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## Update on the implementation of WFP's cash policy

### Executive summary

This update summarizes progress in the implementation of WFP's 2023 cash policy ([WFP/EB.A/2023/5-A](#)). Across WFP operations, cash remains an important and highly effective and accepted programme and delivery choice. Since the approval of the policy WFP has made substantial progress in its implementation, in particular with regard to guidance, partnerships, global assurance and business processes. This update reports on activities and achievements to date, in addition to the impact of WFP's reduced resourcing and the restructuring of headquarters on the implementation of the cash policy.

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## Introduction

1. WFP's first cash-related policy, entitled "Vouchers and cash transfers as food assistance instruments: opportunities and challenges", was approved by the Executive Board in 2008, laying the foundation for cash and vouchers to be part of WFP food assistance programmes. In 2008 WFP considered cash transfers to be an alternative means of getting food to people, but at the time there was uncertainty about their impact on markets and people's protection, as well as what people would buy with their assistance.
2. The current cash policy, approved by the Executive Board in June 2023, draws on ample evidence accumulated over the past decade showing that in most cases cash effectively and efficiently meets people's food, nutrition and other essential needs. The policy highlights the unique benefits of cash, including the flexibility it gives people to protect themselves from impending disasters and to cope with and recover faster from crises. Cash transfers also have multiplier effects on local economies, while protecting people's purchasing power. The 2023 policy reflected significant growth in WFP's use of cash-based transfers, from USD 10 million delivered to 1 million people in 10 countries in 2009 to a record USD 3.3 billion transferred to 56 million people in 72 countries in 2022 (representing 35 percent of all WFP assistance that year). The policy highlights the leadership role that WFP has assumed as the world's largest provider of humanitarian cash and how WFP is increasingly transferring cash assistance capability to governments. Setting out an ambitious strategy for responding to people's immediate needs, while simultaneously laying the foundations for them to change their lives, the policy focuses on five 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;
  - iv) governments have strengthened cash transfer programmes and government-to-person (G2P) payment systems; and
  - v) food-insecure women have greater economic power (cross-cutting outcome).
3. This update provides an overview of the policy's first year of implementation, including the changes following WFP's February 2024 reorganization and impact of the resourcing constraints it has faced over the last year.

## Developments and challenges

4. The proportion of WFP's overall assistance portfolio that was delivered as cash-based transfers grew from 35 percent in 2022 to 39 percent in 2023, and the number of operations using cash-based transfers increased from 72 to 76. The use of unrestricted cash transfers grew from 65 percent of all cash-based transfers in 2022 to 67 percent in 2023.
5. More operations began transferring money to accounts held by women: USD 151 million was sent to 1.3 million women's accounts in 2022, while in 2023, USD 309 million was transferred to 2.3 million women's accounts. This is a clear indication that more country offices are aiming for the long-term impact that can be achieved when women control their own money and have their own accounts.
6. WFP's cash-based transfers continue to be a widely used and effective assistance modality. Cash-based transfers, as all WFP operations, were affected by the global funding shortfalls and the 40 percent decline in confirmed contributions that the organization experienced in 2023 compared to 2022. As a result, the total value of cash-based transfers and commodity vouchers fell 11 percent from USD 3.3 billion in 2022 to USD 2.9 billion in 2023, primarily as

a result of scale-downs or operational challenges in large-scale emergencies such as in Afghanistan, Burkina Faso, the Sudan, Ukraine and Yemen. The amount of cash delivered on behalf of governments and other partners fell by 25 percent, from USD 233 million in 2022 to USD 174 million in 2023, mostly because of the end of cash-based government funding for relief in response to the coronavirus disease 2019 pandemic. Despite the overall reduction, the number of people assisted with cash-based transfers grew from 56 million to 57.5 million, indicating a reduction in transfer values and/or the duration of assistance. Cash-based transfers were not affected to the same degree as other modalities such as food transfers, resulting in cash as a percentage of WFP's total assistance portfolio increasing from 35 percent in 2022 to 39 percent in 2023.

