

# **WFP cash policy**

**Harnessing the power of money  
to help people in crisis survive and thrive**



**Informal consultation**

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**World Food Programme  
Rome, Italy**

## Background

1. WFP's first policy on using cash and vouchers was approved by the Executive Board in 2008.<sup>1</sup> The global context has changed significantly since then. Poverty reduction has slowed and inequality between and within countries has increased, with profound implications for people's food security and nutrition. Digital transformation, especially mobile money, has changed the way people send and receive money worldwide. More governments are using cash transfers to help people cope with the effects of economic turmoil and other shocks, and as a tool for economic stimulus.
2. Whereas in 2008 WFP considered cash and voucher transfers as alternative modalities to in-kind food, with potential additional benefits in some contexts, it is now clear that unrestricted cash transfers effectively and efficiently meet people's food, nutrition and other related essential needs in many contexts and are often the form of assistance preferred by people and governments. The evidence for using cash transfers, including in the first phases of an emergency, has grown over the past decade, answering many of the earlier questions about the impact on markets and people's protection, and what people use the money to buy. The preponderance of the evidence now points to the unmatched impacts and efficiencies of delivering assistance through cash and how it helps people break the vicious cycle of poverty and vulnerability,<sup>2</sup> and brings multipliers for local economies.<sup>3,4</sup>
3. Since adoption of the first cash and voucher policy in 2008 WFP's capabilities have grown tremendously. WFP has gone from transferring USD 10 million to 1 million people in 10 countries in 2009 to delivering USD 2.3 billion to 42 million people in 69 countries in 2021. Cash now constitutes 34 percent of all WFP assistance.<sup>5</sup> WFP has become the world's largest provider of humanitarian cash transfers, and in 2021 also helped 52 governments to design and implement their own cash transfer programmes.<sup>6</sup>
4. This new policy applies the evidence about cash transfers to today's immediate and emerging challenges and describes how WFP will use the capabilities that it has developed to achieve greater impact for more people by sending them money and supporting governments to do the same.

## Context

5. At no point in modern history have humanitarian needs been greater than they are now. Three hundred and forty-five million people are estimated to be acutely food insecure or at high risk in 2022,<sup>7</sup> a staggering 28 percent increase from 2021, and an estimated 60 million children globally suffer from wasting, up from 47 million in 2019.<sup>8</sup> Conflict is at its highest

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

<sup>2</sup> Florence Kondylis, John Loeser and Jonas Heirman. 2022. [Do larger cash transfers improve longer-run outcomes more cost-effectively than smaller cash transfers? Our results discipline a debate on "Big Push" interventions.](#)

<sup>3</sup> Francesca Bastagli and others. 2016. *Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features.*

<sup>4</sup> Magdalena Mikulak. 2018. *Cost-effectiveness in humanitarian work: cash-based programming.*

<sup>5</sup> WFP CASHboard (internal).

<sup>6</sup> Source: WFP Cash-Social Protection COVID-19 Cell/Coordination Group, 2021.

<sup>7</sup> WFP. 2022. [WFP Global Operational Response Plan: Update #5-June 2022.](#)

<sup>8</sup> *Ibid.*

point since 1945<sup>9</sup> forcibly displacing a record 89.3 million people in 2021.<sup>10</sup> More extreme weather events are destroying homes, farms and marketplaces, devastating people's lives and the food systems they rely on. In 2021 alone 23.7 million people were uprooted due to climate change.<sup>11</sup> Economic instability is global and most severe in low- and middle-income countries. Price rises make food and other essential goods and services increasingly unaffordable. Huge and growing economic inequalities are leading to social unrest and conflict. These multi-layered and interrelated crises have driven humanitarian needs to catastrophic levels.

