Cash is an increasing part of WFP’s global portfolio. In 2019, WFP transferred US$ 2.1 billion to nearly 28 million people in 64 countries across the world - 38 percent of total assistance.

Cash transfers have many forms. Depending on the context, they can be distributed as physical bank notes; e-money; mobile money; or through debit cards or value vouchers redeemable at locally contracted shops. Cash transfers function as part of a wider ‘system’ of support, rather than forming only a single product provided to a beneficiary.

Cash-based responses can play a critical role in very challenging contexts, such as under conflict conditions. They can help strengthen local markets; build national capacities; and empower individuals and their families to make choices that improve their food security and well-being.1

Cash transfer programmes are also at the frontline of national governments’ responses to COVID-19. WFP supports several governments with cash as part of social protection actions or government-to-person payments. These approaches help mitigate the worst socio-economic effects of the crisis.

The Office of Evaluation has commissioned this note to share the learning from WFP-commissioned evaluations, as well as the wider inter-agency humanitarian evaluation system. The evaluations were published between 2014 and 2020. They address both conditional and unconditional cash transfers, using cash, voucher and combined modalities. The evaluations took place in many countries, including Ethiopia, Sierra Leone, Jordan, Kenya, Lebanon, Nigeria, Syria, El Salvador, Guatemala, Somalia and others.

This note provides twelve key lessons to help enhance the positive effects of cash-based programmes, and to reduce any risks which might impede effectiveness. It also identifies six main effects of cash transfer programmes implemented by WFP.
EVIDENCE BASE
findings from 23 independent evaluations between 2014 and 2020

EL SALVADOR
GUATEMALA
SIERRA LEONE
NIGERIA
ETHIOPIA
KENYA
SYRIA
LEBANON
JORDAN
NIGERIA
ETHIOPIA
SOMALIA
KENYA

WFP/Karel Prinsloo
WFP/Giulio D’Adamo
WFP/Ismail Taxta
Prioritize analysis, even under emergency conditions

Evaluations stress the importance of sound analysis at the design stage of cash-based programmes. This includes analysis of beneficiary needs and preferences, e.g. through feedback assessments, as well as analysis of the surrounding context. The different options for using cash as a modality, for example through mobile money or the local banking systems, are key areas to assess, as is cost-efficiency, for which feasibility studies are often used.

Conducting this analysis well in advance - particularly of beneficiary needs and preferences - was found by evaluations to be a condition of later relevance and effectiveness. Where the analysis was not conducted in advance, this increased the risk of later inefficiencies, such as in north east Nigeria. Evaluations also found a need to ensure that analysis was kept up to date, however.

During the 2017 drought in Somalia, for example, the context for cash transfers was extensively mapped by the inter-agency partnership working on cash based approaches. Analyses used included a series of WFP market assessments – conducted over time, to map any changes – as well as beneficiary preference studies; and analyses of the cash economy. Learning and experience from cash transfer pilots and projects already underway also served to inform the multi-stakeholder response.²

Plan across the humanitarian-development nexus from the design stage

Evaluations also emphasize the importance of linking emergency-response or short-term unconditional cash-based approaches to medium-term resilience/recovery initiatives, rather than designing interventions solely as ‘emergency safety nets’, separate from other interventions.

In Jordan, for example, the Evaluation of WFP’s General Food Assistance to Syrian Refugees in Jordan from 2015 to mid-2018 – while recognizing the critical role that the cash transfer programme played in supporting the livelihoods of Syrian refugees - recommended linking cash-based general food assistance to livelihood/resilience programming. This would help integrate transformational approaches for beneficiaries likely to require support in the medium term.³

The risks of a short-term approach sometimes led to food and cash distribution being understood by partners and beneficiaries as the primary goal of schemes, rather than as a contribution to longer-term resilience and improved food security. This meant that, for example, when selecting “food for assets” projects at community level, initiatives were not connected to intended food security outcomes, meaning that the intended food security of the programmes were not maximized.⁴