7. Persistent resourcing constraints threaten to hamper the implementation of the cash policy. The budget accompanying the cash policy implementation plan presented to the Executive Board in June 2023 estimated that USD 21.5 million would be needed in the first three years to align operations and corporate capabilities in order to achieve the objectives of the policy. At the time WFP's annual contributions forecast was USD 10 billion – significantly less than the 2022 budget of USD 14.1 billion and USD 2 billion more than the USD 8.3 billion received in 2023. Over the last two years, reduced funding from the programme and administrative budget for the Cash-based Transfer Division has been at least partially offset through additional bilateral grants and critical corporate initiative funding. Ensuring adequate financing over the next two years will be critical to the full implementation of the policy.
8. Late in 2023 a sizable proportion of the Cash-based Transfer Division's staff time and resources was shifted to supporting WFP's global assurance project, which was established to set standards and minimum measures for reducing the risk of error and fraud in WFP operations. Given the high level of assurance associated with cash transfers, the division was asked to work directly with high-risk country offices to ensure that the right people were receiving the in-kind food assistance they needed, safely, in full and without interference.
9. The Cash-based Transfer Division was dissolved in February 2024 with the restructuring of WFP headquarters, and the majority of its staff, workstreams and resources were absorbed by the three divisions of the Programme Operations Department. Most cash-based transfer work is now the remit of the Delivery Assurance Service, part of the newly configured Supply Chain and Delivery Division responsible for ensuring that the right people receive the best form of assistance (cash, vouchers or in-kind food) in an empowering and dignified manner and that governments and partners receive high-quality, cost-efficient supply chain and cash transfer services from WFP when needed. The expanded mandate of the service includes achieving relevant outcomes of the cash policy and strengthening "last mile" assurance in all WFP operations.
10. Under the new structure, digital financial inclusion and women's economic empowerment fall under the remit of the Programme Policy and Guidance Division's Gender, Protection and Inclusion Service. Work on identity management norms and user experience falls under the Analysis, Planning and Performance Division. A cross-departmental working group coordinated by the Programme Policy and Guidance Division front office has been established to facilitate discussions, accelerate collaboration, strengthen policy implementation and ensure that commitments are met.

## **Progress and way forward**

11. The cash policy is accompanied by an implementation plan detailing the most important changes that WFP seeks to implement to align cash operations and corporate capabilities to achieve the outcomes of the policy. The implementation plan outlines nine pillars that support the implementation of the policy: norms and guidance; accountability; evidence base; business processes; operational support and cash services for country offices; partnerships; workforce capacity; people and culture; and communication.

### **Norms and guidance**

12. A great deal of work has been completed with regard to norms and guidance in an effort to ensure that country offices can effectively and efficiently handle cash-based transfers. The guidance for country operations has been streamlined and simplified. The CashBook, a one-stop shop for field operations implementing cash interventions, was launched at the beginning of 2024 and is available in English, French and Spanish. At the same time the Cash in Emergencies Toolkit was updated and aligned with the new cash policy. Guidance on specific aspects of the policy was also developed, including on inclusive and assured G2P payments, money transfers for unaccompanied children and child heads of household, and disability-inclusive cash-based transfers.
13. Sessions on the new guidance materials continue to be conducted with regional bureaux and country offices. On-demand webinars are also held for country offices to ensure that they have the knowledge and skills needed to implement the cash policy. A cross-functional team was created at headquarters to respond to increased requests from country offices for cost-efficiency analysis to inform the selection of transfer modalities.
14. Following WFP's reorganization, the Programme Policy and Guidance Division front office oversees policy coherence and coordination and seeks to ensure that the cash policy commitments are integrated into key corporate processes, including the development of country strategic plans. The Delivery Assurance Service and the Gender, Protection and Inclusion Service will continue to develop targeted guidance and support WFP operations.

### **Accountability**

15. In March 2022 WFP issued a cash assurance framework directive that established eight priority risk mitigation measures that country offices should have in place to ensure that the right people receive the right cash-based transfers at the right time while mitigating the risk of fraud, error or other possible diversion of assistance. A cash assurance monitoring system also established in 2022 has proved beneficial as it allows country offices and regional bureaux to quickly evaluate cash operations as part of a risk and controls framework and helps WFP to support country offices that are finding processes difficult to implement. The Delivery Assurance Service is addressing the need expressed by some country offices for increased capacity to effectively manage and implement cash-based transfer programmes, particularly in relation to identity management, transfer reconciliation, digitalization and automation. Country offices have also requested that systems be more efficient and interoperable, factors being taken into account for the development of future technical solutions.
16. Moving forward, the Delivery Assurance Service is rolling out universal cash reconciliation processes through centralized professional data services to prevent losses, prioritizing their implementation in country offices managing high-risk operations by the end of 2024. In addition the menu of headquarters-approved identity management systems is continually being improved.

