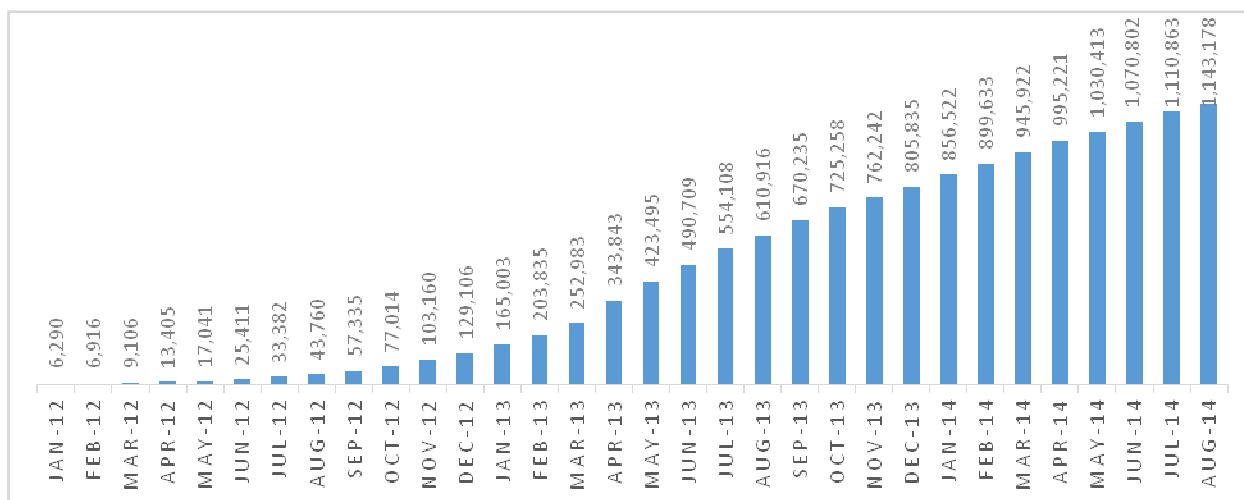


## WFP's electronic vouchers: an innovative transfer modality for social safety net programmes in Lebanon

### The e-voucher programme in Lebanon

A WFP study conducted in 2013 concluded that electronic pre-paid cards linked to financial institutions are the most appropriate and cost-efficient food assistance transfer modality in the Lebanese context<sup>1</sup>. The electronic voucher (e-card) is highly suited to the urban context in a middle income country with a widespread financial infrastructure across the country. According to UNHABITAT, Lebanon's urbanization rate was the fourth highest among 20 Arab countries in 2010, with 87% of the population living in urban areas<sup>2</sup>. In Lebanon banking services, including VISA and MasterCard are widely available and the banking system allows merchants to open a bank account and install Standard Point of Sale (PoS) machines as long as the shops meet the bank's criteria. The supermarket-like set-up of shops enable easy installation of PoS machines as connectivity is granted by landline connection. Lebanese merchants are well-known for their highly developed trading and merchandising skills to satisfy customer's needs and shops are spread all over the country, particularly in densely populated urban areas where distance to nearby shops are shorter. The supply chain is resilient with the ability to provide needed food commodities without a significant increase in food prices despite the demand effect of the massive influx of refugees, who account for ¼ of the Lebanese pre-crisis population.

Figure 1 Cumulative amount of registered Syrian refugees in Lebanon, January 2012- August 2014



Source: WFP: Is the Syrian crisis jeopardizing the economy and food security in Lebanon? Special Focus, October 2014.

Following paper vouchers at the beginning of its food assistance programme to the Syrian refugees in 2012, WFP began shifting to an electronic voucher (e-voucher) in September 2013. WFP contracted a local bank, Banque Libano Francaise (BLF), who is producing the e-cards in partnership with MasterCard, WFP's global private partner since 2012. Meanwhile, WFP partner shops opened accounts with BLF and installed PoS machines. By the end of 2013, WFP rolled out the e-cards to cover the rapidly growing beneficiary caseload across the country.

