



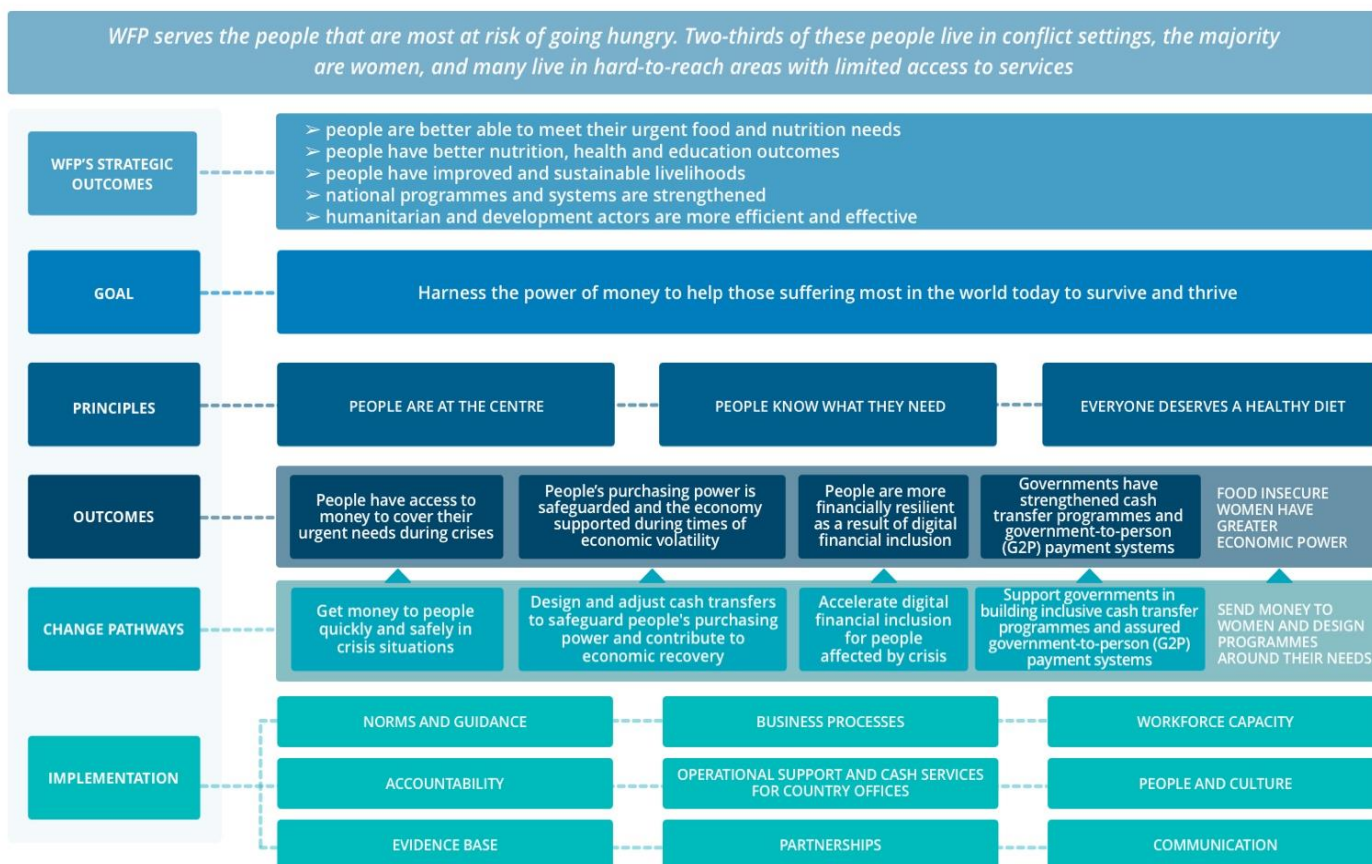
## Supplementary information note to the cash policy

