

Cash and Vouchers Manual

First edition
December 2009



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Foreword

Food has traditionally been the means used by WFP for transferring resources to beneficiaries. The Strategic plan 2008–2011 expanded the role of WFP from food aid to food assistance, introducing a more varied toolbox of responses, including cash and vouchers. This expansion in the available resource transfer modalities is intended to ensure that responses can be closely tailored to both the needs and the context of the people that WFP supports.

The use of cash and vouchers was supported by the Executive Board during its discussion of the corporate policy “Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges” in October 2008. This cash and vouchers manual defines corporate safeguards and standards, along with procedures and processes to assist WFP practitioners with the design, implementation and accountability of cash and voucher-based initiatives.

The Cash and Vouchers Manual is the result of a consultative process involving all relevant HQ divisions and offices, Regional Bureaux and Country Offices with cash and voucher experience. While it provides the basis for mainstreaming and scaling-up of cash and voucher transfers as part of the food assistance toolbox, it may require further adjustment as WFP and partner experience in this area continues to grow.



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- Budget and Programming Division
- Communications, Public Policy and Private Partnership Division
- Field Security Division
- Finance and Treasury Division
- Government Donor Relations Division
- Legal Office
- Logistics Division
- Multilateral and NGO Relations Division
- Office of Evaluation
- Performance and Accountability Management Division
- Policy, Planning, and Strategy Division
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- Programme Division
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All contributions are gratefully acknowledged.

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Contents

i – Introduction

Foreword.....	i
Acknowledgements.....	ii
i.1 About this manual	v
i.2 What are cash and vouchers?.....	vii

A – Design

A.1 Reasons for choosing cash or vouchers.....	3
A.2 Transfer modalities	4
A.3 Decision and design process	5
A.4 Risk analysis and contingency plans	18
A.5 Cost efficiency.....	23
A.6 Value and quantity of assistance.....	24
A.7 Targeting.....	25
A.8 Project results and performance indicators:	
Logical Framework	28
A.9 Monitoring.....	30
A.10 Monitoring food prices:.....	34
A.11 Food quality and safety considerations	36
A.12 Sensitisation requirements.....	37
A.13 Complaint and response mechanism	38
A.14 Checklist	40

B – Procurement

B.1	Procurement – shop services.....	45
B.2	Procurement – financial services.....	51
B.3	Vouchers	56
B.4	Evaluation	60
B.5	Field Level Partnership Agreement (FLA).....	62
B.6	Finance	64
B.7	Security	66
B.8	Standard Project and Annual Performance Reports	69
B.9	Checklist	71

ii – References

ii.1	Bibliography	75
ii.2	Revised Templates and proformas.....	78
ii.3	Glossary.....	79

i.1 About this manual

Aims

This manual defines processes, procedures, safeguards and standards to guide the application of cash and vouchers in WFP.

This first edition manual will be later revised to incorporate feedback from further experience gained from the field.

Audience

This manual is aimed at:



- WFP country office staff in all functions. This includes: programme, Vulnerability Analysis and Mapping (VAM), finance, security, Monitoring and Evaluation, procurement and administration departments.
- Regional bureau and headquarters staff who are part of the review and approval process for programmes involving cash and vouchers.

Navigation

This manual is divided into two main sections and a final references section.

- **Section A** covers the decision and design processes for establishing projects using cash and vouchers.
- **Section B** covers key corporate procedures for the implementation of programmes involving cash and vouchers.

Other guidance

This manual should be read together with other cash and vouchers guidance [ *see General reading in References ii.1.1*], and together with other WFP guidelines [ *ii.1.2 and ii.2.3 Bibliography*].

Structure

The content of this manual covers two broad categories:

- **Aid to Judgement:** This is guidance that is intended mainly to help Country Offices with the decision-making process. These are not mandatory but rather recommended practices.
- **Prescriptive:** These are the procedures and process steps that are non-negotiable and must be addressed by the Country Office. These are marked as '**mandatory**'. All corporate procedures, such as finance and procurement, are within this category.

Note: As this manual is based on existing WFP corporate guidance, some areas will have fewer details than others. Where WFP corporate guidance is limited, interim guidance is provided.

i.2 What are cash and vouchers?

Cash and vouchers are ways of transferring resources to beneficiaries. Beneficiaries receive cash or vouchers which they can then use to gain access to food items in the marketplace.

This section establishes standard WFP terminology and definitions consistent with WFP's mandate and work.

Transfer methods

Cash transfers

Cash transfers are assistance to persons or households in the form of cash payments or bank transfers. Beneficiaries then meet their own food needs in the marketplace.

Voucher transfers

Voucher transfers are assistance to persons or households in the form of paper or electronic entitlements which can be exchanged in shops for specific types and/or quantities of food. The two main types of vouchers are:

- **Commodity voucher:** exchanged for fixed quantities of specified foods
- **Cash voucher:** exchanged for a choice of specified food items with the equivalent cash value of the voucher

Both types of voucher can be exchanged only for food; recipients cannot claim cash. Shops where vouchers can be exchanged are selected by WFP and/or cooperating partners (CPs) based on specific selection criteria [B.1]. Vouchers are most effective when the objective of assistance is to ensure improved food/nutrition intake, using local shops and markets as suppliers.

Conditionality

Cash and voucher transfers can be either conditional or unconditional. Both unconditional and conditional transfers can occur in the same project.

- **Unconditional transfers** make no demands on beneficiaries and assume that beneficiaries will definitely use cash/vouchers to obtain food.
- **Conditional transfers** impose requirements on beneficiaries such as participation in work, training or attending school.

Work/training conditionality

WFP's conditional transfers are normally made in return for participation in work or training (e.g. food for work/training programmes). WFP may also pay wages in cash or vouchers rather than directly with food.

Cash/vouchers for work programmes are intended to help beneficiaries directly as well as support the wider community through the outputs of the work. Wages should cover beneficiaries' basic needs and should not compete with the local labour market. Usually, the wages are kept slightly below the market levels to serve as a self-targeting mechanism.

Behavioural change conditionality

Conditions on beneficiaries receiving assistance can be targeted at changing behaviour (e.g. following health advice, attending nutritional education classes or sending children to school.). Most often such cash or voucher transfers are used in combination with in-kind assistance (also called direct food assistance) in post-emergency recovery and development programming.

Section A

Planning

A.1 Reasons for choosing cash or vouchers

There can be many reasons for choosing cash or vouchers. Some of the better-known reasons relevant to WFP's work are listed in the box below. These are intended to provide better understanding and should not be used as a decision-making checklist.

Some reasons for choosing to use cash or vouchers


- **Access versus availability:** Food is available in markets but beneficiaries lack the resources to access it.
- **Food plus effect:** In addition to meeting the needs of beneficiaries, the local economy or host population benefits from the injection of cash.
- **Choice and dignity:** Beneficiaries have greater choice and avoid queuing for food handouts.
- **Mitigating unintended effects of food transfers:** Avoids beneficiaries selling WFP food to purchase other desirable complementary food items. Cash/vouchers can also supplement general food distributions in order to meet needs of specific beneficiary groups.
- **Cost efficiencies:** In some cases cash/vouchers are more efficient than in-kind food assistance. Even when they are more costly, other benefits of cash/vouchers may outweigh cost efficiency considerations. This may require cost-benefit analysis.
- **Hand-over strategy:** In some cases it may be easier to develop cash and voucher programmes with national authorities and then hand them over.
- **Coherence with agricultural seasonal cycle:** Cash/vouchers can be alternated with food, ensuring transfer modalities are matched to agricultural seasonal cycle.
- **Faster response time:** The use of cash/vouchers may allow faster response. As an example, when direct transfer of food to affected areas is hindered by political, logistical, security or other reasons, but local markets are functioning, cash/vouchers might be faster.

