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**Executive Board  
First Regular Session**

**Rome, 9–10 February 2015**

## **EVALUATION REPORTS**

**Agenda item 5**

*For consideration*

# **E**

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9 January 2015

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## **MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE SUMMARY EVALUATION REPORT OF WFP'S CASH AND VOUCHER POLICY (2008–2014)**

Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

## NOTE TO THE EXECUTIVE BOARD

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

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

Director, RMP\*: Mr C. Kaye tel.: 066513-2197

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

\* Performance Management and Monitoring Division

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## BACKGROUND

1. This document presents the management response to the recommendations of the evaluation of WFP's 2008 cash and voucher (C&V) policy. Covering the period 2008–2014, the evaluation focused on the policy's overall quality, its results in terms of effectiveness and efficiency and the factors affecting its implementation.
2. Management is pleased to note that – overall – the policy and framework were found to be relevant to WFP and more developed than those of other humanitarian agencies. The primary objective of the policy was met through the establishment of procedures for authorizing use of C&V in WFP to meet context-specific needs. Factors that affect the policy's results and support the increasing use of C&V include significant investments in the development of tools and guidance, leadership support and overarching organizational change.
3. However, change management of the shift in operational approach required for the policy's implementation was found to be weak, in part because of a lack of implementation plans and dedicated cross-functional leadership. Systems for disseminating and communicating policy and guidance were also found insufficient to support the change management envisioned in the policy.
4. Management welcomes the findings of the evaluation and will make use of the recommendations to improve implementation of the policy, particularly by developing enhanced guidance for C&V activities. The findings will also inform WFP's approach to broadening C&V partnerships, at both the corporate and country levels.
5. The following matrix sets out the planned actions and timelines for implementing the recommendations.

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| Recommendations   | Action by  | Management response and action taken  | Implementation deadline   |
|---|--|---|---|
| <b>Recommendation 1: Do not update the 2008 C&amp;V policy at this time.</b>  | Executive Board and Office of the Executive Director (OED)                                       | Agreed.<br>Management will determine whether the current policy needs to be updated or a new policy developed.  | January 2016  |
| <p><b>Recommendation 2: Continue to invest in the C&amp;V policy framework – directives, guidance and tools – with emphasis on communicating practical implementation guidance that clarifies expected outcomes, indicators and benchmarks. This frames C&amp;V within the shift to food assistance, and continuously builds on internal and external lessons learned.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Urgently complete and release the update to the 2009 C&amp;V manual – immediate.</li> <li>➤ Clarify the expected corporate C&amp;V results framework and outcomes –1 year.</li> <li>➤ Systematically disseminate C&amp;V policy and guidance – 3–4 months.</li> <li>➤ Disseminate clear summary of relevant policy/procedures to partners – 6–8 months.</li> <li>➤ Add financial service provider and retailer negotiation guidance to the C&amp;V manual and trainings – 6–8 months.</li> <li>➤ Ensure more active sharing and participation in community of practice – 6 months to 1 year.</li> </ul> | Policy, Programme and Innovation Division (OSZ), supported by other relevant corporate functions | <p>Agreed.</p> <p>The C&amp;V manual will be updated by the end of 2014 and a C&amp;V corporate results framework will be refined in 2015.</p> <p>OSZ is developing a “one-stop” website on C&amp;V matters for programme staff, and multi-functional training to all country offices is being rolled out.</p> <p>Partners at the corporate and country levels will be informed of WFP procedures.</p> <p>Financial service providers are selected through established competitive procedures. Negotiation occurs only in exceptional situations and is led by the Procurement Division. Guidance on negotiation with retailers will be included in the manual, on the website and in country office training sessions.</p> <p>To broaden sharing and participation, OSZ will increasingly engage with the C&amp;V community, especially the Cash Learning Partnership and the Better than Cash Alliance.</p> | <p>December 2014<br/>December 2015<br/>August 2015</p> <p>August 2015</p> <p>August 2015</p> <p>August 2015</p> |