6. With the number of people living in poverty increasing for the first time in 20 years,<sup>12</sup> the number of people suffering from chronic hunger and malnutrition is likewise on the rise.<sup>13</sup> Like hunger, poverty is exacerbated by conflict, economic instability, and climate change, but poverty is also rooted in persistent income and wealth inequality. In 2022, the richest 10 percent of the global population received 52 percent of global income and owned 76 percent of all wealth, whereas the poorest half of the population earned only 8.5 percent of global income and owned just 2 percent of wealth.<sup>14</sup> Gender inequality in earning remains considerable. Women's share of total income has only increased by 5 percentage points since 1990,<sup>15</sup> and women were hit much harder than men when the pandemic drove them out of the workforce and back into the home. While women's economic empowerment could lift hundreds of millions out of poverty by adding trillions to the global economy,<sup>16</sup> discriminatory laws and legal gaps continue to restrict women's options for earning a living<sup>17</sup> and fewer than half of women participate in the labour force.<sup>18</sup> Poverty rates are also higher for people with disabilities and poverty in turn increases the risk of disability including due to malnutrition.<sup>19</sup>
7. The rapid advance of digital technology provides new opportunities for countries to accelerate economic growth and for people to connect with services and jobs.<sup>20</sup> Evidence shows that connectivity combined with well-designed and promoted digital solutions and affordable access to the internet open the door for people to access financial products and services and to enter the digital economy.<sup>21</sup> Digital development is not happening evenly, however. Globally, 2.7 billion people—almost half of the world's population—are still offline,<sup>22</sup> and at the end of 2021 43 percent of the world's population were not using mobile

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<sup>9</sup> United Nations. 2022. *Progress towards the Sustainable Development Goals: Report of the Secretary-General* (advance unedited version).

<sup>10</sup> Office of the United Nations High Commissioner for Refugees. 2022. *Global Trends: Forced Displacement in 2021*.

<sup>11</sup> Internal Displacement Monitoring Centre. 2022. *GRID 2022: Children and youth in internal displacement*.

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

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

<sup>14</sup> Lucas Chancel and others. 2022. *World Inequality Report 2022*.

<sup>15</sup> *Ibid.*

<sup>16</sup> McKinsey & Company. 2015. *The Power of Parity: How advancing women's equality can add \$12 trillion to global growth*.

<sup>17</sup> United Nations. 2022. *Progress towards the Sustainable Development Goals: Report of the The Secretary-General* (advance unedited version).

<sup>18</sup> International Labour Organization. 2022. *The gender gap in employment: What's holding women back?*

<sup>19</sup> World Bank. 2022. *Disability Inclusion*.

<sup>20</sup> Asli Demirgüç-Kunt and others. 2022. *Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*.

<sup>21</sup> *Ibid.*

<sup>22</sup> World Bank. 2022. *Digital Development*.

data, despite many living in areas where connectivity was available.<sup>23</sup> Those most frequently left out are the poorest, the least educated, those with disabilities, and those uprooted by crises. Further, women make up the largest part of the world's poor<sup>24</sup> and are disproportionately represented among those without access to the internet, mobile phones, and digital technology in general.<sup>25</sup> One in two women in low-income countries do not have a government issued identity document<sup>26</sup>, which prevents them from accessing social safety nets, opening bank accounts, registering a SIM card in their own name, or even voting.

8. Cash transfer programmes are increasingly being used by governments to provide income support to vulnerable people and keep money flowing in their economies, and there is growing recognition that social cohesion can be fostered by universal approaches and by unrestricted transfers that allow people to use the money according to their own needs and priorities. More than 200 governments provided COVID-19-related cash support to their citizens in 2020. One out of six people in the world received at least one payment from their government during the pandemic.<sup>27</sup>
9. As the world's population increasingly moves to urban areas, food insecurity and malnutrition expands among the urban poor<sup>28</sup> and demographic changes means that a larger number of youth are affected.<sup>29</sup> Where poverty and loss of livelihoods due to climate change are persistently high and growing, many people have no other choice than to leave their country in search of a better life.<sup>30</sup>

## Guiding principles

10. 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 addition to the humanitarian principles that guide all of WFP's work,<sup>31</sup> and the additional principles and goals described in WFP's strategic plan<sup>32</sup> and other key policies and strategies,<sup>33</sup> WFP is guided by the following three principles when it sends money to people or supports governments to do so:
  11. *People are at the centre.* WFP wants people to feel respected and empowered when it sends them money. WFP believes that *how* it sends money is as important as *how much* it can send, so it gets the money to people when they need it the most, and in the way they find most safe and convenient, and that helps them unlock opportunities to improve their lives.