A.2 Transfer modalities

WFP position on transfer modalities

A transfer modality is a mechanism for distributing resources. WFP now has three transfer modalities:

- food
- cash
- vouchers

[ 3.4 *Vouchers and Cash as food assistance instruments, opportunities and challenges*] They should be used in a context-specific manner that ensures that WFP food assistance objectives are upheld. Whichever modality is used, projects and programmes must be consistent with WFP's mandate and strategic framework.

Mixing and balancing transfer modalities

Choosing the right transfer modality or combination of modalities should be based on their comparative advantage in meeting beneficiary needs and achieving programme objectives.

Cash and vouchers together with food provide WFP with additional flexibility in responding to hunger and nutrition issues, enabling a response tailored to the needs of beneficiaries – including those with special needs – and their contexts.

A combination of transfer modalities can potentially mitigate the negative impacts of any one modality when used on its own.

Approach to programming

Cash, vouchers and food are not projects, they are the means to transfer resources and not the end. The basic principles and approaches of WFP's programme analysis and design remain unchanged with the introduction of cash and vouchers.

Detailed assessment must always be used to identify beneficiary needs. The introduction of cash and vouchers requires an additional analysis of markets and a better understanding of the context to ensure that the chosen transfer modalities are the most appropriate.

Details of the decision-making and design process are presented in section [A.3]. This is illustrated in a six-stage process.

A.3 Decision and design process

Consistent with the established WFP processes, the six stages illustrated below outline the decision process to establish cash and voucher (C&V) based initiatives.

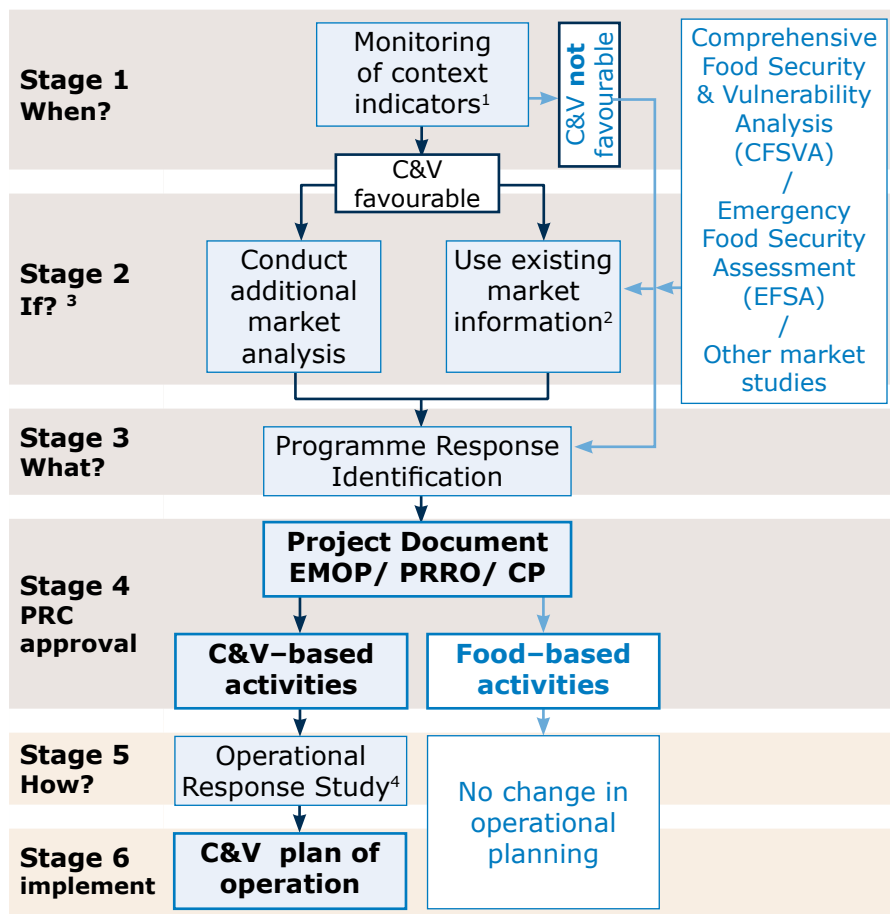


Illustration: The six stage decision and design process

1 To establish when considering whether cash/vouchers makes sense.

2 Market information from CFSVA [2.2], EFSA [2.3] or other relevant studies.

3 To establish appropriateness of using cash, vouchers and/or food – to inform WFP response.

4 To inform Operational Design in specific project locations.

Guide to the six-stage process

The information and analysis requirements listed under each stage of the six stage process are consistent with corporate practices and therefore mostly **mandatory**. However, the depth and details of analysis that each stage may cover will differ and remains to be decided by the country offices.

Example: Market analysis is a mandatory requirement in Stage 2, but it is up to the country office to decide whether it should use existing market assessments (internal/external) or conduct a new one.

Stages 1, 2, 3 and 4 represent the process for **Programme Decision and Design**. This is to inform the decision for the most appropriate transfer modality. It is not limited to cash and vouchers.

- **Stage 1** (seven context indicators) establishes whether it makes sense to consider cash/vouchers, and whether a detailed market analysis should be considered.
- **Stages 2 and 3** (market analysis and response identification) establishes the appropriateness of cash and vouchers and generates information essential for programme decision and design.

If necessary, country offices may decide to undertake a feasibility study to further inform programme design. A feasibility study should not replace Stages 2 and 3 unless there are strong justifiable reasons for such a choice.

- **Stage 4** (project document and budget) documents the resulting programme decisions, justifications and budget. This is submitted to the Programme Review Committee for endorsement.

Stages 5 and 6 represent the process for **Operational Decision and Design**. This is to make it operationally possible to use cash and vouchers.

- **Stage 5** (operational response study) evaluates and identifies operational options and associated micro risks specific to each project implementation context. This is to inform the design of the plan of operation.
- **Stage 6** (plan of operation) documents detailed operational arrangements, ensuring that the country office is fully prepared for the start of the implementation phase.

Stage 1: Monitoring Context Indicators

The first stage is to identify whether conditions are favourable for the use of cash/vouchers and whether a more detailed market analysis should be undertaken. This must be done through regular monitoring of context indicators:

- If the Food Security Monitoring System (FSMS) is in place, the seven context indicators relating to cash and vouchers could be integrated in it (see below).
- If the FSMS is not in place, country offices are required to make separate arrangements for monitoring the seven context indicators (see below).

Seven indicators for establishing when context is favourable:

- i) **Market function:** Local markets are functioning and/or recovering
Indicator: number of shops/sellers is adequate and/or increasing
- ii) **Food availability:** Staple food commodities are mostly available on local markets
Indicator: food quantities and types in markets are adequate and/or increasing
- iii) **Physical access:** Households have continuing/easy access to markets
Indicator: seasonal access by road in wet and dry seasons improved or unchanged
- iv) **Inflation:** General inflation trends
Indicator: consumer price indices are stable
- v) **Prices/wages:** Prices of staple foods and wages
Indicator: stable compared to long-term trends
- vi) **Financial transfer:** Reliable systems for financial transfer
Indicator: available or increasing number of financial service providers
- vii) **Security:** Security situation in general
Indicator: stable or improving

These indicators are meant to be simple enough to allow regular monitoring by VAM and programme teams in the country office without assistance from a market expert.

There are no standard thresholds for these indicators. Trends will depend on the context of the country. In case all or a majority of the above indicators are improving, the context may be considered favourable for the use of cash and vouchers. Further market analysis (Stage 2, below) would then be necessary for exploring the appropriateness of cash and vouchers.

Note: In countries where agro-ecological, socio-economic and market context differ significantly among regions, or between urban and rural areas, they should be divided into relatively homogenous socio-economic zones so that indicators provide an accurate representation. For monitoring purposes, VAM and the programme team will jointly define and adjust the socio-economic zones in a country based on an agro-ecological, socio-economic, market and physical access situation.

Context indicators do not need to be monitored in towns and cities with established/reliable markets and financial institutions. In such cases, the country office may decide to move directly to Stage 2.