Adopt a coordinated approach

Evaluations highlight the benefits of coordinated approaches to cash transfers across and beyond UN agencies. For example, in Somalia, joint UN efforts to establish a common cash-transfer registration system and data sharing protocols allowed beneficiary data to be consolidated for more accurate targeting. Similarly, in the Syrian regional crisis response, UN and partner coordination on a common cash platform in Lebanon – despite the challenges posed by different donor preferences and requirements - increased both efficiency and effectiveness.⁵

Conversely, some evaluations found that poor UN coordination constrained potential effectiveness. The inter-agency evaluation of the Typhoon Haiyan response found differing cash approaches across clusters in the same regions and markets, which limited the potential for positive collective impacts.⁶ In Ethiopia, different cash-for-work rates among agencies impeded effectiveness.⁷

Maximize the benefits of technology while keeping beneficiary experience in view

Evaluations found that use of technology supporting the beneficiary experience of cash transfers. In Somalia and Zimbabwe, for example, the use of mobile money helped address beneficiary overcrowding at collection points, when network coverage was available.⁸ In Zimbabwe, mobile money also provided extra privacy for beneficiaries receiving payments, reducing the pressure to share cash with non-beneficiary households.⁹

In Jordan, an online Triangulation Database supported programme learning and adaptation for unrestricted cash – for example, by comparing ATM coverage with beneficiary choice patterns. This allowed gaps, such as a lack of ATMs in rural areas, to be identified, and solutions deployed – such as a mobile ATM.¹⁰

However, where digital cash transfer programmes
have been especially large-scale – for example, those applied during the Syrian regional crisis – they have sometimes struggled to keep the beneficiary experience in view. This has undermined relevance and, at times, effectiveness.

For example, digitized cash transfer systems used in Lebanon and Jordan during the Syrian crisis greatly improved operational efficiency. However, the limited WFP ‘line of sight’ to beneficiaries reduced opportunities to understand people’s lived experience of the transfer system – such as their receipt of text messages informing them of their elimination from the system, or of reductions in their assistance. The evaluation found negative effects on beneficiaries’ dignity and reduced upholding of some aspects of ‘Do No Harm’.

5 Build flexibility into transfer values for maximum effectiveness

Evaluations recognize the dilemmas of setting transfer values, given contextual challenges, such as uncertain economic environments, rapidly-changing or increasing prices, and sometimes-diverse donor stipulations on values. However, evaluations from Kenya, South Sudan and the response to the Syrian regional emergency highlight the importance of providing a meaningful level of support to beneficiaries and their families, if food security gains are to be met, and the need to ensure that values are a) adaptable and b) responsive to price inflation.

For example, in Jordan, transfer values were too low to have broader livelihood and graduation effects, meaning that the cash transfers could not contribute to sustainable livelihoods. When donor funding was reduced and transfer values accordingly cut, WFP-commissioned studies found greatly increased levels of food insecurity among beneficiaries.

Some cash transfer programmes built in flexibility to allow adaptation to external conditions. In South Sudan, transfer values were adjusted on an ongoing basis following monthly market price assessments. In Somalia, variable rates were applied according to ongoing analysis of both market prices, commodity supply and beneficiary needs and preferences, commissioned by the cash working group.

6 Address national priorities and secure political will to ensure sustainability

While technical elements, such as a programme’s analytical basis, UN co-ordination and transfer values are key, evaluations also signal the importance of situating cash transfer programmes in the wider policy and political landscape. Building ongoing links into national systems and leadership, as well as supporting national thinking and emerging strategy and policy on safety nets, was a key factor in supporting later sustainability.

For example, evaluations of cash transfer programmes in the Syrian regional crisis response found that ongoing engagement with relevant ministries and other national stakeholders, as well as embedding cash transfer systems within national systems, had several benefits. These included: a) ensuring functional national leadership of formal cash transfer coordination mechanisms – meaning that these structures were more likely to be sustained and b) improved responsiveness of cash transfer programmes to national concerns, such as the inclusion of host populations to avoid challenges with social dissent. It also meant scope for a wider partnership on cash transfers, under a nationally-led mechanism.