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<sup>23</sup> *Ibid.*

<sup>24</sup> United Nations Office for the Coordination of Humanitarian Affairs. 2022. [Global Humanitarian Overview 2022](#).

<sup>25</sup> Nicole Klingen, Alicia Hammond and Sharada Srinivasan. 2021. [Putting women and girls at the center of digital development](#).

<sup>26</sup> World Bank. 2022. [Identification for Development \(ID4D\) – ID4D Data: Global Identification Challenge by the Numbers](#).

<sup>27</sup> Ugo Gentilini. 2022. [Cash Transfers in Pandemic Times: Evidence, Practices, and Implications from the Largest Scale Up in History](#).

<sup>28</sup> Mireya Vilar-Compte and others. 2021. [Urban poverty and nutrition challenges associated with accessibility to a healthy diet: a global systematic literature review](#).

<sup>29</sup> World Bank Group. 2021. [Demographic trends and urbanization](#).

<sup>30</sup> International Organization for Migration. 2022. [World Migration Report 2022](#).

<sup>31</sup> "Humanitarian Principles" (WFP/EB.A/2004/5-C).

<sup>32</sup> "WFP strategic plan (2022–2025)" (WFP/EB.2/2021/4-A/1/Rev.2).

<sup>33</sup> Of particular relevance to this policy are WFP's 2022 gender policy, 2021 strategy for supporting social protection, 2017 nutrition policy, country capacity strengthening policy as updated in 2022, 2017 climate change policy and 2020 protection and accountability policy.

12. *People know what they need.* WFP aims to provide people the flexibility to choose how to receive their money, and when and how to spend it. Wherever possible, this requires increasing the options people have to choose from and the information they have to make good choices. WFP also aims to empower women and men with financial products and services that are safe, within their means, and to ensure they have the know-how to make their own spending and saving decisions.
13. *Everyone deserves a healthy diet.* WFP seeks to help people to avoid trade-offs between sending their children to school or serving them a well-balanced meal, between buying medicine and buying the food they need each day.<sup>34</sup> This entails understanding key household expenditures and working with government and other partners to make sure people have the resources to meet all of their food, nutrition, and other essential needs.

## Outcomes

14. When WFP sends people money – or supports governments that do so – it contributes to the food security and nutrition outcomes that its programmes are aiming for and supports additional outcomes that enhance people’s food security and nutrition. Aligning with the five strategic outcomes of WFP’s strategic plan 2022-2025<sup>35</sup> these include: i) promoting women’s economic empowerment, ii) giving people flexibility and choice, iii) accelerating digital financial inclusion, iv) supporting governments to build inclusive government-to-person payment systems, and v) managing the risks of economic volatility and contributing to recovery. WFP can use cash transfers in any programme activity to achieve one or more of these additional outcomes.

### Outcome 1

#### ***Promoting women’s economic empowerment***

15. Unleashing women’s economic power is key to achieving gender equality and lifting millions out of poverty and food insecurity. Empowering women reduces their vulnerability to poverty, violence, hunger and malnutrition. It increases their chances of getting jobs and starting businesses. It helps to keep girls in school, reduces child marriage, and improves girls’ nutritional status. Women’s economic empowerment enhances the resilience of families, resulting in immediate and longer-term poverty reduction and improved food security.
16. Estimates suggest that when combined with other investments sending money directly to women could lift 100 million women out of poverty.<sup>36</sup> Conversely, when food is scarce, women often eat last and least. WFP will therefore prioritize women as the primary recipients when using cash transfers to support crisis-affected or food insecure households. Prioritizing women as recipients of support for their families does not mean that vulnerable men are left out, nor that other types of intersecting vulnerabilities (like age, ethnicity, or disability) are not considered. WFP can send people money in a way that benefits everyone. The best way to ensure that programmes are inclusive and take people’s unique needs, preferences, and experiences into account, is by designing for those furthest behind.