Stage 2: Market analysis

This stage involves a more detailed market analysis to establish the appropriateness of using cash and vouchers. The VAM and programme teams in the country office should begin by reviewing recent assessments such as the **Comprehensive Food Security and Vulnerability Analysis (CFSVA)** [[2.2, Comprehensive Food Security and Vulnerability Analysis Guidelines](#)] and the **Emergency Food Security Assessment (EFSVA)** [[2.3, Emergency Food Security Assessment Handbook](#)] or any other reliable study (external and internal) to establish whether existing information on households' needs and markets are sufficient for establishing the appropriateness of cash and vouchers.

Both CFSVAs and EFSVAs provide some market information and analysis. Detailed market information is not always included in these assessments as they are limited by time considerations. If the country office is preparing to conduct a CFSVA or an in-depth EFSVA, it should incorporate a trader and market survey in the assessment [[2.8 How to Conduct a Trader Survey](#)].

If the required market information and analysis are not adequately covered in existing studies, a complementary market analysis becomes necessary to establish the appropriateness of using cash or vouchers. Aspects to be assessed will be established on a case-by-case basis by the country office programme and VAM teams, in consultation with the regional bureau and VAM at headquarters. An indicative list of market-related aspects to consider is given below:

Aspects to consider as part of a market analysis

- An in-depth analysis of the indicators mentioned in Stage 1;
- Links between markets and household food security and livelihoods;
- Market integration, including trade flows if possible;
- Price analysis, including food and non-food inflation, price trends for preferred and less preferred foods, volatility and seasonality;
- Competition analysis (e.g. hoarding and monopolies);
- Food traders' capacity to respond to increased household purchasing power (e.g. storage facilities, duration of stocks and stock replenishment lead-time);
- Market environment: policies/regulations (e.g. tariffs, commodity movement restrictions); security; road and transport infrastructure; corruption etc.
- Traders' access to credit: channels and costs;
- Food-insecure and vulnerable households' effective demand (including physical access to markets, access to credit, purchasing power);
- Household allocation of resources and decision-making, including gender perspectives, priorities and preferences; and
- Macro risks e.g. inflation, supply shortage, financial institution failures, security problems or corruption [[see A.4 Risk Analysis](#)].

Note: The process for developing a comprehensive Macro Risk Analysis [[A.4](#)] should form part of this stage, and identify broader market and economic risks. This analysis should be further refined and expanded during Stage 3.

Stage 3: Programme Response Identification

Overview

The programme response identification is integral to WFP assessments and programme formulation processes and not limited to cash and vouchers only. It is conducted by country programme and VAM teams, together with main stakeholders and partners in a consultative process.

The programme response identification is meant to identify appropriate responses to beneficiary needs and the most relevant transfer modalities for the context – cash, vouchers and/or food.

Aspects to consider in programme response identification analysis when considering cash/vouchers:

- Policies of host government and potential donors
- Transfer modalities being used by government or other agencies
- Social, cultural and economic implications for local populations
- Vulnerable group implications, especially women and children
- “Do no harm” principles and ways to reinforce the dignity of beneficiaries
- Capacity, availability and willingness of retailers to use vouchers
- Capacity and availability of financial systems for cash transfer
- Organizational capacity of WFP and cooperating partners
- Basic conditions for effective targeting, such as beneficiary identification systems and registration mechanisms [A.7]
- Transfer modality cost-efficiency analysis [A.5]
- Risk analysis [A.4]

The stakeholder consultative process should recommend the most appropriate response options. It should also identify the comparative advantages of using cash, vouchers and/or food in different agro-ecological or socio-economic zones.

General outputs of the programme response identification:

- Identification of the major risk factors.
- Review of the intervention plans of government and other actors to identify gaps in food assistance needs of affected population.
- Identification of response activity options for WFP.
- Identification of transfer modality options for each activity.
- An analysis of the strengths, weaknesses, opportunities and threats (SWOT) associated with each identified response activity and transfer modality.
- Recommendation of the most appropriate response activity(ies) and transfer modality(ies).
- Recommendation of the approaches for interventions, including targeting, monitoring, timing, scale and duration.

Process:

The programme team, together with VAM and the main stakeholders should use a consultative process to identify the most feasible options. They should ensure that the selected option(s) are consistent with the Corporate Strategic Objectives and that they address beneficiary needs in the most effective and context-specific manner. Ideally, the consultative process is foreseen at two levels:

- Central level with the government line agencies, donors and partners; and
- Sub-national level with local administrations, field partners and communities.

The outcome of the programme response identification should be the basis for programme design choices and the drafting of the project document.

Note: The process for programme response identification is currently being refined in WFP and may change over time. However, this does not change the purpose and output of the response identification process listed here. It is the responsibility of the country programme and VAM team to define the detail and complexity of the process, ensuring that these are proportional to the size and nature of the required WFP response.

Finalising macro risk analysis

The macro risk analysis [A.4] developed in Stage 2 is further expanded and finalised in Stage 3. It should include all aspects that could pose significant risk to proposed response and transfer options.

It is **mandatory** to provide a macro risk analysis together with the project document to the Programme Review Committee. It should demonstrate that the country office has considered the major risks and is confident that none of these could undermine the initiative and/or have significant repercussions for WFP, partners or beneficiaries.

Stage 4: Project Document (and Budget)

The outcomes of the earlier two stages (Stages 2 and 3), both in terms of activities and transfer modalities, are documented in standard project and budget templates for Programme Review Committee consideration.

The project document and budget templates have been revised, [ii.2, **Templates and proformas**] bringing them into line with WFP's food assistance strategy and the requirements in this manual.

The changes to the project document and budget template include:

- Cash, vouchers and food are included as mainstream resource transfer modalities.
- The choice of transfer modalities is linked to both context and needs analysis, requiring informed justification for each.
- Macro risk analysis is a mandatory annex to the project document.
- A cash/voucher concept note is no longer required. Requirements of the concept note are absorbed into the revised project template and the plan of operations.
- The country office is required to prepare a plan of operation after recommendation by the Programme Review Committee.
- The budget formats and related arrangements have been revised to accommodate cash/voucher based components for their actual value. As such, the earlier requirement "cash is in lieu of a commodity" has been removed.
- The budget template allows for all project cost categories related to food and cash/vouchers to be calculated and documented separately.

Note: The Programme Design and Decision Process (Stages 1 to 4) concludes with endorsement and approval of the project document.

Stage 5: Operational response study

A more detailed operational analysis and response study is necessary to inform the development of a plan of operation. This should include among other aspects, analysis of local market arrangements and institutional capacities necessary for delivery through cash or vouchers. For example, if programme response identification established that vouchers are appropriate, the operational response study should establish whether shops in the project locality/city/town/village are willing and able to participate under project conditions such as price, quality, demand, quantity and payment cycle.

The list of issues to be analysed for operational purposes should be established by the country office programme team in consultation with finance, human resources, procurement/administration, security and logistics. In terms of process it is recommended to start by establishing the outline of the plan of operation, using it subsequently as the basis to determine the information and analysis to be included in the operational response study.

An operational response study must include relevant considerations from this list:

Delivery mechanisms

- Which financial institutions operate?
- Do these financial institutions have the capacity to work at field level?
- What is the community/household familiarity with, access to, and confidence in these institutions/mechanisms?
- What are the most appropriate, secure and accessible cash delivery mechanisms and institutions?
- Are shops capable of, and willing to participate in voucher initiatives?
- Do an adequate number of shops meet basic project requirements?
- Should only selected shops be invited to participate? If so, why?
- Should smaller rather than larger shops be included? Why?
- Should beneficiaries' shop choice be limited? If so, why?

Local market arrangement (if not captured in Stage 2)

- ☑ Analysis of barriers (physical, political, ethnic, security-related, etc.) to the local market, identifying ways to address these.
- ☑ Impact of cash injection on local markets and non-beneficiaries.