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|---|-----------|--|---|
| <p><b>Recommendation 3: Update other sectoral and thematic policies to incorporate C&amp;V lessons and reframe business processes to equalize requirements for all modalities.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Integrate C&amp;V lessons into other policies – as policies are revised.</li> <li>➤ Clarify meaning of change to “food assistance” and disseminate to staff – 1–2 years.</li> <li>➤ Reframe C&amp;V business processes as “food assistance modality” processes, requiring the same rigorous analysis as for in-kind food assistance – 6 months to 1 year.</li> <li>➤ Compile lessons on shifting between modalities; adjust process and guidance to support this option – 1–2 years.</li> </ul> | OSZ       | <p>Agreed.</p> <p>OSZ will continue to integrate lessons learned from C&amp;V activities into other policy revisions when appropriate.</p> <p>WFP will continue to clarify and communicate its strategic shift to food assistance and the need for innovative solutions for an increasingly complex global environment. This transition has already been articulated in the Strategic Plan (2008–2013) and in the follow-up to the 2012 strategic evaluations “From Food Aid to Food Assistance: Working in Partnership” (WFP/EB.1/2012/6-A) and “How WFP’s Country Offices Adapt to Change” (WFP/EB.1/2012/6-B).</p> <p>Regarding business processes, WFP agrees on the importance of framing C&amp;V as a food assistance modality for which – to provide assurance for processes – analysis should be as rigorous as for other modalities. OSZ will continue to ensure equally rigorous analysis across all transfer modalities deployed by WFP.</p> <p>Lessons are being compiled and incorporated into all new guidance notes and project review processes.</p> | <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>December 2016</p> |





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| <p><b>Recommendation 4: Identify and empower clear change and matrix management leadership for C&amp;V in order to plan and monitor capacity development, resolve bottlenecks and prioritize change processes.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Assign responsibilities and accountability at Headquarters, regional bureau and country office levels to lead C&amp;V change processes and matrix management structures – immediate.</li> <li>➤ Establish timeliness, standards and processes for monitoring and resolving bottlenecks – 3–6 months.</li> <li>➤ Ensure better management of policy coherence and change prioritization – 6 months to 1 year.</li> </ul>  | <p>Operations Services Department (OS), Resource Management and Accountability Department (RM), and regional bureaux</p>                          | <p>Agreed.</p> <p>The business process model for C&amp;V has been endorsed at the corporate level and incorporated into the responsibility assignment matrix. Training is expected to be rolled out to all country offices by the end of 2015.</p> <p>The business process model and responsibility assignment matrix address bottlenecks by clearly defining responsibilities, accountabilities, and needs for consultation and information-sharing.</p>   | <p>Completed</p> <p>Ongoing</p>                      |
| <p><b>Recommendation 5: Invest in strategic institutional and personnel capacity development to sustain and increase gains in C&amp;V capabilities.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Develop and disseminate an action plan for key C&amp;V capacity development actions required over the next 1–2 years – immediate.</li> <li>➤ Invest in human resources competency development and recruitment to ensure needed skills and experience are available – immediate and ongoing.</li> <li>➤ Allocate adequate budgetary resources and develop capacity of functional units based on finalized C&amp;V roles and requirements – 6 months to 1 year).</li> <li>➤ Adjust organization structures to match strategy at Headquarters and country offices to better reflect future food assistance approaches – 1–2 years.</li> <li>➤ Adjust funding, skills and approach to support national capacity development and social protection, if deemed feasible for WFP – 2–3 years.</li> </ul> | <p>OSZ, OS, RM, Human Resources Division (HRM) and regional bureaux</p> <p>HRM</p> <p>Office of the DED/COO, OS, RM, HRM and regional bureaux</p> | <p>Agreed.</p> <p>Corporate C&amp;V training will be rolled out to most country offices by mid-2015. Activities are being planned for filling capacity gaps up to the end of 2015.</p> <p>Having made progress in 2014, WFP will continue to invest in establishing talent pools – including for C&amp;V – to improve the speed and quality of hiring decisions and expand access to talented people with the required capabilities.</p> <p>As part of the people strategy, functional leaders will be responsible for ensuring the continued development of skills and capabilities in their relevant areas.</p> | <p>December 2015</p> <p>Ongoing</p> <p>Completed</p> |