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<sup>34</sup> 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. At the same time, poor health and limited access to clean water also negatively affect households’ food and nutrition security.

<sup>35</sup> “WFP strategic plan 2022–2025” (WFP/EB.2/2021/4-A/1/Rev.2).

<sup>36</sup> Melinda French Gates. 2021. [With the economic recovery failing women, now is the time to act on gender equality.](#)

17. One assumption that is increasingly debunked by evidence is that sending women money increases their vulnerability to violence from their husbands, partners or other family members. In fact, as violence in the household is often exacerbated by economic stress, cash transfers can help reduce intimate partner violence by alleviating financial pressures on the family.<sup>37</sup> 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 will work with partners to ensure that women's role in receiving money on behalf of their families is understood and accepted by their communities.

18. Moreover, women's economic empowerment starts with keeping girls in school to ensure that they get an education and don't marry or become mothers before becoming adults themselves. Girls in fragile contexts are 90 times more likely to be out of school than girls in stable contexts.<sup>38</sup> There is extensive evidence that shows how transfers of money can support school attendance for girls and how this in turn increases girls' prospects for earning an income, and improving food security and nutrition both for themselves and their children.<sup>39,40,41,42</sup> With an education, girls are more likely to be financially and digitally literate. WFP will therefore seize upon opportunities to link cash transfers in food insecure areas with support for girls' education, 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 contexts, the accounts that families receive money on are almost always opened in the man's name in households headed by men. But when women receive money on their own accounts, this opens new opportunities for them to access financial services and become economically empowered. Following detailed gender analysis and information sessions with communities, WFP has therefore been encouraging families to open wallets in the name of women, or to opt for 'family sharing' where households have more than one wallet for the money they receive. Families receive information about their options at dedicated sessions that are scheduled at times that meet women's preferences.

<sup>37</sup> Amber Peterman and Shalini Roy. 2022. *Cash Transfers and Intimate Partner Violence: A Research View on Design and Implementation for Risk Mitigation and Prevention*.

<sup>38</sup> United Nations Educational, Scientific and Cultural Organization. 2015. *Humanitarian aid for education: why it matters and why more is needed*.

<sup>39</sup> Jessica Hagen-Zanker and others. 2017. *The impact of cash transfers on women and girls: A summary of the evidence*.

<sup>40</sup> Dana Truhlarova Cristescu. 2018. *Desk-based Review on Cash and Voucher Assistance in Education in Emergencies*.

<sup>41</sup> Shelby Carvalho and David K. Evans. 2022. *Girls' Education and Women's Equality: How to Get More out of the World's Most Promising Investment*.

<sup>42</sup> Quentin Wodon and others. 2018. *The Cost of not Educating Girls – Missed Opportunities: The High Cost of Not Educating Girls*.

## Outcome 2

### ***Giving people flexibility and choice when they need it the most***

19. In emergencies and other crises, people need money to buy food, pay for transportation and temporary accommodation to get out of harm's way, and cover urgent medical and other costs. During crisis, women and girls' mobility is severely restricted and they are responsible for caring and providing for children and the elderly, with single mothers most at risk.<sup>43</sup> When people, and particularly women, have money, they are able to buy the essential items and services that have a direct impact on their food security and nutrition, such as clean water and healthcare. Sending money to people who are in crisis in a way that allows them full flexibility of where and how they spend it gives them the best chance of navigating their journey to safety and maintaining their well-being.
20. Sending money before a disaster strikes helps people to protect themselves better, suffer less during the disaster, and recover faster, which also reduces the cost and duration of the humanitarian response.<sup>44,45,46</sup> 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 climate-related disasters.<sup>47</sup> Even conflicts, economic crises, and pandemics have a margin of predictability that can be used to transfer money so people can prepare. WFP will pursue anticipatory cash transfers as a strategic priority for all types of crises where early warnings and triggers are detectable.
21. 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 within the first few days of a disaster. WFP will continue to invest in both preparing to be able to send money to people quickly, and in implementing measures to ensure they receive it.<sup>48</sup>

#### **Enhancing people's financial resilience ahead of a crisis**

In 2022, 1.1 million people worldwide have received money from WFP to help them prepare before a crisis. In Somalia, money was sent to over 300,000 people in anticipation of the impact of failed rains.