Regulatory environment

- ☑ Regulations including tax laws, labour laws, currency regulations.
- ☑ Beneficiary preferences (if not part of the needs assessment).
- ☑ Analysis of how resources are controlled in households. Who should receive payment (i.e. men, women or both)?
- ☑ The potential impact of a cash injection on household, social, gender and political dynamics in the target area.
- ☑ Local community/ beneficiary perception and acceptance of cash or vouchers instead of food.
- ☑ Security concerns to beneficiaries such as robbery/extortion.

Targeting [A.7]

- ☑ Appropriate beneficiary identification systems and targeting approaches based on local considerations.
- ☑ Approaches to strengthen targeting and manage inclusion/exclusion errors.
- ☑ Process and targets for physical verification of targeted population.

Country office and partner capacities

- ☑ Human resources requirements, constraints, and availability for project implementation. Recommend ways of addressing constraints.
- ☑ Potential implementing partners and their implementation capacities.

Monitoring [A.9]

- ☑ Weak elements of the transfer process requiring monitoring through physical verification.
- ☑ Recommend appropriate levels of physical verification for WFP or partners for process monitoring.

Quantity and commodity type for vouchers

- ☑ Verify the appropriateness of commodity quantities and types planned for vouchers based on local conditions. Make alternative recommendation where necessary.

Food quality and safety [A.11]

- ☑ Identify issues to be addressed in the local context with regard to food quality and safety standards and their enforcement by local/national authorities.
- ☑ Identify quality and safety issues to be addressed through sensitisation.

Value of cash transfer [A.6]

- ☑ Verify the appropriateness of planned cash transfer value based on local conditions. Make alternative recommendation where necessary.

Sensitisation [A.12]

- ☑ Identify issues for which beneficiaries, partners, government and others should be sensitised.

Complaint and response mechanism [A.13]

- ☑ Recommend approach for beneficiary / shop complaint mechanism.

Operational risks [A.4]

- ☑ Review the macro-risk analysis conducted at Stages 2 and 3, if found necessary.
- ☑ Make a micro-risk analysis focusing on project locations.

Stage 6: Plan of operation

The preparation of a plan of operation is **mandatory** for cash and voucher initiatives. It is the responsibility of the country office to ensure that a plan of operation is prepared after Programme Review Committee endorsement but before the start of implementation. If necessary, the country office could start work on the plan of operations ahead of the Programme Review Committee process. The finalised plan should be shared with the Regional Bureau and Programme Design Service (Cash and Voucher Unit) for information.

A plan of operations should articulate detailed procedures, steps, processes, assumptions, risks and limits governing the implementation of a specific cash/voucher project. It should clearly articulate the roles and responsibilities of WFP and its partners with regard to key operational arrangements (see list below).

The issues to be included should be identified by the country office programme team in consultation with finance, HR, logistics, security and procurement/administration and partners.

Issues to document when making an operational plan

- ☑ Details of the cash/voucher type and arrangement to be used.
- ☑ Human resource arrangement – WFP and partners:
 - Project management; finance; monitoring and others.
- ☑ Contingency plans versus operational risks [A.4].
- ☑ Field security arrangements [B.7].
- ☑ Procurement and finance arrangements for shop / financial institution [B.1, B.2, B.6]:
 - Selection; engagement; reporting; accountability; payment; cash management.
- ☑ Coordination arrangements with governments, NGOs, UN agencies and community groups.
- ☑ Roles and responsibilities for WFP, partners and other agencies in terms of:
 - Financial reporting requirements [B.6].
 - Arrangements for voucher printing, storing and distribution [B.3].
 - Requirements for cash transfers/payments [B.6].
 - Monitoring: physical verification targets and arrangements [A.9].
 - Quality and safety: food standards for WFP, partners, shops and local authorities [A.11].
 - Complaint arrangements/mechanisms for beneficiaries and shops [A.13].
- ☑ Cash/voucher transfer value and justification [A.6]:
 - Transfer value in relation to need; assumptions and considerations; value/quantity; assumed equivalent commodity quantities.
- ☑ VAT and income tax – specific arrangements or waivers.
- ☑ Beneficiary issues:
 - Targeting: criteria; identification; registration; physical verification [A.7].
 - Gender considerations and response arrangements.
 - Standards and requirements for cash-for-work initiatives (Use national, International Labour Organisation (ILO) and/or WFP food-for-work standards as basis).

- ☑ Information / sensitisation campaign requirements and approach [A.12].
- ☑ Complaint and response mechanism [A.13].
- ☑ Baseline data requirement and approach [A.8].
- ☑ Attachments:
 - Copy of Field Level Partnership Agreement [B.5, ii.2].
 - Monitoring and Evaluation Plan Matrix [A.9].
 - Micro Risk Analysis [A.4].

Note: The plan of operations is a key document to be used at Evaluation [B.4] and possibly Audit when reviewing the project.

A.4 Risk analysis and contingency plans

Development of a detailed risk analysis and contingency plan is **mandatory** in the case of cash and vouchers. Risk analysis is an integral part of Stages 2, 3 and 5 of the programme and operations decision process outlined in section [A.3].

Macro risk analysis is a **mandatory** annex to the project document [A.3, stage 4]. The **micro risk** analysis is a **mandatory** annex to the plan of operations [A.3, stage 6].

The guidance provided in this section is consistent with WFP's Enterprise Risk Management Policy [📖3.1 WFP/EB.2/2005/5-E/1] and [📖2.9] Risk Management Guide.

Macro and Micro risks

The terms "macro risk" and "micro risk" used in this document should not be confused with the terms macro and micro used in WFP's standard assessment tools. In this document, the meanings are as follows:

- **Macro** risks are country-level, agro-ecological or socio-economic zone risks (e.g. inflation, supply, quality and safety, capacity of financial institutions, security, corruption, fraud etc.).
- **Micro** risks are specific to the implementation of cash/vouchers in the context of specific project city, town or village. This looks at issues such as shop capacity, shop availability, localised price fixing, safety of cash delivery arrangement, additional costs to beneficiaries in terms of transport etc.

The distinction between macro and micro risks is mainly to facilitate analysis by focusing attention on aspects of risks relevant to specific stages of the decision process. However, where necessary, country offices may decide to conduct micro risk analysis early in the design process or alongside the macro risk analysis.

There are certain types of risks for which the distinction between macro and micro is not obvious. Such risks should be included under both categories. This includes risks such as bank capacity, reliability and coverage in both national and local contexts.

Process for making a risk analysis

Step 1: Establish the focus group for conducting the risk analysis. Led by the programme team the group should include VAM, finance, procurement/administration, security, logistics, human resources and possibly partners.

Step 2: Based on the context and nature of the project, agree on a broad list of relevant risks (internal, external, macro and micro).

Step 3: Divide and evaluate the risks:

- **Manageable risks** – risks that can be mitigated by precautions or contingencies.
- **Non-manageable risks** – risks that cannot be mitigated. Identify the extent and severity of these risks. Take special care where cash or vouchers could negatively affect WFP's reputation, corporate strategic objectives, accountability requirements, financial safeguards or the security of staff or beneficiaries.

Step 4: If the risks are manageable or the non-manageable risks are not so severe as to undermine the project:

- Establish the limit at which a manageable risk becomes non-manageable, and if this will change, the alternative transfer modality to be used.
- Establish contingency measures for dealing with each manageable risk.
- Assess and plan for contingency practicalities, especially if this entails reverting to food distribution, as this has considerable implications for logistics and procurement.