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|  | <p>OED</p> <p>OSZ</p>                                   | <p>In 2014 additional Programme Support and Administrative resources of USD 8.4 million were made available to regional bureaux to address critical gaps in programme areas including C&amp;V. Each regional bureau now has dedicated C&amp;V capacity to support country offices.</p> <p>In its next strategic plan, the structure of Headquarters and country offices will be aligned to improve support under food-assistance approaches.</p> <p>WFP will continue to ensure that C&amp;V activities are aligned with and support national policies and programmes on capacity development, social protection and safety nets.</p>   | <p>End of 2017</p> <p>Ongoing</p> |
| <p><b>Recommendation 6: Establish an advance funding mechanism for C&amp;V operations – or clarify the eligibility of C&amp;V projects to access current mechanisms – to enable rapid response and bridge gaps in funding to prevent interruption of critical assistance.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Develop a concept note outlining the scope and parameters of a C&amp;V advance funding mechanism – 6 months to 1 year.</li> <li>➤ Identify donors willing to contribute to a revolving fund for C&amp;V emergency response – 1–2 years.</li> <li>➤ Develop and disseminate procedures and guidance governing use of the fund and ways country offices can access it – 1–2 years.</li> </ul> | <p>RM, Business Innovation and Support Office (RMI)</p> | <p>Partially agreed.</p> <p>Under the last financial framework review, WFP's project structure was updated to allow country offices to plan, manage and report across assistance modalities including C&amp;V. This change was supported by updates to relevant policies and systems including the ability for county offices and regional bureaux to access the same internal financing mechanisms for all assistance modalities – including C&amp;V.</p> <p>In 2014 the Board approved the restructuring of the Working Capital Financing Facility, expanding the ceiling for project lending from USD 257 million to USD 570 million.</p> <p>As part of the financial framework review, the Secretariat will continue to review WFP's advance financing instruments in 2015, proposing additional improvements and efficiencies.</p> | <p>Completed</p> <p>Ongoing</p>   |





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| <p><b>Recommendation 7: Develop robust monitoring and evaluation and financial accounting platforms to systematically track C&amp;V specific costs, inputs, outputs, outcomes and implications within a framework that facilitates comparison among all modalities over time, across countries and across project/activity types.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Develop required indicators, analysis, reporting and evaluation – 1 year.</li> <li>➤ Build evidence to clarify and strengthen position regarding conditionality in relation to food assistance mandate – immediate start, then continuous.</li> <li>➤ Develop country-level partnerships with academic and research institutions to augment capacity for monitoring and evaluation as well as market analysis – 1 year to ongoing.</li> <li>➤ Determine ways to systematically measure the comparative effects of different modalities on gender and protection dynamics – 1 year to ongoing.</li> <li>➤ Systematically measure transaction costs and adjust project design to offset costs – 6 months to ongoing.</li> <li>➤ Separate financial tracking of cash versus vouchers and require ex-post analysis of cost effectiveness and cost efficiency – 6 months to 1 year.</li> </ul> | <p>Performance Management and Monitoring Division (RMP)</p> <p>OSZ</p> <p>RMP</p> <p>RMP</p> <p>OSZ</p> | <p>Partially agreed.</p> <p>Indicators A.1, A.4 and A.5 in WFP's Strategic Results Framework (SRF) require regular monitoring of food and C&amp;V quantities and values in all relevant operations. These indicators are usually analysed and reported on monthly – as part of distribution monitoring by country offices – and yearly, as part of corporate performance reporting.</p> <p>WFP will prepare a position paper to guide country offices on conditionality.</p> <p>At the country level, WFP prefers to augment internal monitoring and evaluation capacities rather than developing partnerships with academic and research institutions.</p> <p>Corporate guidance makes it clear that monitoring data on gender indicators included in WFP's SRF should be disaggregated by transfer modality (SRF indicator compendium pages 8, 12 and 15). This allows consideration of the comparative effects of different modalities on gender concerns. The next SRF compendium will include similar disaggregation requirements for corporate protection indicators to enable tracking under each of the three modalities.</p> <p>OSZ will prepare further guidance on measuring transaction costs, and update it as required.</p> | <p>Completed</p> <p>August 2015</p> <p>Ongoing</p> <p>August 2015</p> <p>August 2015</p> |
|  | <p>Finance and Treasury Division (RMF) supported by RMI</p>   | <p>Management acknowledges the need to increase use of current tools for ex-ante analysis of effectiveness: the Omega value, cost-efficiency analysis and cost-effectiveness analysis. These tools inform decision-making on transfer modalities, and Headquarters will continue to provide guidance to regional bureaux and country offices. Regarding efficiency measures, the latest financial framework and structure allow WFP to track the value of C&amp;V transfers to beneficiaries, but C&amp;V operation</p>   | <p>June 2015</p>   |