### Implementation plan

#### Introduction

1. This implementation plan describes the most important *changes* that WFP will make to align operations and corporate capabilities in order to achieve the objectives of its cash policy, including how it will make and measure those changes. The plan does not describe the regular work that WFP already does to send money to people.
2. The changes are grouped into nine interdependent building blocks at the foundation of the policy's theory of change, which is shown in the diagram below and described in more detail in the narrative that follows.
3. The implementation of the policy requires an investment of USD 21.5 million over three years, which will be pursued through a critical corporative initiative as well as through contributions from governments and foundations and other private sector entities. It is expected that implementation of the policy will reduce costs over time and thus offset this initial one-off investment. A new more efficient approach to establishing a consistent level of *assurance maturity* across operations will be introduced in the first year of the policy, as described below. This new approach will be cost-neutral overall and make assurance more affordable for small and underfunded operations.

## CASH POLICY THEORY OF CHANGE



### The building blocks of change

- 4. Norms and guidance:** The normative framework to support the policy is currently 60 percent complete. The yet to be completed elements of the framework will focus on anticipatory cash transfers; prioritizing women as primary cash recipients; supporting inclusive and assured government-to-person payments; designing people-centred cash transfers; standards and principles for identity management; and integration of the priorities of the new policy into the country strategic plan framework. Guidance and other normative products will be updated regularly to keep up with changes in global and country-level contexts. The main emphasis will be on clear and simple guidance (in English, French and Spanish) that is easy for colleagues around the world to find, understand and use in any context. WFP will make its guidance on cash-based transfers a public good, sharing it openly with governments and other partners that may find it helpful in their efforts to improve their cash transfer programmes.
- 5. Accountability:** WFP officially issued its cash assurance framework, which clarifies who is accountable for risk mitigation measures to ensure that the money WFP sends reaches the right people, in 2022. The framework requires all operations to meet five standards and put in place eight minimum risk mitigation measures; it comes with a system for monitoring progress over time. As of the first quarter of 2023 country offices are regularly reporting on the extent to which they have the minimum measures in place; they are also reporting on their main concerns, such as not having effective community feedback mechanisms in place,

difficulty procuring good financial products and services, not having secure platforms for cleaning and transforming data; and struggling to reconcile transfers at the end of each cycle. The progress monitoring system helps WFP to target support to country offices that are finding WFP processes difficult to implement. Knowledge of these areas will allow WFP to invest in smarter and more efficient ways to meet the assurance standards described in the business processes building block below.

6. **Evidence base:** As part of the policy development process WFP reviewed the available evidence on the areas relevant to the policy. A lot of research has been carried out within the humanitarian and development communities over the past decade, including by WFP. However, as cash operations evolve and adapt to the changing contexts in which they are implemented WFP and its partners will need to continue to learn and apply what they learn to the design and implementation of cash programmes. Evidence gaps that WFP will focus on include:
  - the use of cash transfers to prevent malnutrition;
  - exploring the advantages of various approaches to building women's digital and financial capability;
  - the programmatic design choices best suited to achieving long-term impact on people's digital financial inclusion.
7. WFP will contribute to the collective evidence base of the cash community and will proactively use evidence others have generated in order to continuously improve its operations.
8. **Business processes:** There are currently two business processes that are working against WFP's ability to achieve the objectives of its cash policy and will require investment if they are to be changed:
  - The way that WFP procures financial products and services does not support a model that allows people to choose how to receive their money. When people are required to use an account with an institution that WFP has chosen for them, they are less likely to consider the account their own; this works directly against the objective of financial inclusion. WFP is reviewing processes for procuring financial products and services with the aim of giving people more good options from which to choose.
  - The way that WFP collects and verifies people's personal information through registration and verification exercises is cumbersome, expensive and time-consuming for both WFP and the people it assists. New approaches that are easier and more secure have been developed in the context of recent emergencies and are expected to enable WFP (and possibly governments) to get assured payments to people within days and without the need for people to line up to receive it.
9. **Operational support and cash services for country offices:** Alongside the launch of the cash assurance framework in 2022, WFP also launched a catalogue of specialized services that country offices can use to bring their operations quickly up to standard. The catalogue includes data assurance and reconciliation services that are fundamental to mitigating risks related to fraud, error and data protection and that underpin the ability to quickly and securely scale up an operation. The data assurance services are provided by a centralized group of data analysts and scientists that work through a secure platform to clean, check, correct and reconcile the personal data of the people that WFP assists so that it can be confident that money it sends reaches the right people. About one third of country offices are now using these services, and recommendations from various oversight exercises continue to show that professional data assurance is critically important for all operations.