Examples of risks and possible response contingency considerations:

Risks	Contingency examples
Price/currency inflation or fluctuation (cash and vouchers)	<ul style="list-style-type: none"> • Agree on fixed price for fixed period with selected shops. • Adjust cash/voucher value based on market prices. • Set a maximum limit for acceptable price increases.
Price fixing between shops (vouchers)	<ul style="list-style-type: none"> • Design system favouring free competition. • Monitor, identify and disqualify offending shops.
Vouchers exchanged for unauthorized items or cash	<ul style="list-style-type: none"> • Sensitise shops and beneficiaries to voucher regulations. • Monitor to identify occasional or systematic abuse. • Disqualify or replace if systematic abuse is found.
Market closure / supply shortages (cash and vouchers)	<ul style="list-style-type: none"> • If for short period: allow carry-over of cash or vouchers. • If for long period: plan for food distribution.
Attractive to non-beneficiaries (targeting risk)	<ul style="list-style-type: none"> • Spread value over time and in smaller amounts. • Consider including conditionality such as work. • Strengthen targeting arrangements. • Consider physical verification of beneficiary list.

Issues that country offices may consider in risk analysis.

- Corruption and fraud (internal and external)
- Gender (disadvantages for women and children)
- Design and implementation capacities (partner and WFP)
- Monitoring (cost, availability and accessibility)
- Targeting and reliability of systems for beneficiary identification
- Political interference in beneficiary selection
- Size of market compared to beneficiary numbers (demand exceeding supply)
- Potential negative implications on non-beneficiaries (risk of doing harm)
- Financial institutions delivering cash or making payments (ability, reliability, reach and potential for fraud)
- Shops' non-compliance with food and price standards/quantities
- Counterfeiting of vouchers (internal and external risks)
- Authorities inability or unwillingness to enforce quality standards for food chain between suppliers and shops (upstream quality assurance)
- Security of WFP staff, partners and beneficiaries
- Effect on food-based programmes, especially if implemented nearby
- Implications for WFP, partners and beneficiaries if abandoning cash/vouchers modality becomes necessary
- Long-term implications for the government in terms of sustainability
- Potential for creating dependency and sense of entitlement among beneficiaries

Documenting risk analysis and contingencies

The following table is a template for documenting risk analysis and contingency planning. It should be attached to both the project document (macro risks) and the project plan of operation (micro risks).

Statement of risk	Underlying causes	Potential implications	Response contingency	Risk classification (manageable or un-manageable)	Extent / severity acceptable Yes / No

A.5 Cost efficiency

This section provides a simplified approach to calculating the comparative cost efficiency of different transfer modalities. This approach is intended to provide practitioners and decision-makers with an easy-to-use tool. It is not intended to replace more comprehensive cost efficiency analysis methods.

The country office begins by identifying “base costs”.

Base costs are costs that are not affected by the choice of transfer modality, e.g. office set-up and administration costs.

Non-base costs should be estimated to establish comparative cost efficiencies between transfer modalities.

Examples of non-base costs

- **Food:** Free-on-board food costs; ocean freight and insurance; landside transport, storage and handling; estimated losses; any milling costs; any other costs specific to the food option.
- **Cash:** The monetary value in local retail prices of the same or similar food items in the WFP food basket; the charges made by financial institutions for services such as opening bank accounts or transfer fees; any other costs specific to the cash option.
- **Vouchers:** The monetary value in local retail prices of the same or similar food item in the WFP food basket; voucher administrative costs (printing, distribution, exchange fee, etc.); any service fee charged by shops/banks; any other costs specific to the voucher option.

Monitoring and targeting costs may also vary between modalities and these should be included in “non-base costs”.

Note: Targeting and monitoring costs for both cooperating partners and WFP should be based on targets for physical verification [\[A.7, A.9\]](#).

A.6 Value and quantity of assistance

The value and quantities of the cash/vouchers to be given to beneficiaries is closely linked to the programme objectives. If the objective is to address food needs, the transfer value should bridge the gap between people's food needs and their capacity to cover them without resorting to negative coping strategies.

Questions to help determine the transfer value:

- What is the objective of the intervention (nutrition, livelihood recovery, avoiding negative coping strategies, etc.)?
- What will the transfer cover?
- Are prices of commodities likely to rise during the project?
- Are other programmes necessary?
- Do beneficiaries require technical support, advice or in-kind assistance?
- Do beneficiaries receive assistance from other programmes? How does this assistance compare to that proposed by WFP?
- Should the frequency or amount of cash/voucher vary depending on household size, vulnerability, price changes, etc.?

Additional considerations for cash/voucher-for-work activities:

- Minimum standards and requirements for wages, benefits and security
- National/local laws governing duration of continuing employment
- Taxation laws applicable to beneficiary earnings
- Wage level consistent with self-targeting objectives
- Higher wages diverting labour from government or farming activities
- Very low wages failing to attract intended beneficiaries, or failing to deliver adequate food assistance

A.7 Targeting

Targeting process

Targeting is the process by which WFP and its partner agencies identify those who meet the needs criteria established during an assessment and response identification and ensure that those identified receive the right assistance.

The targeting process and methods for cash/voucher-based programmes are essentially the same as for WFP's food-based programmes.

For further reading on targeting see [📖2.1 Community-Based Targeting: Basic Guidance](#). Also see:

- [📖3.2 WFP/EB.1/2006/5-A](#)
- [📖2.13 Time for change](#)

In some countries WFP uses national targeting guidelines, which have usually been developed with WFP participation.

Targeting criteria

Precise targeting criteria must be established in the case of cash and voucher initiatives. Targeting criteria may include:

- Income levels
- Physical assets
- Food security or nutritional status
- Employment
- Number of family members
- Other criteria to be identified by the country programme team

Where appropriate, methods such as the proxy means test (PMT) formula, poverty score cards, the **expenditure module** and the **food consumption module** should be used [[section 4.2.4.1 of 📖2.2 Comprehensive Food Security and Vulnerability Analysis \(CFSVA\) Guidelines](#)].

In situations where beneficiary numbers are expected to exceed available resources, clear cut-off limits and conditions must be established. These criteria should be communicated to beneficiaries,

authorities and partners early on as part of a sensitisation campaign [A.12]. This is to ensure that beneficiaries/communities meeting the criteria but not being assisted understand the reasons for such limitations.

Registration

Targeted beneficiaries must be registered using a verifiable identification system to avoid errors and manipulation.

Beneficiary identification methods

- National identity or electoral card
- Identification card issued by agencies such as the Office of the United Nations High Commissioner for Refugees (UNHCR)
- WFP-issued registration card with beneficiary photograph
- Smart Card containing beneficiary data and information
- Iris scan (costly and not always appropriate)

Considerations for choice of identification method

- Costs of establishing and operating in relation to benefits achieved
- Logistical constraints
- Capacity to operate
- Reliability of identification systems
- Social acceptance of the method
- Size of the programme and potential risks

Physical verification of beneficiaries

Physical verification of beneficiaries is **strongly recommended** and should be made to minimize inclusion errors and to keep beneficiary numbers within established limits before a beneficiary list is made public.

However, in cases where a targeting approach being used has proven to leave little or no scope for error the country programme team may choose not to apply the physical verification requirement. In such cases, the reasons for such a choice should be documented to inform the Programme Review Committee.

A five-step process for physical verification is recommended:

- i) Establish a sample size (percentage of total) to be visited on a random basis.
- ii) Establish an acceptable level of accuracy in terms of number of beneficiaries sampled – acceptable level of difference between beneficiary list and beneficiaries verified.
- iii) Establish measures to be taken if physical verification shows that errors in the beneficiary list exceed the acceptable limit.
- iv) Physically verify the number of beneficiaries in the sample size.
- v) Revise, cancel or accept the beneficiary list based on verification.

Target for the sample size to be physically verified should be based on three main considerations:

- difficulties with targeting in the context.
- perceived risks of inclusion errors.
- costs involved in comparison to the size of the programme.

Cost considerations for physical verification

The country programme team, including monitoring and evaluation, (M&E), should begin by establishing the reasons and target for physical verification. These should be recorded in the budget plan explanation. The project budget for targeting should ensure that costs to meet the physical verification target are included [[ii.2 Templates and proformas](#)].

