WFP’s 2008 Cash and Voucher Policy Evaluation

Context
The last two decades have seen an increase in the use of cash and voucher transfers (C&V) in programming assistance and support to those affected by conflict and disaster. As such, C&V use has become increasingly relevant to the full range of WFP project types including emergency operations, protracted relief and recovery operations, development projects, and country programmes. The most prevalent types of transfers among humanitarian agencies are:

a. unconditional cash transfers;
b. conditional cash transfers (including cash for work or assets); and
c. voucher transfers.

WFP’s 2008 Cash and Voucher Policy
In 2008 WFP’s Executive Board approved the policy authorizing the use of C&V in WFP’s operations, further supported in WFP’s 2008–2013 and 2014–2017 Strategic Plans as a key element of the shift from food aid to food assistance. The policy outlines the rationale and comparative advantages of introducing C&V in WFP projects and programmes. It foresees outcomes and impacts at beneficiary and country levels, and for WFP as an organization. In WFP, policies along with the Strategic Plan, serve a high-level normative role in shaping the direction and operational activities of the organization. These normative documents are part of a larger “policy ecosystem” consisting of regulations and implementation tools that provides direction and guidance to operating units.

Evaluation Objectives and Scope
The evaluation was commissioned in line with requirements that policies be evaluated within four to six years of approval. It assesses the quality and results of the policy and its implementation. The scope covers the policy itself, related normative guidance and tools, and activities in the field related to cash and vouchers from 2008-2014. Evaluation data was collected at global, regional and country levels through: four case studies — Burkina Faso, Lebanon, Pakistan and Zimbabwe; four desk studies — Ecuador, Ethiopia, Niger and Sri Lanka), interviews with WFP staff; a global survey of WFP country offices (92 percent response rate); and document review.

Key Findings and Conclusions
Policy Quality
The evaluation found that WFP’s normative system for C&V is more comprehensive than comparator organisations. Although the policy does not represent WFP’s current best practice for policies, it served its purpose in establishing the basis for authorizing use of cash transfers and vouchers within WFP’s mandate. The policy itself did not include concrete objectives, priorities and actions aligned to a theory of change, and more closely resembled a policy discussion paper limiting its continued relevance. While policy standards and practice are not defined within WFP, review of other policies shows that many do include clear results frameworks identifying expected outcomes for beneficiaries.

Subsequent directives, guidance and tools remain relevant but need to be disseminated systematically and updated continuously.

Policy Results
Effectiveness
The overall goal of the policy was to increase WFP’s flexibility to respond appropriately to context-specific needs. The evaluation confirmed this, evidenced by the actual increase in modalities available to WFP, and their wide application its programme countries. In 2013, 52 country offices were applying C&V modalities with a total expenditure of USD 507 million. Controlling for the 60% of this sum expended on the Syrian response in 2013, overall expenditure on C&V increased by over 1800% between 2009-2013.

However, the intended outcomes of the policy — such as empowerment of beneficiaries, improved livelihoods and better coping strategies — were not measured systematically, and the lack of disaggregation by modality at project level in the corporate monitoring system makes it impossible to attribute achievement of corporate outcomes or outputs to modality, be it cash, vouchers or in-kind food. That said, the evaluation’s survey respondents indicated a general perception that
cash transfers and vouchers do contribute to such outcomes.

At the heart of the discussion about outcomes is the concept of conditionality, with achievement of intended beneficiary outcomes varying with the selected modality and its related conditionality. The evaluation found that in 2013, 70 percent of cash and voucher projects used vouchers, which are inherently more conditional than cash, and some country offices believe that there is a preference for vouchers at the management level. The combination of differing levels and consequences of conditionality and absence of evidence on outcomes by modality carry implications for WFP’s effectiveness and competitiveness.

Efficiency
Other expected outcomes from the policy were related to efficiency gains such as process efficiency, cost efficiency, beneficiary transaction costs, flexibility and timeliness. Survey and key informant interviews indicated that the business process had mixed results, with some key bottlenecks causing significant delays.

Data to support cost efficiency and cost effectiveness analysis of C&V has not been collected systematically in WFP or in other organizations, although a recent series of impact evaluations conducted by IFPRI show that cash and vouchers are more cost efficient than in-kind food assistance WFP’s cost-effectiveness measurement tool (Omega value) was designed to assess comparative modality costs against nutrient value; however the evaluation found its complexity hindered use, and 40% of country offices cited no or major gaps in evidence. The lack of systematic cost-efficiency and cost-effectiveness measurement undermines the credibility of the C&V business process concerning transfer modality selection, and places WFP at a disadvantage when analysing operational performance trends and making the case for donor support.

C&V modalities do not necessarily reduce transaction costs for beneficiaries; and while the Policy envisages switching between modalities when contextual circumstance change, this flexibility was applied in only one of the country cases studied

The timeliness benefits of C&V were mixed, depending on context and business-process efficiency. Furthermore, interviews with key informants showed that it is not clear to many country offices whether WFP’s advance funding mechanisms can be used for C&V in addition to in-kind assistance, with implications for missed opportunities to reduce delays in response. Recent efforts by Headquarters and some regional bureaux to establish expedited emergency approvals and agreements have the potential to speed implementation.

Recommendations
- Do not update the 2008 C&V policy at this time.
- Continue to invest in the C&V policy framework – directives, guidance and tools– with emphasis on communicating practical implementation guidance that clarifies expected outcomes, indicators and benchmarks.
- Update other sectoral and thematic policies to incorporate C&V lessons and reframe business processes to equalize requirements for all modalities.
- Identify and empower clear change and matrix management leadership for C&V in order to plan and monitor capacity development, resolve bottlenecks and prioritize change processes.
- Invest in strategic institutional and personnel capacity development to sustain and increase gains in C&V capabilities.
- Establish an advance funding mechanism for C&V operations – or clarify the eligibility of C&V projects to access current mechanisms – to enable rapid response and bridge gaps in funding to prevent interruption of critical assistance.
- Develop robust M&E and financial accounting platforms to systematically track C&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.
- Further develop WFP’s critical C&V tools and supporting systems to better enable effective and efficient project implementation.
- Enhance current partnership approaches and develop new partnerships to support WFP’s implementation of the 2008 C&V policy.

Reference: Full and summary reports of the evaluation and the Management Response are available at www.wfp.org/evaluation

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