To ensure that country offices have strong foundations for their cash operations and are able to achieve the objectives of the new cash policy WFP will roll out basic data assurance services (for reconciliation) globally through a sustainable internal funding mechanism that will ensure that they are affordable for all operations, large and small. In addition to these services, WFP is exploring new models for providing more direct and efficient support to country offices, including for cash operations.

10. **Partnerships:** To achieve the outcomes of the cash policy WFP will need to collaborate actively with a large range of partners, for example communities in order to gain support for and find champions of women's economic empowerment; financial inclusion actors in order to get information to people that makes them confident about how to engage with banks and mobile money operators; governments and international financial institutions in order to strengthen delivery systems for national cash transfer programmes; and many more. WFP will also continue to participate actively in humanitarian cash coordination mechanisms to ensure efficient and joined up assistance to people in crises and fragile contexts.
11. **Workforce capacity:** WFP's workforce has not kept pace with the rapid increase in the use of cash transfers. A functional review in 2022 revealed that globally there were fewer than 300 people dedicated to implementing cash-based transfers (CBTs), which in that year totalled USD 3.3 billion in cash and vouchers. There is a large variation in the size and shape of CBT teams in country offices and regional offices. There is no global training or global meetings at which to exchange best practices for CBTs. Attracting and growing talent, rightsizing the global workforce dedicated to CBTs and ensuring sufficient rapid response capability to deploy to emergencies is critical to enabling country offices to achieve the impact that the cash policy aims for.
12. **People and culture:** The outcomes of the cash policy require a united and fully inclusive global workforce. Changing the power dynamics, norms and biases that exist both inside WFP and in the way aid is delivered by the larger humanitarian sector will require an explicit and continuously reiterated and reinforced commitment by leadership, backed up by resources and aligned with broader corporate efforts. WFP will continue to promote a style of leadership that demonstrates zero tolerance for all forms of harassment and abuse of power. WFP will embrace and embody values that aim at levelling the playing field in the way that staff work together as colleagues, in all its interactions with the people and communities it assists and in the way that it collaborates with civil society and governments.
13. **Communication:** Effective communication helps people to understand complex issues, to empathise and engage with one another and to collaborate to make the world a better place. WFP has changed the way that it explains why sending money to people by transferring it to their own accounts is empowering: WFP is letting people tell their own stories because their words are more authentic and compelling than anything that WFP could say. WFP has intentionally simplified and replaced technical jargon with plain language so that guidance and the evidence from important studies are easily grasped and applied by colleagues who are implementing cash operations. Communicating about what WFP is doing in a way that is clear, open to examination by all audiences and subject to healthy debate is critical to continuous learning and improvement and enables the changes needed to achieve the impact envisaged by the cash policy.