Based on indications from WFP's early warning system money was sent to people to help them prepare for the expected drought. When people receive money ahead of a crisis, they don't have to sell their agricultural assets or their harvest early in order to survive. This means that they can preserve their means of income and livelihood and that they have some cash on hand for the essentials such as buying food for themselves and their livestock.

<sup>43</sup> United Nations Population Fund. 2015. [State of World Population 2015: Shelter From The Storm – A transformative agenda for women and girls in a crisis-prone world](#).

<sup>44</sup> Sara Matos Coelho Bernardo. 2022. [Cash Transfers and Post-Disaster Agriculture: The 'Post' is the 'Pre'](#).

<sup>45</sup> Courtenay Cabot Venton. 2018. [Economics of Resilience to Drought: Ethiopia Analysis](#).

<sup>46</sup> WFP. 2019. [Forecast-based Financing in Nepal: A Return on Investment Study](#).

<sup>47</sup> Sara Matos Coelho Bernardo. 2022. [Cash Transfers and Post-Disaster Agriculture: The 'Post' is the 'Pre'](#).

<sup>48</sup> WFP. 2022. Cash Assurance Framework (internal).



### Outcome 3

#### ***Accelerating digital financial inclusion***

22. Technological developments have opened new opportunities for people to access a range of financial services and products that bring them into increasingly digitally connected societies and economies. For people with limited access to in-person financial services, such as people with disabilities or people in remote locations, technology can bring the first opportunity they have to access these critical services. Bringing people online and linking them with the right service providers that pay careful attention to consumer protection, can be life-changing for them by allowing them to receive, send and spend money safely and securely, to start or grow small businesses, and to save for the future.
23. Money sent by WFP is an important catalyst for enabling people's, and in particular women's, integration into the digital economy, but the real benefit is when people have their own accounts and use these for multiple sources of income and payments.<sup>49</sup> By connecting people with good formal financial products and services, WFP can help them to receive money from a variety of sources in addition to WFP, such as government social assistance and remittances from their family members, to deposit and save their own earnings, and to build a credit history so that they can qualify for loans and insurance. When people can safely 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.<sup>50</sup> When people already receive payments from the government or other sources through mechanisms that are well-functioning and that they prefer, WFP will use these existing mechanisms to send them money.

#### **Paving the way for women's digital financial inclusion**

In Uganda, WFP opened 80,000 bank accounts for families to 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 that has proved critical in addressing social norms preventing women from accessing and using digital financial services. WFP Uganda also advocated with the national Central Bank to support women to become financial service providers and merchants. This not only helps bring more women into the labour force but also makes it easier for many women in the settlement to access services because they feel more confident transacting with a female agent.

<sup>49</sup> Asli Demirgüç-Kunt and others. 2022. [Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19](#).

<sup>50</sup> Sophie Sirtaine and Claudia McKay. 2022. [In an Era of Urgent Climate Risk, Does Financial Inclusion Matter?](#)



24. Providing everyone (men and women, young and old), with information, knowledge and skills is an important part of preparing them to take advantage of economic opportunities and to protect themselves from fraud and abuse.<sup>51</sup> Trust means that people use their accounts with confidence and for multiple purposes even after WFP's assistance stops. Innovative technology, such as speech-enabled digital processes, can remove barriers to benefit from digital financial inclusion for many people. 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 can put in place with partners, including regulators, payment services providers, and the institutions that work with them, such as the United Nations Capital Development Fund, the World Bank Group and GSMA.<sup>52</sup>
25. In many cases, the people WFP is serving do not have government issued identity documents which prevents them from getting their own bank account or mobile money wallet. One billion people globally, including approximately half of all women in low-income countries, do not have a government issued identity document.<sup>53</sup> Many partners are working with governments on their national identity document systems, and WFP can attract their attention to focus on the most vulnerable and hard-to-reach people. WFP can also link with the Office of the High Commissioner for Refugees and advocate that the refugee identification and other functional identity documents that they issue be accepted by regulators as compliant with "know your customer" regulations.