Predefined levels of other direct operational costs (ODOC) and direct support costs (DSC) should not be a pretext for avoiding or reducing the requirement for physical verification.

A.8 Project results and performance indicators: Logical Framework

The logical framework matrix (log frame) is the foundation document for both project document design and monitoring and evaluation, articulating expected project results as outcomes and outputs. It establishes ways to measure project results and provides indicators for performance measurement. It is a **mandatory** annex to the project document including food, cash, and/or vouchers [[2.7 Logical Framework](#)].

Outcomes

Even though the transfer modality chosen must be appropriate for achieving desired outcomes in a particular context, the **outcome itself remains unchanged** whether cash, vouchers or food are used.

Example: “Improved Food Consumption for targeted beneficiaries (Strategic Objective 3)” or “Improved nutritional status for women and children under 5 (Strategic Objective 4)” are outcomes which can be achieved through food, cash and/or voucher modalities.

As with food, the logframe should clearly indicate which outcomes the cash and voucher-based activity will contribute to and which indicators will be used for measurement. At the minimum, one outcome and one outcome indicator from the Strategic Results Framework (SRF) must be used [[2.11 Strategic Results framework](#)].

In addition to corporate outcomes, the country office can add project-specific outcomes. These outcomes must be measured, even when not reported on through the Standard Project Report (SPR).

Outputs

Outputs define resources, products, capital goods and/or services used for achieving project outcomes. **Project outputs change according to the chosen transfer modality.**

The outputs associated with the corporate outcomes (included in the SRF) are based mainly on food distribution. As such, the SRF currently does not include output performance indicators for cash and vouchers. Until this is included in the SRF, country offices are

required to use the following output indicators as **mandatory** for cash and vouchers. The country offices are also responsible for defining additional, project-specific outputs and indicators. These **should be documented** in the project logframe.

Output 1	Cash distributed in sufficient quantity and on time to targeted beneficiaries under secure conditions.
Indicator 1.1	Number of beneficiaries receiving cash, as percentage of planned
Indicator 1.2	Number of women heads of household receiving cash as percentage of planned beneficiaries
Indicator 1.3	Total cash amount distributed, as percentage of planned
Indicator 1.4	Beneficiaries receiving cash on time, as percentage of planned
Indicator 1.5	Beneficiaries using cash to access food, as percentage of planned
Indicator 1.6	Beneficiaries investing cash towards livelihood recovery activities, as percentage of planned
Output 2	Vouchers distributed in sufficient quantity and on time to targeted beneficiaries under secure conditions.
Indicator 2.1	Number of beneficiaries receiving vouchers, as percentage of planned
Indicator 2.2	Number of women heads of household receiving vouchers, as percentage of planned beneficiaries
Indicator 2.3	Total voucher amount and/or numbers distributed as percentage of planned
Indicator 2.4	Number of women exchanging vouchers in shops
Indicator 2.5	Number of men exchanging vouchers in shops
Indicator 2.6	Percentage of beneficiaries receiving vouchers on time
Indicator 2.7	Vouchers redeemed, as percentage of total vouchers distributed, per distribution
Indicator 2.8	Percentage of shops providing food of planned quantity, types and quality, on time and for agreed prices

A.9 Monitoring

The logical framework [A.8] is the basis for project monitoring.

Monitoring requirements

As with food programmes, cash and voucher programmes must be monitored. Outcomes, outputs and performance must be measured and process monitoring is required to remedy any shortcomings as they occur.

This section should be used in conjunction with [2.14 WFP Monitoring and Evaluation Guidelines 2002 and knowledge base](#).

Process monitoring

Process monitoring is **mandatory** for cash and voucher projects. This involves physical presence of monitors to ensure that process inconsistencies and weaknesses are identified and corrected in real time. The nature and extent of physical verification remains to be decided by the country office based on following guidance.

Establishing process indicators

Process indicators must identify **critical steps** in distribution and post-distribution stages that are either vulnerable to manipulations or could negatively affect the programme objectives. Process indicators should be developed by the country office programme team (including monitoring and evaluation) in consultation with finance and partners. These **indicators** should be included **in monitoring checklists for physical verification** and reporting by the field monitors.

Examples of process indicators:

- Do shops display price lists as required?
- Do shops charge beneficiaries extra fees or offer to purchase vouchers?
- Do food prices differ between partner and non-partner shops?
- Are all commodities available at all times in partner shops?
- Do shops treat voucher customers differently. e.g. give low quality food?
- Are shops respecting food and safety standards in the contract?
- Are vouchers sold or exchanged for unauthorized items?
- Do cash beneficiaries face security problems?
- Do beneficiaries face logistical constraints or costs?
- Are banks making cash payments on time?
- Are there hidden costs?

Establishing quantitative targets for physical verification

The programme team (including monitoring and evaluation) with finance in the country office should establish quantitative targets for physical verification of beneficiaries, shops and financial institutions. Based on this, the sample size (monthly, quarterly) of each group to be monitored by WFP and its partners should be defined.

Parameters to determine the target for physical verification:

- Perceived level of risks (low/medium/high) [[A.4, Risk Analysis](#)].
- Extent of corruption and potential for misappropriation.
- Difficulties of physical access and geographical spread of the beneficiaries.
- Benefits and cost of physical verification compared to the size of programme.

Examples of physical verification targets:

- The number of beneficiaries to be reached for monitoring each month.
- The number of shops to be visited for monitoring each month.
- The number of voucher distribution sites to be visited for monitoring each month.

Monitoring and evaluation plan matrix

A monitoring and evaluation plan matrix must be completed and provided with the project plan of operation. It should specify the means of verification and clarify the data source, the collection methods, the responsibility for and the frequency of data collection. It is a critical tool for establishing clear roles and responsibilities for WFP and its cooperating partners.

[See [2.14 WFP Monitoring and Evaluation knowledge base for help in developing a matrix](#)].

Indicators (& targets)	Means of verification			Use of information		
	Data source	Collection method	Responsibility for collection	Frequency	Reporting	Presentation

Monitoring checklist, report and frequency

It is the responsibility of the country office Monitoring and Evaluation unit to develop a monitoring checklist and establish reporting format and frequency for both WFP and its partner monitors. This **should include** project outcome, output and process indicators.

All monthly monitoring observations of beneficiaries, shops and financial institutions must be documented. A separate follow-up action report should be prepared. Findings/follow-up action **should trigger** timely corrective measures undertaken by the country office and its partners.

Costing and budget considerations

Once the country office has established the target for physical verification at the monitoring and evaluation design stage, the resulting costs should be reflected in the overall monitoring and evaluation budget requirement and subsequently reflected in the costing of direct support costs (DSC) and other direct operational costs (ODOC).

The level of DSC and ODOC for monitoring in the case of cash and vouchers will therefore derive from the physical verification targets established by the country office.

The rationale, assumptions and targets forming the basis for physical verification requirements must be documented in the budget plan explanation.

Baseline consideration

WFP is currently in the process of developing corporate requirements for project baselines. In the meantime, country offices should do one of the following when implementing cash/voucher programmes:

- Monitoring and Evaluation and Programme staff identify the main set of data in relation to project objectives and expected outcomes, and develop a simple set of baseline information to be collected ideally before or at the time of first cash/voucher distribution, or
- First round monitoring data and report is used as a baseline.

A.10 Monitoring food prices:

In the case of cash and vouchers, an increase in food prices in the local market could potentially erode beneficiary assistance unless compensatory contingency measures are in place. Moreover, in some cases the very injection of cash and vouchers into a local market can lead to a rise in food prices with potentially negative consequences for both beneficiaries and non-beneficiaries. In either case, price monitoring is vital for ensuring that country offices are aware of the price inflation, thus taking necessary corrective measures in a timely manner.