7 Prioritize sensitization of local communities to reduce social tensions

Evaluations signal the need to take into account – even at design stage of the cash transfer programme – potential or actual tensions between local communities and the beneficiaries of cash transfer programmes, to avoid risking raised tensions in often-sensitive and politicised situations.

Evaluations from Kenya, Zimbabwe and the Syrian regional response noted that social tensions occurred when certain groups, notably refugees, were provided with a cash transfer not available to the host populations. This was particularly the case during refugee or Internally Displaced Person crises, where the risks of social tensions were already high.

Evaluations from Kenya and the Syrian regional crisis particularly stress the need for constant communication and ongoing engagement with, host populations on the potential benefits to local communities of cash transfer programmes, for example with recipient populations making use of local services, or by offering host populations and
refugees/IDPs the opportunity to work side by side in food for work programmes. Programmes could be designed to take account of beneficiary concerns – for example, in Kenya, employing local traders to supply goods and services to those receiving cash transfers.

8 Temper beneficiary modality preference – often for unrestricted cash – with contextual conditions

Beneficiary preferences for unrestricted cash over other (more restricted) forms of assistance are widely reported, for example in Pakistan\(^\text{19}\), Somalia\(^\text{20}\), Jordan\(^\text{21}\), Somalia\(^\text{22}\), Ecuador\(^\text{23}\) and the Dry Corridor in Central America.\(^\text{24}\) Reasons included enhanced dignity and choice; the ability to plan for emergencies (e.g. in Somalia),\(^\text{25}\) but also enhanced economic opportunities. Beneficiaries in Central America, for example, wanted cash to invest in agriculture or small businesses as a way to overcome prolonged climatic crises.\(^\text{26}\)

However, this preference was not automatic. In Sierra Leone, for example, some beneficiaries preferred in-kind distribution to avoid potential misuse of cash.\(^\text{27}\) In north east Nigeria, beneficiaries preferred vouchers or e-vouchers, to reduce the burden of managing cash.\(^\text{28}\)

Donor preference for cash/voucher modalities was also a key determining factor in modality selection. In the Syrian regional crisis, some donors provided resources for unrestricted cash and others permitted only voucher or ‘choice’ modalities.\(^\text{29}\) Transfer values were another area of divergence, as in Somalia, where some donors required fixed values and others preferred the variable rates adopted by the cash working group in the country.\(^\text{30}\)

Even where flexibility was available, however, evaluations caution that beneficiary preference need to be set in an holistic understanding of need. In Zimbabwe, where cash availability proved to be a challenge, mobile money agents limited cash availability to beneficiaries and/or delayed transfers, leading the evaluation to propose quarterly beneficiary preference indications - for mobile cash; in-kind assistance or a mix.\(^\text{31}\) In Somalia, while recognizing beneficiary preference for unrestricted cash, the evaluation advised using vouchers to address specific concerns e.g. malnutrition, or using cash only under certain conditions, e.g. poor markets in remote areas.

9 Communicate targeting criteria with a focus on equity

Evaluations repeatedly stress the need for full and transparent communication around targeting criteria, and clear statements on equity, if mistrust and/or suspicion among beneficiaries is to be avoided. It is particularly important that such communication is made at the outset of programmes, for example by including beneficiary representatives in programme design and/or defining clear categories for inclusion/exclusion, and publicizing these.

Evaluations of large-scale cash transfer programmes found significant concerns among beneficiary populations around who had been targeted, and why. Mostly, this stemmed from limited and/or late communication. For example, in the Syrian regional crisis, inadequate communication of sometimes-complex eligibility formulae, combined with rumours spreading through local social networks, left beneficiaries widely suspicious/dubious of targeting criteria.\(^\text{32}\) In Turkey, beneficiaries indicated a preference for targeting a larger number of refugees with cash, even if it meant receiving a smaller amount, on the basis that ‘at least it would be equal’.\(^\text{33}\)

10 Embed robust safeguards against beneficiary exploitation

At least three evaluations provide examples of beneficiary exploitation by intermediaries.\(^\text{34}\) In Nigeria, for example, beneficiaries repeatedly cited payment requests by mobile agents for helping them to ‘cash out’. In two evaluations from the Syrian regional response, beneficiaries indicated that shopkeepers charged higher prices to Syrian refugees in receipt of cash transfers – even though WFP’s own monitoring systems did not recognize these increases.