#### Outcome 4

##### ***Supporting governments to build inclusive government-to-person payment systems***

26. Humanitarian assistance alone can only go so far to achieve impact at scale and change people's lives. WFP can support governments to reach hundreds of millions more people and strengthen national systems. In 2020, 1.36 billion people (1 out of 6 people in the world), received a cash transfer from their governments as part of the COVID-19 pandemic response.<sup>54</sup> When governments provide adequate social protection to their citizens (in crises and in stable times), humanitarian needs drop.<sup>55</sup>

##### **Helping governments strengthen their government-to-person payment systems**

As part of the Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project, WFP has been supporting the Government of Lebanon since 2022 to send money to 150,000 extreme poor Lebanese households. As part of this project the Government also sends education top-ups to 87,000 children between the ages of 13–18 years to prevent school drop-out among extremely vulnerable households.

<sup>51</sup> Center for Financial Inclusion and WFP. 2022. *Making Digital Financial Capability Programs Work for Women*.

<sup>52</sup> 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).

<sup>53</sup> World Bank. 2022. *Identification for Development (ID4D) – ID4D Data: Global Identification Challenge by the Numbers*.

<sup>54</sup> Ugo Gentilini. 2022. *Cash Transfers in Pandemic Times: Evidence, Practices, and Implications from the Largest Scale Up in History*.

<sup>55</sup> 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*.

27. Governments with strong policies, programmes and systems and the right expertise, are better able to serve the citizens, refugees, migrants, and other people living within their borders. When WFP and partners complement government cash transfers, transfer money through their systems, provide technical assistance to strengthen those systems, deliver cash on their behalf, or a combination of these options,<sup>56</sup> they help governments improve their social protection programmes and strengthen their government-to-person payment systems so that more people are reached with better quality transfers.
28. WFP offers unique value to governments 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 to design and implement cash transfer programmes that are people-centred, agile to expand and contract as needed, financially inclusive and supportive of women's economic empowerment.
29. These engagements with governments on government-to-person systems are largely within the realm of social protection. However, 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 services helps to increase people's access to basic services, which is fundamental for them to meet their food security, nutrition and other essential needs. It also helps them 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 more fiscal space and social spending.<sup>57</sup> Moreover, by supporting government systems WFP can also contribute to strengthening the citizen-state compact and enhancing social cohesion.<sup>58 59 60</sup> This has been highlighted as one of the ways that WFP contributes to peace.<sup>61,62,63</sup>

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<sup>56</sup> See WFP's global social protection strategy for a breakdown of the various ways in which WFP supports governments.

<sup>57</sup> Itai Agur, Soledad Martinez Peria and Celine Rochon. 2020. [Digital Financial Services and the Pandemic: Opportunities and Risks for Emerging and Developing Economies](#).

<sup>58</sup> K4D: Knowledge, evidence and learning for development. 2017. [Conflict-sensitive cash transfers: social cohesion](#).

<sup>59</sup> Justin T. Denney and others. 2017. [Social Cohesion and Food Insecurity: Insights from the Geographic Research on Wellbeing \(GROW\) Study](#).

<sup>60</sup> Tamsin Ayliffe, Ghazia Aslam and Rasmus Schjødt. 2017. [Social Accountability in the Delivery of Social Protection: Literature Review](#).

<sup>61</sup> Caroline Delgado and others. 2019. [The World Food Programme's Contribution to Improving the Prospects for Peace](#).

