of the COVID-19 syndemic: cash transfers and intimate partner violence interventions in Latin America*.

⁸⁴ Hidrobo, M. and Roy, S. 2019. *Cash transfers and intimate partner violence*.

⁸⁵ Haushofer, J. and others. 2019. *Income changes and intimate partner violence: evidence from unconditional cash transfers in Kenya*.

⁸⁶ Peterman, A. and Roy, S. 2022. *Cash Transfers and Intimate Partner Violence: A Research View on Design and Implementation for Risk Mitigation and Prevention*.

⁸⁷ Barrington, C and others. 2022. *'Poverty can break a home': Exploring mechanisms linking cash plus programming and intimate partner violence in Ghana*.

⁸⁸ Díaz, J.-J. and Saldarriaga, V. 2022. *(Un)Conditional Love in the Time of Conditional Cash Transfers: The Effect of the Peruvian JUNTOS Program on Spousal Abuse*.

⁸⁹ WFP. 2020. *WFP School Feeding Strategy 2020-2030*.

⁹⁰ Hagen-Zanker, J. and others. 2017. *The impact of cash transfers on women and girls: A summary of the evidence*.

⁹¹ Truhlarova Cristescu, D. 2018. *Desk-based Review on Cash and Voucher Assistance in Education in Emergencies*.

⁹² Carvalho, S. and Evans, D. 2022. *Girls' Education and Women's Equality: How to Get More out of the World's Most Promising Investment*.

⁹³ Wodon, Q. and others. 2018. *The Cost of not Educating Girls – Missed Opportunities: The High Cost of Not Educating Girls*.

Partnering for impact

41. WFP will not achieve any of these ambitions alone. In 2021 cash transfers made up more than 20 percent of overall humanitarian assistance,⁹⁴ and WFP is an integrated part of the cash ecosystem that is responsible for those transfers. Bringing about efficient and transformative cash transfers for millions of women and men will require a collective effort by WFP and its partners and a step-change in the partnership approach for cash in every context.
42. Local partners, and in particular the people that WFP assists and their communities, are WFP's first and foremost partners. WFP firmly believes that local and national actors are the first responders, closer to people in need, and know the local contexts better than WFP. By enabling local actors to respond and by integrating its interventions with local ones, WFP's assistance will be more effective and sustainable.
43. WFP aims to be a strategic and operational partner of choice for governments and international financial institutions, such as the World Bank, for the design, delivery and assurance of government cash transfer programmes. WFP will work with finance ministries, regulators and local administrations, in addition to social ministries and other traditional partners.
44. The private sector leads on digital transformation, disrupts and innovates constantly and has a vested interest in reaching new segments of the population. WFP will build responsible partnerships with private sector actors at the global, regional and country levels to achieve better and safe services for the people it assists.
45. WFP is committed to the global inter-agency cash coordination structure⁹⁵ and will continue to contribute to national and regional cash working groups, supporting international and national coordinators and empowering local actors to co-chair. WFP will also help to facilitate links between cash working groups and national social protection systems whenever possible. WFP will bring the voices of people it assists to these forums and help ensure that the processes people receive money through – even when money is sent from multiple organizations – reflect their preferences and are easy and safe for them.
46. WFP will collaborate with United Nations entities⁹⁶ and non-governmental organizations by using existing systems and aligning its programmes with those of other organizations to enhance efficiency and coverage, for example by ensuring interoperability between systems, by undertaking joint procurement and by harmonizing programmatic approaches, for instance to align transfer values. When other actors are not able to use their own systems, WFP will provide inter-agency services and platforms that allow others to deliver cash at scale.
47. Philanthropic institutions, think tanks and academic institutions help WFP to stay abreast of the evolving evidence base that this policy builds on. WFP aims to continue to provide evidence through its operational insights and to apply it in practice.
48. WFP's donors are strategic and technical partners that support WFP's work and hold it accountable. When WFP and its donors align their cash-related policies and directions and support one another in applying them on the ground, the people that count on them are better served.

⁹⁴ Development Initiatives. 2022. *Global humanitarian assistance report 2022*.

⁹⁵ Inter-Agency Standing Committee. 2022. *IASC Cash Coordination Model*.

⁹⁶ *Statement from the principals of OCHA, UNHCR, WFP AND UNICEF on cash assistance (5 December 2018)*.

49. WFP realizes that as the largest provider of humanitarian cash transfers in the world it has the ability to influence and support others. WFP will use its convening power responsibly to promote collaboration by connecting actors, paving the way for others to succeed and joining forces with partners to advocate on behalf of food-insecure people around the world.