Prices of key commodities are often monitored by country office VAM and Monitoring and Evaluation – either directly or through partners and government agencies – as part of market or food security monitoring systems. If a price monitoring system is not already in place or fails to provide specific information related to project areas then the country office should establish this. The country programme team (including M&E) together with VAM should decide on the parameters and methodology for price monitoring. For further details on the importance of price monitoring and analysis refer to [2.12 Technical guidance sheet: The basics of market analysis for food security](#).

Ways to address price inflation with cash and vouchers

Price inflation can either be:

- **Predictable** – following historic and/or global/regional market trends.
- **Volatile** – usually occurring when demand exceeds supply due to external/internal market inefficiencies and/or barriers (including security).

In the case of predictable price inflation, inflation should be factored into the cash/voucher transfer value – based on historic inflation data. Where appropriate, consider seasonal price variations caused by surplus or a shortage of food items in local markets.

In the case of volatile price inflation, the country office must carefully consider the viability of using cash and vouchers compared to food distribution. Should the country office choose to use cash and vouchers it may then consider one of the following approaches, ensuring that these are tailored to their own specific contexts:

- i) **Continuing adjustment of transfer value to offset price inflation.** Although this hedges beneficiaries against price inflation, it remains potentially a time- and resource-intensive arrangement, requiring careful consideration. Moreover, it may require an ongoing sensitisation campaign to ensure that beneficiaries understand the reasons for continuing variations in the value of assistance.
- ii) **Setting cut-off limits for maximum acceptable price inflation.** The value of cash/voucher transfer is set to absorb maximum acceptable price inflation, using a set of fixed value increases over fixed intervals of time. The assumptions and details for this arrangement should be decided by the country programme team in consultation with VAM. Continuing price monitoring should be used to regularly validate the planned level of price inflation against its actual level. Country offices must have a contingency exit plan to respond to the situation when acceptable price inflation limits are exceeded by the actual price inflation.

Both approaches used in the case of volatile price inflation have cost implications for the country offices, which should be carefully budgeted. Moreover, both these approaches could carry higher risk for WFP, and therefore prior consultation with both HQ and the Regional Bureau (programme, VAM and finance) is highly recommended.

Note: Price inflation considerations must form part of risk analysis [\[A.4\]](#).

A.11 Food quality and safety considerations

Unlike a WFP-managed food distribution, where WFP assumes direct responsibility for food quality, safety, storage and handling, a voucher programme requires WFP to set and monitor food standards to be followed by partner shops.

WFP and/or its cooperating partner should:

- physically inspect shops for compliance with hygiene, storage, and safety standards;
- regularly check the quality, quantity and availability of the products in partner shops and markets;
- establish a quality complaints procedure for beneficiaries to alert WFP of non-compliance by shops [\[A.13\]](#).

In cash and voucher programmes WFP has limited control over the origins and quality of food sold in shops. This responsibility lies with national or local food standard authorities such as the Ministry of Health. WFP should ensure that:

- Relevant authorities take responsibility for food standards. If authorities are unable, or unwilling to do so, then this should be an important part of WFPs risk analysis [\[A.3 Stages 2 and 3\]](#).
- Beneficiaries and other stakeholders are made aware of the authorities' responsibilities for food safety and quality standards to avoid WFP being blamed for quality/safety issues outside of its control [\[A.12\]](#).

Note: Cash and vouchers by definition transfer resources (to access food) using market mechanisms. This makes them dependant on national/regional food quality and safety standards. In some cases, WFP also provides assistance in countries where food quality and safety standards either do not exist or are not rigorously applied.

In all cases, food quality and safety considerations must be an essential part of risk analysis. Should associated risks to beneficiaries and WFP be too high then country offices may consider alternative transfer modalities, such as food.

A.12 Sensitisation requirements

WFP and its partners should conduct information and sensitisation campaigns directed at beneficiaries, shopkeepers, financial institutions, local authorities and other stakeholders.

Sensitisation campaigns should cover issues such as:

- Food quality and safety assurance responsibilities of authorities, WFP and partners [\[A.11\]](#)
- Beneficiary criteria for receiving assistance [\[A.7\]](#)
- Shops' food standards and responsibilities [\[A.11\]](#)
- Beneficiary rights with regard to voucher use
- Monitoring arrangements and expected engagement/feedback from beneficiaries, shops, authorities etc. [\[A.9\]](#)
- Beneficiary complaint and response arrangement [\[A.13\]](#)
- Responsibilities of authorities, the beneficiary selection committee, cooperating partners and WFP in beneficiary targeting and identification

Cash and voucher programmes by themselves cannot address all hunger and nutrition issues. These should be strengthened by well-designed information and sensitisation campaigns, ensuring that beneficiaries are made aware of issues such as food use, diet, hygiene and sanitation practices.

A.13 Complaint and response mechanism

With cash and vouchers, Country Offices should consider setting up a context-specific and easy-to-use complaint and response mechanism.

Complaint and response mechanisms should ensure that beneficiaries can easily and without fear of repercussion communicate:

- Cases of abuse of power or non-compliance by shops, financial institutions, community leaders and/or other key actors.
- Aspects of programme and/or transfer modality that inadvertently have negative implications.
- Concerns related to food quality, safety and entitlement.

When opting for a **complaint mechanism**, ensure that a timely and effective **response arrangement** is also in place.

The complaint and response arrangement should be communicated to stakeholders as part of the sensitisation campaign [A.12]. Added attention should go towards sensitisation of community elders/leaders where a complaint mechanism could potentially alter the balance of power within communities.

The objectives of setting up an effective complaint and response mechanism for a WFP and its partners may include:

- To understand the usefulness of project and transfer modalities from a beneficiary perspective.
- To identify project-related issues that WFP and its partners should fix, thus improving project effectiveness and reinforcing credibility with stakeholders, especially beneficiaries.
- To document issues with serious implications that may require design changes.
- To improve the relationship with communities and reinforce mutual trust.
- To create a deterrent by ensuring that those intended to engage in harmful activities are aware that anybody is able to complain about them.

Country offices must consider and be aware that the risks of a poorly designed complaint and response mechanism could easily outweigh its perceived advantages.

Risks for a poorly designed response and complaint mechanism include:

- Security of beneficiaries who may complain about sensitive issues.
- Security of WFP and partner staff responsible for carrying out complaint mechanisms in volatile and/or insecure circumstances.
- Altering power structures in communities, resulting in resentment among elders/leaders.
- Raising expectations while being unable to respond effectively - undermining beneficiary trust and affecting organisational reputation.
- Time and cost limitations resulting in ineffective implementation.

The implementation arrangements for the complaint and response mechanism should be decided by the country programme team.

One of the standard arrangements is to use the project monitors as channels through which beneficiaries register their complaints. Where this arrangement is found to be inappropriate or potentially counterproductive, the country office should explore alternative arrangements that are practical and achievable, while ensuring that these are trusted by and easily accessible to the beneficiaries.

The chosen complaint mechanism must ensure confidentiality concerning the identity of those filing the complaint. Moreover, it should ensure that information relating to the complaint is shared strictly on the need-to-know basis.

Where appropriate, a standard complaint form may be developed and distributed to intended stakeholders, especially beneficiaries.

A.14 Checklist

General

- Are country office staff aware of WFP's cash/voucher policy and the requirements of programme and operations guidelines?
- Are country office staff aware of the advantages/disadvantages of cash/vouchers as a transfer modality?

Programme Decision and Design

Stage 1 (Monitoring Context Indicators)

- Are arrangements in place for the monitoring of Context Indicators? If not, establish the system, either through the food security monitoring system (FSMS) or separately.
- Has socio-economic zoning been done to allow monitoring of context indicators in a focused manner?
- Are there zones where context indicators show that appropriateness of using cash and vouchers should be further investigated?

Stage 2 (Market Analysis)

- Is sufficient market information available – from existing EFSA, CFSVA, other internal/external market assessments – to establish the appropriateness of using cash and vouchers in selected zones?
 - If market information is not available, or is inadequate, has a separate market analysis been undertaken?
- Have macro risks been analysed and documented?
 - Has it been ascertained that none of the risks are serious enough to potentially derail the project or undermine its objectives?
- Has the appropriateness of using cash/vouchers been established by the market analysis? If yes, consider cash and vouchers in the next stage.