<sup>1</sup> WFP (2013): Lebanon E-voucher System Transfer Mechanism Selection.

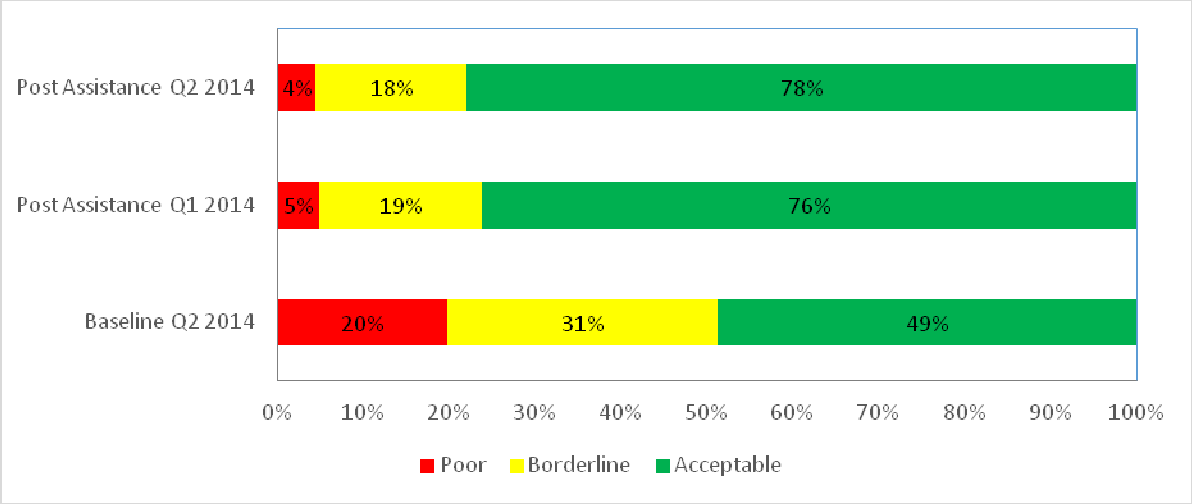
<sup>2</sup> UNHABITAT (2011): Lebanon Urban Profile. A Desk Review Report.

The e-card programme has become WFP’s principal means of providing food assistance to the Syrian refugees in Lebanon, accounting for over 97 percent of the monthly caseload. Each targeted household receives an e-card, uploaded with a value of US\$30 per person to cover their monthly food needs. The e-card can be used to purchase food at any of WFP’s 416 –contracted shops<sup>3</sup> throughout the country using a PoS machine issued by the partner bank. Through the e-card programme WFP reached 882,850 Syrian refugees in Lebanon in October 2014 alone<sup>4</sup>. Since the start of the voucher programme, WFP has injected almost US\$341 million into the local economy. It is currently WFP’s largest voucher programme worldwide.

**Impact**

The e-voucher programme offers significant advantages over traditional food assistance for the beneficiaries, as well as over paper voucher programme. One of the main advantages of the e-card is that it provides some semblance of a “normal” and dignified life for the refugees. Beneficiaries no longer need to attend large-scale monthly distributions as credit will be automatically transferred to the cards each month. Furthermore, through the e-voucher programme, beneficiaries can tailor the assistance to their own specific needs (i.e. dairy products for families with small children etc.) and they can also access greater diversity of foods with higher nutritional value, including fresh fruit, vegetables and meat, all of which is impossible with traditional, in-kind assistance. The monitoring and evaluation results demonstrate that WFP’s e-voucher programme has contributed to improved food security status of the recipients. Figure 2 shows a significant difference in food consumption between the e-voucher recipient families and non-recipient families, with 78% of the former group having acceptable food consumption scores in June 2014, against 49% for the latter<sup>5</sup>.

*Figure 2 Refugee households’ food consumption scores pre/post-distribution of e-cards, January-June 2014*



Source: WFP: Monitoring and evaluation quarterly report, April-June 2014, Lebanon.