<sup>62</sup> Kristina Tschunkert. 2022. [Improving the Prospects for Peace in Nigeria: Spotlight on Cash-based Transfers](#).

<sup>63</sup> *Ibid.*

## Outcome 5

### ***Managing the risks of economic volatility and contributing to recovery***

30. Macroeconomic imbalances and economic instability increase the number of people who cannot meet their food and other essential needs and puts their nutrition at risk when price hikes make nutritious foods unaffordable. By continuing to send people money during times of economic instability and adapting cash transfers to the evolving context, WFP helps protect their purchasing power so they are better able to withstand the pressures of inflation and protect their small businesses and assets which means that they will be more resilient when facing future shocks as well.<sup>64</sup>
31. Injecting cash into local economies contributes to strong food systems and well-functioning markets – even when food supply in markets is initially low. As peoples’ purchasing power increases, so do the number of local businesses and the diversity of the goods on offer.<sup>65</sup> Sending people money stimulates ailing markets which can lead to more beneficial pricing dynamics<sup>66</sup> and allows people to buy what they really need and produce what will give them the highest returns without distorting markets.<sup>67</sup> With more demand, farmers can increase their investments and productivity with confidence, livelihoods are protected and local supply chains and businesses are supported. When people continue to spend, they also contribute to overall consumption and GDP.<sup>68,69</sup>
32. 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 overall nominal income multipliers in local economies ranging from 1.34 to 2.52<sup>70</sup> for every dollar that was transferred due to positive spillovers when the money is spent. Furthermore, when people’s income increases they become new potential clients for private financial service providers who are incentivized to bring connectivity and services to under-served areas, which again, benefits everyone.

#### **Protecting people’s purchasing power during economic crisis**

Following the onset of the economic and financial crisis in 2019, triple digit inflation in Lebanon meant that people saw a dramatic drop in what they were able to buy with the same amount of money. As a response, the Lebanon country office implemented frequent increases in the transfer value which were informed by periodic price monitoring and done in coordination with the Ministry of Social Affairs. Adjustments to the transfer value made it possible to compensate for the higher cost of goods and services and enabled people to continue to meet their needs with the money they received. A preferential exchange rate agreement with the Central Bank contributed to maximizing the value that people received.

<sup>64</sup> Consultations with women receiving money transfers from WFP, 2021–2022.

<sup>65</sup> Key Development Services. 2014. *Development of a Framework for Multipurpose Cash Assistance to Improve Aid Effectiveness in Lebanon: Support to the Market Assessment and Monitoring Component – Final Report*.

<sup>66</sup> WFP. 2014. *Economic Impact Study: Direct and Indirect Impact of the WFP Food Voucher Programme in Jordan*.

<sup>67</sup> Berk Özler. 2021. *Distortionary effects of conditions attached to cash transfers*.

<sup>68</sup> Tiago Berriel and Eduardo Zilberman, Eduardo. 2011. *Targeting the Poor: A Macroeconomic Analysis of Cash Transfer Programs*.

<sup>69</sup> GSDRC. 2016. *Economic impacts of humanitarian aid*.

<sup>70</sup> Food and Agriculture Organization of the United Nations. 2016. *Cash transfers: their economic and productive impacts – Evidence from programmes in sub-Saharan Africa*.

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33. To ensure that people's purchasing power is not eroded, WFP increases transfer values in line with inflation. In countries facing hard currency shortages, the United States dollars that WFP brings in (and exchanges for local currency to send to people) provides some relief. In contexts of currency depreciation and parallel exchange rates, WFP can advocate for preferential exchange rates to be used to ensure each humanitarian dollar retains its value when it is converted.