## Building an evidence base

17. While the decrease in funding has resulted in WFP deprioritizing evidence generation, organization-wide efforts to explore the impacts of cash remain robust. WFP's cash-based malnutrition prevention programming has demonstrated that cash combined with social and behaviour change can benefit child and maternal nutrition and have positive effects on dietary diversity and the consumption of animal-based food, even in conflict settings. In addition, as part of a [partnership](#) with the Centre for Financial Inclusion, WFP released a study in September 2023<sup>1</sup> that demonstrated how directing funds to women on behalf of their households can reduce risk factors associated with intimate partner violence. WFP also systematically monitors and extracts lessons from centralized and decentralized evaluations relevant to cash operations – such as through the recently completed Office of Evaluation-led initiative to coordinate a portfolio of impact evaluations on cash transfers and gender equality outcomes across WFP country programmes – to ensure that learning continues to inform the evolution of cash programmes in WFP.
18. The digital financial inclusion team within the Gender, Protection and Inclusion Service is supporting country office efforts to ensure that their cash operations are people centred and that progress can be measured. In this regard WFP has begun to collect data on the number of women who receive cash-based transfers, disaggregated by account type (bank, mobile money and others). In 2023 WFP transferred USD 309 million directly to the accounts of 2.3 million women, benefitting 11 million people, which means that since 2020 the number of women assisted has more than doubled. Two thirds of these transfers were made to women's mobile money accounts, while one third was to bank accounts.
19. As part of the policy development process, WFP reviewed evidence in relevant areas. The organization has also conducted extensive research in the humanitarian and development communities over the past decade. However, as cash operations evolve and adapt to changing operating environments, WFP will need to continue to learn and apply lessons to the design and implementation of cash programmes.

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**Operational highlight.** WFP is accumulating **evidence** on the way digitized transfers to people's own financial accounts can **increase cash efficiency and assurance**. Over 12 months WFP's Ukraine office saved more than USD 1.2 million in transfer fees by transferring money to people's own accounts rather than through international money transfer services that charge additional fees. This is the equivalent of serving 10,000 people for three months. In Jordan WFP ensures that assistance is delivered to the right people by verifying the identity of wallet owners every month, thanks to an application programming interface with the Jordan Payments and Clearing Company. Switching from WFP-owned cards to mobile wallets owned directly by people has also reduced operational costs, which ultimately means more money in the hands of people served by WFP. In 2022 and 2023, when almost 50,000 households opted to switch from voucher cards to mobile wallets, WFP saved over USD 200,000 in transfer costs. This is equivalent to the amount that 2,000 refugee households would receive in a month. The cost of transferring mobile money is estimated to be only 12 percent of the cost of providing vouchers.

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## Business processes

20. WFP is working to implement a "choice model" that allows people to decide how to receive their money because sending humanitarian payments to people's own financial accounts – whether bank accounts or e-wallets – can have additional positive effects and strengthen

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<sup>1</sup> Centre for Financial Inclusion and WFP. 2023. *Sending Cash Transfers to Women: How to Design Programs that Enhance Well-Being While Safeguarding Against Intimate Partner Violence*.

their digital financial inclusion. A normative framework for such an approach has been released and disseminated through the CashBook. To help country offices design inclusive procurement activities for financial services, WFP has developed capacity strengthening videos that it has published on its intranet; additional capacity strengthening on the choice model and financial technology products are planned to take place by the end of 2024. Thus far, nine countries have either adopted or are planning to adopt the choice model, namely, Guatemala, Jordan, Kenya, Madagascar, Nepal, Senegal, Sri Lanka, Ukraine and the United Republic of Tanzania. WFP currently has over 120 payment providers under contract across 58 countries. The organization has a global long-term agreement with Western Union for remittance services and payments to wallets and is establishing two long-term agreements with financial aggregators to cover 43 operations.

## **Operational support and cash services for country offices**

### ***Payments and services***

21. The Delivery Assurance Service supports country offices on three main aspects of the cash policy: implementation of the choice model, which puts people at the centre and fosters financial inclusion by providing cash assistance through the financial accounts of their choice; a payment strategy for country office cash operations and the selection of appropriate payment solutions for a given context; and technical assistance to enhance the knowledge and capacity of field staff on digital payments and the financial services sector. Services are already being used by over 45 country offices, including those for Colombia, Ethiopia, Lebanon, the Syrian Arab Republic, Uganda and Ukraine.
22. Alongside the launch of the cash assurance framework in 2022, WFP also released a catalogue of specialized services that country offices can use to bring their operations quickly up to standard. These services are run through a sustainable internal funding mechanism.