Safeguards recommended included accompanying ongoing monitoring with regular verification of prices charged by traders, particularly where transfer programmes are large-scale. At the same time, ensuring closer feedback loops with beneficiaries, to hear their own experience of protection risks, concerns and any violations arising, could be assured by for example building closer communication with cooperating partners, who have more direct and immediate contact with beneficiary populations on the ground.
Build in gender and protection concerns from the start

Although WFP is not a protection-mandated agency, its 2012 Humanitarian Protection Policy commits it to “[d]esigning and carrying out food and livelihood assistance activities that do not increase the protection risks faced by the crisis-affected populations receiving assistance.” Similarly, the WFP Gender Policy (2015-2020) committed it to a “shift in gear” in gender strategizing and programming, including within cash transfer programmes.

Overall, evaluations find protection and gender considerations insufficiently built in to cash transfer programme design from the outset. For example, in Turkey, protection challenges arise from overcrowding at cash disbursement locations; from landlords accompanying beneficiaries to cash points; and from vulnerable beneficiaries relying on others to access ATMs and losing some of their benefit in the process. Protection-related challenges in the Syrian regional response included harassment at cashpoints and in shops, and theft of cards. In Kenya, gender-based violence occasionally occurred when men saw women earning money – particularly if payments were delayed.

All evaluations recommend enhanced attention to these concerns at design stage – for example, by consulting beneficiaries on their particular gender-related needs; by incorporating gender and protection planning from the outset; and by ensuring that regular monitoring tracked gender and protection issues and concerns as they arose, e.g. through qualitative surveys. Evaluations in Kenya and Somalia noted that while cash transfers alone do not address structural gender inequalities, when accompanied for example by gender training, they can help enhance decision-making control over the use of cash provided.

Adopt a systematic approach to accountability to affected populations

Similar to gender and protection, in Lesson 11, above, accountability to affected populations is indicated as a frequent weakness in cash transfer programme planning and design. This either took the form of inadequate provision for beneficiary feedback and complaint systems, and/or systems which did not function appropriately as a mechanism for beneficiaries to express their concerns.

For example, the evaluation of the Syrian regional response found that highly automated mechanisms to address beneficiary queries and complaints cash-based assistance did not meet beneficiary needs, concerns and expectations. At times, with beneficiaries unable to get through to the provided hotlines and/or unable to explain their concerns for fear of retribution, the provision compromised their dignity and led to an ongoing sense of powerlessness.

Similar to lessons 10 and 11 above, closer ‘sight’ of the beneficiary experience of assistance received was recommended, for example, through closer engagement with cooperating partners. In north east Nigeria, WFP deployed a multilayered complaints and feedback mechanism to provide early warning of potential abuses – a system considered relevant to beneficiary needs; accessible; and a strong potential learning mechanism for other cash transfer programmes.
WHAT WERE THE MAIN EFFECTS OF WFP CASH TRANSFER PROGRAMMES?

Evaluations found six main effects of cash transfer programmes:

**Food Security Gains**
The majority of interventions where cash transfer programmes were applied – whether conditional or unconditional, and regardless of the modality (cash, voucher, a combination or ‘choice’) – indicated improved food security for beneficiaries for programme duration. Where unrestricted cash was provided, high levels of expenditure on food were reported – for example, in Jordan, over 90 percent of beneficiaries spent most of their cash on food.

**Enhanced Livelihoods**
Two evaluations, of the collective response to Typhoon Haiyan and in Kenya, found that conditional cash transfer programmes, such as cash for assets which included carpentry training, were more successful than unconditional cash transfers in supporting people to regain livelihoods. In Kenya, host community traders – contracted to serve refugee beneficiaries – provided goods, labour and other services to refugee neighbours in return for cash.

**Improved Dietary Diversity**
The use of cash/vouchers, as opposed to in-kind delivery, was shown to enhance dietary diversity in South Sudan and Zimbabwe, as cash could be used to buy a variety of foods not included in in-kind assistance. In Lebanon, Jordan, Egypt and Iraq, WFP beneficiaries in receipt of cash transfers had higher dietary diversity scores relative to non-beneficiaries.