### **Partnering for impact**

34. WFP will not achieve any of these ambitions alone. This is a collective effort that will require a paradigm shift in our partnership approach for cash transfers, in every context.
35. WFP's first and primary partners will be the women and men it serves and their communities. WFP will listen to them, partner with them and with local associations that represent them (e.g. women's groups), and ensure they are not an afterthought in its partnership thinking, whether in crisis or in normal times.
36. WFP aims to be a strategic and operational partner of choice for governments and international financial institutions, and to accompany governments in designing, delivering and assuring large-scale cash transfer programmes that reach millions of people, in a more inclusive way. WFP will work with a variety of institutions, at national and subnational levels, including finance ministries, regulatory bodies such as central banks, telecoms authorities and local administrations, in addition to deepening our engagement with social ministries and other traditional partners. WFP will work with the World Bank to promote and enable inclusive and assured government-to-people payment systems, through government support, learning and exchange of best practices
37. The private sector is paramount. It leads on digital transformation, it disrupts and innovates constantly, and it is interested in reaching new segments of the population with financial services and products that are tailored, affordable and safe. WFP has a critical role to ensure that the people it serves, the most underserved and disenfranchised, have the same opportunities to benefit (and to protect themselves) from such advances as any other person. WFP will invest in responsible partnerships with private sector actors at the global, regional and country levels, always with the objective of serving people better.
38. Philanthropic institutions, think-tanks and academia help equip WFP to remain engaged with the evolving evidence base that this policy builds on. WFP aims to stay ahead of the curve and continue to both inform evidence through our operational insights as well as apply it in practice.
39. Coordination, collaboration and collective action with the United Nations family and non-governmental organizations at all levels will remain key. WFP will collaborate with its partners<sup>71</sup> and use the established coordination mechanisms<sup>72</sup> to ensure that the processes people receive money through – even when sent from multiple organizations – are easy for them. Wherever possible WFP aligns its systems and programmes to make them more efficient and increase coverage, for example, by ensuring interoperability between systems, joint procurement and harmonized programme approaches. When needed, WFP provides inter-agency services and platforms that allow other actors to deliver cash at scale. WFP will also increasingly work with United Nations bodies that are leading the way on some of the topics of importance to us, such as United Nations Capital Development Fund and the Office

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<sup>71</sup> [United Nations Common Cash Statement](#).

<sup>72</sup> [Inter-Agency Standing Committee. 2022. IASC Cash Coordination Model](#).

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of the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development.

40. WFP's donors are strategic and technical partners that support our work and hold us accountable and help us do better. Several have their own cash transfer, social protection, financial inclusion or related programmes that WFP can learn from. When WFP and its donors align their cash-related policies and directions and support one another in applying them on the ground, they collectively serve the people that count on them better.
41. WFP realizes that as the largest provider of humanitarian cash transfers in the world it also influences and supports others, and it has a convening power that it will use responsibly to promote collaboration by connecting actors and paving the way for others to succeed. Only by working together can WFP and its partners achieve the ambitions of transformative cash transfers for millions of women and men.

### **Getting money to the right people and measuring results**

42. WFP will be accountable to its Executive Board and donors for achieving the results in this policy, but first and foremost it will be accountable to the people it serves. WFP has an obligation to make sure that the money it sends reaches the people it intends to receive it. With the Cash Assurance Framework<sup>73</sup> WFP has put in place a series of standards and measures to ensure that the right people receive the right transfers at the right time. These controls are relevant to all the processes involved in registering, transferring, and verifying transfers regardless of whether WFP is sending money or food to people and are an important part of managing people's personal data with care and respect, keeping it safe while it is needed and then responsibly disposing of it.
43. **[PLACEHOLDER - TO BE DEVELOPED]** The outcomes WFP aims to achieve for people are expected to be realized progressively over a number of years. WFP will use its monitoring and evaluation capacity, including rigorous impact evaluations, to track progress and learn what works best to achieve results. A policy evaluation will be conducted in 2030 to assess overall performance.

### **Annexes**

Annex I - Theory of change and linkages to WFP's strategic plan 2022–2026

Annex II – Glossary

Annex III – Summary of recommendations from the 2014 evaluation of WFP's 2008 cash policy

Annex IV – Summary of evidence on cash-based transfers

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<sup>73</sup> WFP. 2022. Cash Assurance Framework (internal).