Managing risks and ensuring accountability

50. Like any other form of assistance, cash assistance comes with risks. WFP is accountable to its Executive Board and donors, but it is accountable first and foremost to the people it assists. WFP implements measures to protect people from sexual exploitation and abuse⁹⁷ across its cash operations and WFP's cash assurance framework⁹⁸ ensures that the money that WFP sends reaches the right people at the right time, that the risk of potential fraud, human error and diversion is mitigated and that programmes are effective, safe and of good quality.
51. The framework's five standards are that the people WFP assists can easily contact the organization if they have questions or wish to report a problem or wrongdoing, including through community feedback mechanisms; that WFP respects people's privacy and personal data; that WFP knows the identities of the people it transfers money to; that WFP connects people with financial products and services that they prefer and can use; and that WFP has a tamper-proof way to send money to people and check that they received it.
52. Each of these standards covers a series of technical controls that are part of any well-designed and mature cash operation and applicable to registration, transfer and verification processes regardless of whether WFP is sending money or food to people. Centralized business services, provided by the Cash-based Transfers Division through its Cash Services Catalogue, support WFP offices, on-demand, to meet assurance standards and implement priority controls.

Implementation and measuring results

53. WFP continuously analyses the context in which it works and how its operations engage with that context. WFP will use its assessment, monitoring and evaluation capacity, including rigorous impact evaluations and decentralized evaluations, to track developments that challenge or provide new opportunities for the assistance it brings to people, to track progress and to learn what works best to achieve results across the outcome areas outlined in this policy. It will also increase its use of qualitative data in order to understand the experiences of people when they receive money from WFP and to use that understanding to improve how it does this.
54. This policy sets out an ambitious agenda that provides the direction for WFP's cash operations leading up to 2030. The outcomes that WFP aims to achieve for people are expected to be realized progressively over a number of years and in a manner that is specific to each context. The policy will be supported by an implementation plan that sets out the additional investments that are required to realize these outcomes. An independent policy evaluation of the policy's effectiveness will be commissioned within between four and six years of the policy's approval. The evaluation results will inform further implementation of, and possible updates to, the cash policy.

⁹⁷ United Nations Secretariat. 2003. *Secretary General's Bulletin: Special measures for protection from sexual exploitation and sexual abuse (ST/SGB/2003/13)*.

⁹⁸ WFP. 2022. Cash assurance framework (internal).

ANNEX I**Glossary**

Anticipatory cash transfers	Cash transfers provided to households to help reduce and/or prevent acute humanitarian impacts of predictable hazards. Transfers are made in advance of the hazard or its immediate impacts, based on pre-defined forecast triggers.
Cash	Legal tender, currency or coins, that can be used to exchange goods, debt or services. Cash is by definition unrestricted, as it is not subject to limitations on how people spend it.
Cash-based transfers	Cash-based transfers encompass all money or value entitlement transfers that are either unrestricted (money) or restricted (value vouchers). Cash-based transfers can be delivered in physical form (cash in hand) or electronically to digital wallets and mobile money accounts. Value vouchers are redeemable at locally contracted merchants. Commodity vouchers are not considered to be cash-based transfers.
Cash transfers	Cash transfers are assistance provided in the form of money – either physical currency or e-cash – to recipients (individuals, households or communities). Cash transfers are unrestricted by definition, which means that recipients can choose how to use them. As such, cash is distinct from restricted modalities including vouchers and in-kind assistance. The terms “cash” and “cash assistance” should be used when referring specifically to cash transfers only and should not be used to refer to “cash and voucher assistance”.
Commodity voucher	Assistance to individuals or households catered by local supply chains (non-WFP), which does not enable beneficiary choice. Commodity vouchers utilize cash-like business processes and encompass activities ranging from provision of meals to beneficiaries to voucher redemption against fixed quantities of pre-defined food items. WFP treats and will report commodity vouchers as a distinct transfer modality neither cash based nor in-kind.
Conditionality	Conditionality means that recipients must participate in specified activities or fulfil specific obligations in order to receive assistance. Conditions can in principle be used with any kind of transfer (cash, vouchers, in-kind or, service delivery) depending on the design and objectives of an intervention. Examples of conditions include attending school, building a shelter, attending social behaviour change sessions and undertaking work or training. Cash in exchange for work, participating in asset creation or undergoing training are all forms of conditional transfers. Some interventions might require recipients to achieve agreed outputs as a condition of receiving subsequent tranches of assistance. Note that conditionality is distinct from restriction (how assistance is used) and targeting (criteria for selecting recipients).
Currency depreciation	Currency depreciation is a fall in the value of a currency. Typically, this occurs within a floating exchange rate system, but there may also be depreciation of market or parallel exchange rates in contexts of fixed exchange rates. Depreciation is usually reported as a percentage fall in the value of a local currency relative to a hard currency.
Digital financial inclusion	Access to and use of affordable formal digital financial products and services (e.g. payments, savings, loans, insurance) suited to people’s various needs. People should feel comfortable using these products and trust their capability to manage their own finances. Ultimately digital financial inclusion should increase people’s financial health and resilience.