<sup>3</sup> As of November 26, 2014. The shops include small and medium sized shops (317 out of 416).  
<sup>4</sup> WFP reaches the most vulnerable approximately 75% of UNCHR-registered Syrian refugees in Lebanon based on the [Vulnerability Assessment of Syrian Refugees \(VASyR\)](#) results and the UNHCR burden index that identifies the most vulnerable refugee households.  
<sup>5</sup> The food consumption score (FCS), as a proxy indicator of household food security, measures both dietary diversity and food consumption frequency.

The e-voucher programme is also compatible with the “no camps” approach adopted by Lebanon. Distribution is quick and does not include significant logistical organization for packing, storage and delivery. Beneficiaries can attend the distribution closest to their home and redeem the e-card value in shops that have been specifically chosen for their proximity to concentrations of refugees. Scaling-up assistance to meet the ever-increasing numbers of refugees is also simplified by the e-card programme.

The advantage of the e-card modality is maximized in urban settings with high concentration of refugees. As shops are selected for their proximity to concentrations of refugee population, it reduces dependence of the beneficiaries on transportation and allow more choices of shops within a short distance<sup>6</sup>.

E-cards allow more efficient and effective monitoring and evaluation process. As transaction data is immediately transferred through PoS machine to the bank’s database, the data reconciliation process is a lot faster, allowing payment to the merchants within 48 hours from the transaction date. Also with e-cards merchants can avoid fake voucher which was one of the challenges with the paper voucher system. With e-cards remote monitoring is possible, allowing analysis on spending patterns and frequency of food purchase per household within the cycle. In case e-cards are lost or damaged, the e-card values still remain and the bank simply re-issue the cards so that beneficiaries do not lose their entitlements.

### ***Economic impact of the e-voucher programme***

In May 2014, WFP conducted a study on the direct and indirect economic impact of WFP’s e-voucher programme in Lebanon. The results show that the e-cards offer a quick and efficient mechanism to deliver food assistance to beneficiaries. Transactions data shows that beneficiaries spend two thirds of their monthly e-card allocation within five days, confirming that e-card transfers circulate rapidly through the economy. The e-card programme has had a large direct impact on participating shops, where revenue has doubled on average. It has created 1,300 jobs in participating shops and has led to US\$3 million investments in capital expenditure, as larger shops have increased floor space and storage. In addition, the study finds that for each dollar spent through the e-card programme, additional benefits worth US\$1.50 accrue to the Lebanese economy. This means that a planned voucher transfer of US\$345 million in 2014 will result in as much as US\$517 million in indirect benefits for the Lebanese food products sector.

### ***Toward an expanded use of the e-card in Lebanon***

*Expanding the use of e-cards to government’s social protection and safety net programmes:* The Government of Lebanon, with financial support from the World Bank and UNHCR, is leveraging the existing WFP e-card programme to provide food assistance to vulnerable Lebanese affected by the Syrian crisis. WFP is providing technical assistance to the Ministry of Social Affairs (MoSA) to implement the government’s Emergency National Poverty Targeting Programme (E-NPTP), the first poverty-targeting assistance programme in Lebanon. The E-NPTP reaches the vulnerable Lebanese households, selected according to the

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<sup>6</sup> In Beirut there are less than 2,000 beneficiaries per shop which means that beneficiaries in Beirut do not need to travel long distances compared to other regions. [Economic Impact Study; Direct and Indirect Effects of the WFP Value-Based Food Voucher Programme in Lebanon, WFP 2014.](#)

proxy means test (PMT) approach of the World Bank, who use their e-cards to purchase food in WFP partner shops in their communities.

*Expanding the e-card platform to multipurpose assistance:* Throughout the course of the emergency response, WFP in Lebanon has been involved in discussions with other humanitarian partners on using a single electronic card that would be available to all humanitarian agencies planning for either electronic vouchers or cash transfers to refugees and host communities. This single card, which is known as the OneCard, will include the possibility to provide food assistance using the PoS terminals at selected retailers and a cash modality to provide non-food assistance through ATM.