**Investment in Education and Health Where Cash Transfers Were Conditional**
In Ecuador, the use of cash transfers conditioned on nutrition and health training was found to support beneficiaries’ investment in the education and health of their families.

**Increased Dignity**
The use of cash – as opposed to vouchers, and whether conditional or unconditional – had positive effects on beneficiaries’ dignity in Somalia and Ecuador. In Ecuador, for example, beneficiaries reported they were less likely to be treated as ‘second class’ customers by vendors. In South Sudan, the predictability and timeliness of cash transfers also supported dignity. However, the evaluation of the Syrian regional response found compromises in upholding beneficiaries’ dignity (see Lesson 12 above).

**Supporting Local Economic Development**
Evaluation found positive effects of cash transfer programmes on local economic development. For example, in Lebanon, a WFP-commissioned study found that, for every US$ 1 spent directly on cash transfers, an additional US$ 1.51 was generated in local economic activity. In Zimbabwe and Kenya, cash-based interventions supported local markets by stimulating demand for local goods; in Kenya, the monthly volume of sales by local traders increased by up to 94 percent.

However, some evaluations also found negative effects on the local economy where cash transfer schemes were extended over time. For example, in Jordan, the use of e-vouchers effectively created a pseudo-monopoly of WFP-contracted shops, resulting in inflated prices; unavailability of food items; and indirect costs to beneficiaries such as the time and cost of transport to reach shops. In Jordan, the evaluation of WFP’s cash-based response to the Syrian regional crisis in Jordan recommended that WFP monitor the local rental market and informal lending to ensure that cash did not have a negative effect on rent prices or create increased pressure for beneficiaries to pay off debts.
ENDNOTES

1 See here.
4 Pakistan, End term evaluation of Protracted Relief and Recovery Operation (PRRO 200875).
6 Inter-Agency Humanitarian Evaluation of the Typhoon Haiyan Response.
7 Inter-Agency Humanitarian Evaluation of the Drought Response in Ethiopia.
8 Joint Evaluation of the 2017 Somalia Humanitarian Cash-Based Response.
9 Evaluation of WFP’s Lean Season Assistance through the Protracted Relief and Recovery Operation 200453 in Zimbabwe.
19 Results of WFP’s Food Assistance to conflict-affected population in Pakistan from 2015 to 2017.
23 Evaluación final – Relevancia del rol y la respuesta del PMA para avanzar hacia un enfoque de asistencia alimentaria vinculado a los sistemas de protección social en Ecuador.
27 Sierra Leone PRRO 200938: a decentralized evaluation.
28 WFP corporate emergency response in north east Nigeria.
31 Evaluation of WFP’s Lean Season Assistance through the Protracted Relief and Recovery Operation 200453 in Zimbabwe.
33 Emergency Social Safety Nets (ESSN) Mid-term Evaluation.
35 WFP Kenya - An evaluation of the effects, and a cost benefit analysis, of GFD Cash Modality scale up for refugees and host community in Kakuma and Dadaab Camp; South Sudan Country Portfolio Evaluation 2011–2016.
37 Inter-Agency Humanitarian Evaluation of the Typhoon Haiyan Response.
38 WFP Kenya – An evaluation of the effects, and a cost-benefit analysis, of GFD Cash Modality scale up for refugees and host community in Kakuma and Dadaab Camp.
39 Evaluation of WFP’s Lean Season Assistance through the Protracted Relief and Recovery Operation 200453 in Zimbabwe; South Sudan Country Portfolio Evaluation 2010–2016.
41 Evaluación Final – Relevancia del rol y la respuesta del PMA para avanzar hacia un enfoque de asistencia alimentaria vinculado a los sistemas de protección social en Ecuador.
43 Evaluación final – Relevancia del rol y la respuesta del PMA para avanzar hacia un enfoque de asistencia alimentaria vinculado a los sistemas de protección social en Ecuador; Joint Evaluation of the 2017 Somalia Humanitarian Cash-Based Response.