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***Operational highlight:*** *WFP has been working to expedite cash assistance in emergencies. People in crisis normally register for humanitarian assistance by waiting in line to give their personal information. Staff verify and check data and then prepare distribution lists – a process that can take weeks. WFP has developed an innovative way of enrolling people so cash assistance can be dispensed in **around three minutes**. This system was initially rolled out in Egypt during an emergency operation to help Sudanese refugees and is now being deployed in other emergencies such as in Gaza.*

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23. Data assurance services are provided by a centralized group of data analysts and scientists who work through a secure platform to clean, check, correct and reconcile the personal data of the people that WFP assists so that the organization can be confident that its money transfers reach the right people.
24. WFP's Global Reconciliation Service advises country offices on how to strengthen reconciliation practices and standardize reporting. The package it offers includes transfer reconciliation, a "Global Reconciliation Service Playbook" and enhanced analysis through a dashboard that automatically aggregates and presents data. Eight country office reconciliation assessments were completed in the first quarter of 2024 and nine in the second quarter.

## **Field support and rapid response**

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**Operational highlight.** *To ensure that cash transfers are efficient and effective in the context of **economic volatility**, recommendations for dealing with economic risk in contingency plans have been outlined, and contingency plans incorporating such recommendations have been developed for the Afghanistan, Pakistan and Zimbabwe country offices. These plans identify potential economic and financial risks along with mitigation and preparedness measures. The risks covered include price changes, currency fluctuations, liquidity shortages, banking system disruptions, debt default and trade restrictions. The measures identified to address such risks include programmatic adjustments (such as adjusting the transfer value, frequency or currency of payments or transfer mechanisms), changes to financial service provider contracts, advocacy for a preferential exchange rate or other conditions and additional monitoring requirements.*

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25. The field support and rapid response team of the Delivery Assurance Service is now organized around two key pillars: emergency preparedness and response, and operational and technical support for regional bureaux and country offices. Two other pillars related to workforce planning and knowledge management have been deprioritized as a result of WFP's reorganization. Since January 2023 the team has successfully completed 21 deployments to assist in operations designated as "corporate scale-up" or "corporate attention", including in Chad, the Democratic Republic of the Congo, Ethiopia, Gaza, Haiti, Somalia and Ukraine. On average the team's rapid response officers have spent over 60 percent of their time in the field. Feedback from the country offices has been consistently positive.

### **Partnerships**

26. To achieve the outcomes of the cash policy, WFP collaborates with a large range of partners, including communities in order to gain support for women's economic empowerment; financial inclusion actors in order to disseminate information to people that makes them confident about how to engage with banks and mobile money operators; and governments and international financial institutions in order to strengthen delivery systems for national cash transfer programmes.
27. Through the global Cash Advisory Group, WFP works with other United Nations entities, NGOs, the CALP Network, the International Red Cross and Red Crescent Movement and local actors on the implementation of the new cash coordination model of the Inter-Agency Standing Committee. The Cash Advisory Group has developed global standards and key performance indicators for effective, predictable and accountable cash coordination. WFP led the development of guidance for reporting on multi-purpose cash through humanitarian response plans and will also lead the rollout of the guidance, which was approved in May 2024. The Cash Advisory Group continues to work with the Donor Cash Forum on a resourcing plan for cash coordination, focusing on locally-led coordination.
28. Partnering with communities and putting people at the centre of WFP assistance is at the heart of the cash policy. Several country offices including those for the Bolivarian Republic of Venezuela, Lebanon, Pakistan and Sri Lanka have benefitted from a "user experience" design approach to cash programming that leverages research and new knowledge to improve the overall experience of receiving assistance. The Algeria and Mozambique country offices are also planning user experience design activities to improve their operations.

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***Operational highlight.*** WFP partnered with the Ministry of Gender, Children and Social Protection of Ghana and other implementing partners to develop and provide digital financial literacy content that is voice-enabled and freely accessible via basic mobile phones. To respond to the needs and barriers that women face, including time and mobility challenges, WFP and partners tailored the content and format of the digital financial literacy materials to local circumstances and language requirements so as to increase the use of digital financial services for social protection payments.