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|  |                      | and direct support costs are not disaggregated in the same way. Stakeholders and The Boston Consulting Group are examining alternative measurements with a view to establishing cost review of foundation, implementation and recurring costs based on experiences from leading country offices that have implemented C&V.                                      |                         |
| <p><b>Recommendation 8: Further develop WFP's critical C&amp;V tools and supporting systems to better enable effective and efficient project implementation.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Develop strategy, guidance and capacity for establishing financial service provider and shop arrangements – 6 months to 1 year.</li> <li>➤ Invest in knowledge and data management systems, including System for Cash Operations (SCOpe) roll-out – immediate start, then continuous.</li> <li>➤ Complete development of emergency standard operating procedures and pre-agreements in high-risk countries – 1–2 years.</li> </ul> | OSZ supported by RMF | <p>Agreed.</p> <p>RMF will support OSZ in developing a strategy, guidance and capacity for establishing arrangements with financial service providers and retailers. OSZ will increase investments in knowledge and data management systems, including roll out of SCOpe. Standard operating procedures are being developed and will be rolled out in 2015.</p> | End of 2015             |



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| <p><b>Recommendation 9: Enhance current partnership approaches and develop new partnerships to support WFP's implementation of the 2008 C&amp;V policy.</b></p> <p>Suggested actions:</p> <ul style="list-style-type: none"> <li>➤ Reassess cooperating partner selection criteria related to C&amp;V projects and encourage openness to non-traditional partners – 1 year to ongoing.</li> <li>➤ Identify ways to better include cooperating partners and other partners in project design stage – 1 year to ongoing.</li> <li>➤ Closely monitor WFP's new experiences in countries where it is providing a C&amp;V platform to other actors, and develop a clear corporate strategy and plans to guide service-provider roles and agreements – 1–2 years.</li> <li>➤ Review the relative value proposition for current and prospective corporate sector partnerships – 1 year.</li> <li>➤ Work with cooperating partners to better design projects to address gender and protection concerns, with monitoring and adjustment mechanisms – 6 months and then ongoing.</li> </ul> | <p>OSZ supported by Partnership and Governance Services Department (PG)</p> <p>NGO Partnerships Office (OSR)</p> <p>OSZ</p> <p>Private Sector Partnerships Division (PGP)</p> <p>OSZ</p> | <p>Agreed.</p> <p>OSZ will establish criteria for selecting cooperating partners for C&amp;V transfers and, in collaboration with the Partnership and Governance Services Department (PG), will continue to encourage partnering of non-traditional organizations.</p> <p>Management recognizes the advantages of including non-governmental organization (NGO) and other partners in the project design stage, as reflected in the 2014 corporate partnership strategy. In 2015, WFP plans to revise guidance on partnering of NGOs to provide country offices with more information on how to increase partners' inclusion in project design.</p> <p>Monitoring of country-level C&amp;V experiences was rolled out for the first time during the Gaza emergency response of 2014, enabling WFP to extend its C&amp;V platform to serve multiple humanitarian actors in various sectors. Based on that model, WFP is developing a digital platform to monitor the efficiency and effectiveness of digital transfers including those that are provided for meeting food and nutrition needs.</p> <p>WFP will develop standard rules of engagement with private-sector partners that will ensure clear segregation of partnership and procurement activities in agreements.</p> <p>Monitoring of gender and protection concerns will be included in follow-up reports on the first two suggested actions under recommendation 9.</p> | <p>End of 2015</p> <p>End of 2015</p> <p>End of 2016</p> <p>March 2015</p> <p>June 2016</p> |

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## ACRONYMS USED IN THE DOCUMENT

|       |   |
|-------|---|
| C&V   | cash and vouchers                         |
| HRM   | Human Resources Division                  |
| NGO   | non-governmental organization             |
| OED   | Office of the Executive Director          |
| OS    | Operations Services Department            |
| OSL   | Logistic Division                         |
| OSP   | Procurement Division                      |
| OSZ   | Policy, Programme and Innovation Division |
| RMF   | Finance and Treasury Division             |
| SCOpe | System for Cash Operations                |
| SRF   | Strategic Results Framework               |