## New approaches to achieving a consistent level of assurance maturity

14. The most important measures for mitigating cash losses caused by error and malfeasance continue to be the use of systems selected from WFP's CBT systems menu for the creation and validation of payment lists and *reconciliation*. The systems menu includes the corporately endorsed systems that have proper controls in place and that country offices can select from to best meet their operations' needs. Reconciliation involves checking – record by record – that the right people receive the money that WFP sends. It needs to be done very swiftly after each batch of transfers is made. It involves handling enormous amounts of people's personal information from a variety of WFP, partner, government and financial service provider systems and flagging where transfers are not successful or are made to the wrong accounts, along with other anomalies that could indicate fraud. It is best done by professional data scientists and analysts in a secure environment with auditable procedures and analytics tailored to the peculiarity of the data in each operational setting.
15. Oversight bodies have consistently flagged reconciliation as something that most country offices are not equipped to do well. In 2021, WFP launched centralized reconciliation services that country offices can use instead of trying to build their own capability locally. To date the services have been offered on-demand, and country offices may choose whether to do reconciliation themselves or have it done professionally. About 30 percent of WFP's CBT operations are using the services. However, recent audits, for example WFP's External Auditor in 2023, found that the only country offices that are doing reconciliation properly are those using the central service. The auditors have recommended that use of the service be made universal.
16. Using systems from the systems menu and with universal reconciliation in place, WFP would be in a position confidently to cover any residual risk through self-insurance, as it currently does with regard to food losses. Self-insurance would pool the risk of loss, mitigate it at the right level and simplify contracting with financial services providers by allowing more flexibility in the use of the bonds and guarantees that are requested; these currently give a competitive advantage to large international banks, mobile network operators and remittance companies that are often not the best option for the people to whom WFP sends money or the option that they would choose.
17. Together, the self-insurance and the universal reconciliation service would mitigate the main CBT risks centrally, allowing country offices to spend more time on programme quality and to contract more easily with – and with a wider range of – financial services providers, enabling the people that WFP assists to choose how to receive their transfers. Evidence shows that if people can choose, they are more likely to use an account that they open, which is a critical factor contributing to financial inclusion.

## Recommended investment to accelerate the change

18. A one-time investment of USD 21.5 million over three years would enable WFP to accelerate the change that is sought through the implementation of the cash policy. This investment would quickly be offset by significant new savings in the cost of delivering cash transfers globally. The specific areas that need investment are in **bold** in the matrix below. Together they would enable WFP rapidly to increase the proportion of assistance it provides through unrestricted cash transfers and to get money to people in crises more quickly and securely. Unrestricted cash is the most cost-efficient form of assistance that WFP has and, when provided in advance of a disaster striking, it allows people to protect themselves and reduces the overall cost of humanitarian response. The lower delivery costs associated with unrestricted cash transfers across all of WFP's operations will easily offset the small initial investment required to catalyse the change.

19. To measure this efficiency and as an input for the evaluation of the policy, WFP will commission an external return on investment study that will look at what it costs to implement the full assurance framework globally, including through new and better delivery systems, and what benefits have resulted to WFP, governments, partners and most importantly, the people that WFP assists.

BUILDING BLOCK	WHAT	HOW
Norms and guidance	Set standards and guidance for implementing cutting-edge operations for sending money to people in the best possible way.	<ul style="list-style-type: none"> <li>➤ Simplify the normative package for designing, delivering and providing assurance for user-centred cash operations.</li> <li>➤ Ensure organization-wide coherence of normative products in alignment with the cash policy.</li> <li>➤ Monitor evolving global and operational contexts and the evidence base and adjust guidance to help country offices implement the most effective cash operations for their contexts.</li> <li>➤ <b>Provide hands-on support to country offices in their efforts to update the design of their cash operations to be people-centred and to achieve digital financial inclusion and women's economic empowerment and other outcomes envisaged in the policy.</b></li> <li>➤ <b>Ensure that country offices have the expertise they need to support governments in the provision of inclusive and assured government-to-person payments.</b></li> </ul>
Accountability	Ensure that money reaches the right people at the right time and that WFP cash operations are accountable to the people it assists.	<ul style="list-style-type: none"> <li>➤ Implement the cash assurance framework and monitor global progress towards the five assurance standards.</li> <li>➤ Mitigate key risks at the corporate level so that country offices can focus on delivering faster and better by introducing self-insurance to cover losses and universal reconciliation services to prevent losses.</li> <li>➤ Integrate cash delivery platforms with robust community feedback mechanisms to ensure strong accountability to the people WFP assists.</li> <li>➤ <b>Commission an external return on investment study to understand the costs and benefits of the assurance measures that WFP has invested in in the period 2022–2025.</b></li> </ul>
Evidence base	Learn from, contribute to and share evidence to inspire others and raise the bar for high-quality cash operations.	<ul style="list-style-type: none"> <li>➤ Capture and share learning from WFP's and other actors' activities and use it to improve WFP operations and the services that it provides to governments.</li> <li>➤ Advise others (governments, partners) to adopt practices that achieve the best results for people.</li> </ul>
Business processes	Establish processes that achieve better results for the people WFP assists and that make the process of receiving assistance from WFP a positive one.	<ul style="list-style-type: none"> <li>➤ <b>Adapt the way that WFP procures financial products and services so that people can choose how to receive and use their money and become part of the digital financial economy.</b></li> <li>➤ <b>Replicate and roll out new approaches and tools for registration and verification developed in the field that can help country offices to respond with speed and agility to new emergencies (as anticipatory action or within 72 hours) and reduce</b></li> </ul>