Economic volatility	A scenario where an economy experiences significant and unpredictable changes in macroeconomic outcomes, including output growth, price level and fiscal deficit, among others.
Essential needs	Goods, utilities, services or resources required on a regular or seasonal basis by households to ensure survival and minimum living standards without resorting to negative coping mechanisms or compromising the health, dignity or essential livelihood assets of its members.
Financial inclusion	Financial inclusion means that individuals have access to useful and affordable financial products and services – transactions, payments, savings, credit and insurance – that meet their needs and are delivered in a responsible and sustainable way.
Financial products	Instruments with which a person can manage or use money such as by making a payment, making a financial investment, borrowing or saving. Financial products include bank accounts, credit cards, insurance and other things. They differ from financial services, which relate to a broad range of more specific activities such as banking, investing and insurance and are limited to the activity of financial services firms and their professionals.
Financial resilience	The ability of adults to resist, cope and recover financially when faced with a sudden drop in income or an unavoidable expense.
Financial services	Financial services include services such as payments, credit, savings, remittances, or insurance, using either in-person or digital channels. Such services can be provided by traditional financial institutions (banks, microfinance institutions) or new players (mobile money providers, e-commerce platforms, agritech etc).
Government-to-person payments	Payments made by governments to individuals, including social assistance payments, subsidies, scholarships, pensions, public wages and other things.
Inflation	Inflation is an overall rise in the prices of goods and services in an economy over a given period of time. It is typically measured annually at the national level based on a consumer price index or equivalent and is different from localized price fluctuations driven by supply and demand, seasonality or cyclical or other short-lived shocks. For cash assistance, inflation results in the erosion of purchasing power of cash transfers and other sources of income people have. A decrease in prices is referred to as deflation.
Mobile money	Mobile money is electronic money (e-money) that is transferred using mobile networks and SIM-enabled devices, primarily mobile phones. The issuer of mobile money may, depending on local laws and the business model used, be a mobile network operator (the entity issuing the SIM card), another financial institution such as a bank or another licensed third-party provider. Mobile money can be used on both smartphones, feature (internet-enabled) and basic phones.
Money	Physical or electronic currency. Money is by definition unrestricted, as it is not subject to limitations on how people can spend it.
Multiplier effects	Positive indirect effects of cash transfers whereby increased expenditure by recipients contributes to income growth for non-recipients, expansion of markets for local goods or increased demand for services. The “economic multiplier” is the estimated number by which a change in some other component of aggregate demand is multiplied to give the total amount by which national or local income is increased due to direct and indirect benefits from that change in demand.

Parallel exchange rate	A rate for exchanging foreign currency for local currency in an informal or illegal market that does not correspond to the official exchange rate set by a central bank or by a legal market authorized by a central bank.
Remittances	Derived from the word remit (“to send back”), strictly a remittance is any payment of money transferred to another party. However, remittance is largely used to describe money sent by someone working abroad to family members or others in his or her home country. Remittances constitute the largest source of overseas income in some countries, and while they do not form part of humanitarian cash transfers similar delivery mechanisms may be used.
Restricted cash-based transfers	Cash-based transfers are restricted if the providers of the transfer impose limits on how the recipients of the transfers can spend them. Transfers can be restricted in terms of how, where or when people may exercise their entitlements (e.g. value vouchers restricted to food purchases from specified retail networks or to purchases before a certain date). Vouchers are restricted by default since they are inherently limited in where and how they can be used. Cash is inherently unrestricted.
Social protection	Social protection is defined as the set of policies and programmes aimed at preventing or protecting all people against poverty, vulnerability and social exclusion throughout their lifecycles, with a particular emphasis on vulnerable groups. Such policies include social insurance, social assistance, social care services and labour market regulations and policies.
Value voucher	A value voucher has a denominated currency value and can be redeemed with specific vendors for goods or services of an equivalent monetary cost. Value vouchers are inherently restricted as they can only be redeemed with designated vendors or service providers. Some value vouchers may also have restrictions on the range of commodities that can be purchased, exclude specific commodities or be time-bound (e.g., expiry date). Value vouchers are considered a form of cash-based transfer.
Women’s economic empowerment	Women’s economic empowerment includes women’s ability to participate equally in existing markets; their access to and control over productive resources; their access to decent work; control over their own time, lives and bodies; and their increased voice, agency and meaningful participation in economic decision-making at all levels from the household to international institutions. Women’s economic empowerment is central to realizing women’s rights and gender equality.