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29. Leveraging its convening power and reputation as a thought leader, WFP brought together more than 80 representatives from governments, central banks, international financial institutions, the private sector, other United Nations entities and WFP country offices from around the world to share experiences and best practices at the “Her Money. Her Account. Her Future.” event held at WFP headquarters in October 2023. Guided by the stories and voices of women with whom WFP engages, participants reported on local experiences and challenges and shared learning and ideas on how best to use cash transfers to contribute to women’s digital financial inclusion and economic empowerment; they also signed a declaration of intent on the subject.
30. During the twenty-eighth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in 2023, WFP – in partnership with the Better Than Cash Alliance; the governments of Ethiopia, Ghana and the Philippines; the Vulnerable Twenty group; and Mercy Corps – launched a call to action to urge governments, humanitarian actors, financial institutions and the private sector to use responsible digital payments for timely emergency response and preventive action so that the people most affected by climate change become more financially resilient to shocks and stressors.
31. In addition, in 2023 WFP became an official member of the Consultative Group to Assist the Poor, a global partnership of more than 30 leading development organizations that works to advance the lives of people living in poverty, especially women, through financial inclusion. The Reaching Financial Equality for Women Alliance invited WFP to join and support the promotion of a 10-point action plan for governments, companies and international organizations to help end women’s economic exclusion. WFP is also working with the Alliance for Financial Inclusion, a policy leadership alliance owned and led by member central banks and financial regulatory institutions with the common objective of advancing safe, empowering financial inclusion outcomes.

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***Operational highlight.*** WFP’s Ukraine office is increasingly assisting people through cash transfers, complementing social assistance payments from the Government. In May 2024 90 percent of cash transfers were delivered directly to people’s bank accounts, using IBAN and bank account information. More than 60 percent of these accounts – over 270,000 – are owned by women. Bank accounts are increasingly chosen by people as the vehicle for receiving payments over other options such as Western Union, which was the primary mechanism at the start of WFP’s current operations in Ukraine. The 10 percent of the people that WFP assists who do not have access to bank accounts can pick up their assistance at Ukraine’s national postal service locations. People with disabilities receive their payments at home via the postal service.

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32. As part of its service provision role and leveraging its expertise in cash assistance, WFP has been enabling governments to send more money to more people in an assured and financially inclusive manner. WFP does this by either paying people on behalf of governments or by channelling its own payments through G2P payment systems. This work



shapes WFP's technical support for governments as well as its collaboration with other stakeholders such as international financial institutions to strengthen government cash transfer programmes and G2P payment systems in line with its cash policy. WFP provides G2P payments services to the Government of Lebanon, while in Bangladesh, Fiji, the Republic of Moldova, the Philippines, Sri Lanka and Ukraine WFP has been engaging with G2P payment systems so that more people can receive more money.

### **Workforce capacity and people and culture**

33. To ensure that WFP country offices can call on people with the skills needed to implement cash operations that align with the priorities of the cash policy, WFP has compiled a roster of consultants to fill any staffing gaps that may arise.
34. Since the introduction of the policy WFP has facilitated four cash-based transfer workshops, under the theme "Bringing the Cash Policy to Life," and trained over 100 national cash-based transfer officers. Two of these workshops were offered in English, one in French and one in Spanish. Furthermore, five global webinars have been conducted to address key themes of the policy, examining experiences and lessons learned from the field.
35. Moving forward, much of the work on professional development and capacity strengthening for staff and workplace culture will be carried out by the Programme Operations Department's Staffing Coordination and Capacity Service.

### **Communication**

36. Since WFP's reorganization, cash-specific communications have been subsumed within the organization's supply chain and delivery assurance, programme policy and guidance and corporate communications activities.

### **Conclusion**

37. WFP's cash-based transfers remain a highly effective and widely used delivery modality, demonstrating significant impact, especially in emergency situations. Cash transfers are increasingly recognized as one of the most cost-efficient and adaptable forms of assistance, especially in regions where WFP has limited access. By leveraging innovative approaches to identity management, such as self-registration – which has been successfully implemented in Gaza, Lebanon and Ukraine and as part of the Sudan regional response – WFP can securely and remotely gather beneficiary information and transfer funds. Its capacity to transfer money as part of anticipatory action allows for proactive financial support in advance of disasters, and by enhancing its understanding of cash-based assistance in active conflict areas, WFP will further strengthen its global emergency response capabilities.
38. It is equally important that governments are equipped to administer direct cash transfers during emergencies. Emergency capabilities can be integrated into G2P payments for social protection programmes. By sharing its expertise WFP also maximizes the return on its investment in internal capacity building.
39. Empowering people with choice in how they receive financial assistance is crucial for advancing financial inclusion, particularly for women. WFP will continue to collaborate with financial services providers to offer the best products and services that address the specific barriers women face. Supporting women through access to personal financial accounts addresses immediate needs but also promotes long-term self-reliance and resilience. WFP will continue to advocate for the women it assists, urging the private sector, international organizations focused on financial inclusion, financial regulators and other partners to recognize the value and impact of investing in women.