BUILDING BLOCK	WHAT	HOW
		<b>costs in ongoing operations and that are convenient and dignified for the people that WFP assists.</b>
Operational support and cash services for country offices	Ensure that country offices have what they need to implement quality and assured CBT operations.	<ul style="list-style-type: none"> <li>➤ Make it easy for country offices to get the advice and support they need, when they need it.</li> <li>➤ <b>Expand specialized services available to country offices to quickly meet assurance standards, reduce the amount of transactional work they have to do, and free up their time to improve the quality of their cash operations.</b></li> </ul>
Partnerships	Make a step-change in the partnership strategy for cash operations to achieve better results for people.	<ul style="list-style-type: none"> <li>➤ Partner with people that WFP serves, community groups, service providers and NGOs on the ground to benefit from context-specific knowledge and strengthen local capacity.</li> <li>➤ Collaborate with government actors at the national and local levels to support and capitalize on national structures and systems.</li> <li>➤ Unite forces with new and non-traditional partners from the United Nations, the NGO community, the private sector and among national institutions to achieve greater impact for people receiving cash transfers.</li> <li>➤ Leverage cash coordination systems and collaboration with United Nations and NGO partners to ensure that people receive money efficiently, effectively and in ways that work for them.</li> </ul>
Workforce capacity	Build a global workforce dedicated to unlocking the full potential of cash.	<ul style="list-style-type: none"> <li>➤ Attract, retain and inspire a diverse, inclusive and passionate workforce.</li> <li>➤ Right-size CBT staffing structures across the organization.</li> <li>➤ <b>Invest in staff through robust on-boarding, career planning and global training to ensure they have the technical skills and organizational backing to maximize the positive impact that cash operations can have on people that WFP assists.</b></li> <li>➤ Equip and train WFP's surge staff with CBT skills and knowledge to ensure that people with the right profiles are available to offer support when needed.</li> </ul>
People and culture	Contribute to an organizational culture that is more conducive to and deliberately promotes inclusiveness, innovation, transparency and accountability at all levels for better cash operations.	<ul style="list-style-type: none"> <li>➤ Support organization-wide people and culture initiatives and ensure that CBTs are part of change management projects on workplace culture.</li> <li>➤ Cultivate a WFP leadership that confidently steers the direction of cash operations.</li> <li>➤ Make the CBTs division a model of a nurturing, safe and productive workplace environment.</li> </ul>
Communication	Transform the way we communicate on cash to put people and their experiences at the centre of cash operations.	<ul style="list-style-type: none"> <li>➤ Place the voices and stories of people that WFP assists at the centre of its communications on cash, internally within WFP and with partners, and as part of the global discourse on cash.</li> </ul>



<b>BUILDING BLOCK</b>	<b>WHAT</b>	<b>HOW</b>
		➤ Simplify how WFP talks about cash to ensure that its messages are clear and easily accessible to everyone and to bring the cash policy to life.