Stage 3 (Programme Response Identification)

- Has a list of major issues to be analysed during response identification been identified?
- Has the response identification been conducted to identify programme activities and respective transfer modalities?
- Have stakeholders (internal and external) been consulted adequately through response identification process?
- Has a macro risk analysis (from stage 2) been reviewed during response identification process and finalised?

- Has a cost–efficiency comparison been made – cash/food/ voucher?
- Has value and quantity of assistance been established?
- Has targeting criteria and approach been identified?
- Have beneficiary registration requirements been established?
- Have targets for physical verification – for both monitoring and targeting – been established?
- Have targeting and monitoring costs – based on physical verification targets – been established?

Stage 4 (Project Document and Budget)

- Have the results of response identification been screened and documented in the project template? Are the following annexes attached:
 - Macro risk analysis.
 - Logical framework.
- Have selected activities and response modalities been costed and documented in the project budget template?
- Has the project document been submitted to the programme review committee, and has this been recommended for approval?

Operational Decision and Design

Stage 5 (Operational Response Study)

- Has the operational response study been conducted to generate information necessary for designing the plan of operation?
- Has micro risk analysis been undertaken?
- Has the country office considered and established requirements / systems for:
 - Food quality and safety.
 - Sensitisation requirements and approach.
 - Complaint and response mechanisms.
 - Monitoring of price and inflation.

Stage 6 (Plan of Operation)

- Has a plan of operation for cash and voucher activities been completed prior to the start of the project implementation? Does this include the following attachments:
 - Micro risk analysis and contingency plan.
 - Completed field level agreements.
 - Monitoring and evaluation plan matrix.

Section B

Implementation

B.1 Procurement – shop services

Establishing selection criteria: shop services

Once the value and quantities of items to be provided through vouchers have been determined [A.6], criteria are established that shops must agree to meet in order to qualify for inclusion in the project. Country office programme staff **should develop selection criteria** in consultation with procurement, administration and finance staff.

In order to decide on which criteria are the most relevant for shop selection in a given context, the following must be decided first:

Basic considerations when defining shop selection criteria:

- Allowable maximum distance that the beneficiaries, especially women, could easily travel to reach the shop
- Financial, economic and/or opportunity costs for the beneficiaries in travelling to the shops
- Whether shops will be paid a fee for meeting administrative/reporting requirements
- Whether the shops should get a fixed number of beneficiaries, or beneficiaries should be free to choose from a wide range of pre-selected shops. This will depend on the model chosen:
 - **Fixed price model:** beneficiaries are required to use specific shops and collect specific items for a specific amount and quality.
 - **Free market model:** beneficiaries are allowed to choose from a number of pre-selected shops, giving them the choice to shop for best prices.

Note: selection criteria, defined above, may not be applicable in markets without regulated and established shops/stores. In such case, risks in terms of food quality and beneficiary safety etc. should be assessed against the advantages of using cash and vouchers.

Selection criteria for shops (vouchers):

- ☑ Meet financial, supply and stock capacity criteria
- ☑ Offer competitive prices (use WFP and/or government price-monitoring data)
- ☑ Agree to a time-specific price ceiling
- ☑ Agree to follow WFP procedures for any price changes
- ☑ Display correct prices at all times
- ☑ Meet relevant food storage and handling standards
- ☑ Meet local authority food quality standards
- ☑ Provide cold storage for perishable products
- ☑ Possess a bank account
- ☑ Possess a valid trading license
- ☑ Possess accurate weights and measures equipment
- ☑ Accept vouchers without prejudice and without time restrictions
- ☑ Agree to repayment and reporting requirements
- ☑ Agree to WFP monitoring and inspection conditions

Where necessary, country office should define additional or other selection criteria specific to their own market context.

Shop selection and contracting arrangements

The process and documentation requirements for selecting shops and contracting them will depend on whether 1) WFP or 2) the cooperating partner(s) select and enter into a contract with shops.

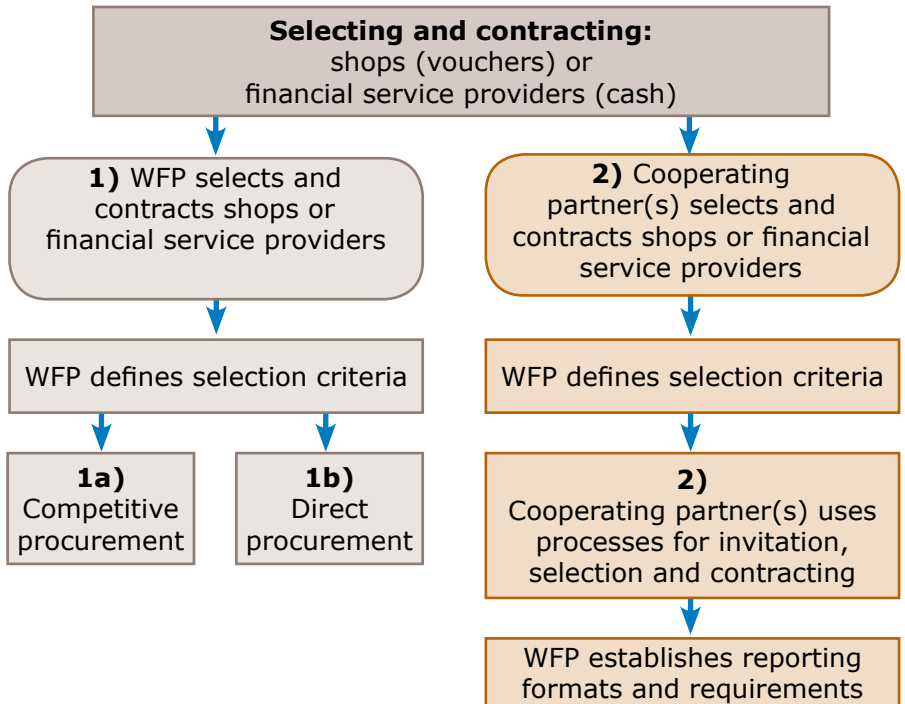


Illustration: shop or financial service provider selection and contracting

1) WFP selects shops and enters into contract directly

Procurement rules allow for two options: competitive and direct procurement of services. The following are the processes and requirements associated with each.

1a) Competitive procurement

WFP Competitive selection process for shop selection (vouchers)

- i) WFP establishes the list of criteria for shop selection.
- ii) “**Expression of Interest**” document is prepared, listing the criteria that shops must meet. The **Acceptance form** is included which the interested shops must fill in, sign and submit to WFP.
- iii) The forms for the Expression of Interest should be distributed to all the shops in the areas where the services are required. Reasons for not including certain shops should be documented and submitted to the Purchase and Contracts Committee (PCC).
- iv) Expression of Interest by the shops should follow the standard **Goods and Services tender submission procedure**. WFP may choose and allow means of submission, such as through a closed fax, sealed envelopes or e-tas (electronic submission), or any other approved tendering means.
- v) The **evaluation panel** should be nominated by the Procurement Authority to review all submitted forms and evaluate offers. The panel should recommend shops (and shop chains) to be awarded contracts. If required, the evaluation panel should **visit and check the shops**. In exceptional cases **samples of food could be requested and analysed** using the superintendent companies.
- vi) The PCC should review and accept/reject the recommendations of the evaluation panel. In case of acceptance, it should recommend to the Procurement Authority to award the contracts to the chosen shops.
- vii) If the PCC does not agree with the evaluation panel’s decision, it can ask for either re-issuance of the Expression of Interest or for re-evaluation of the submissions.
- viii) If the evaluation panel feels that negotiations should be held with the shops then it should first seek PCC approval in writing for entering into negotiations with a few or all shops.

Purchase orders (**POCB***) should be created in WINGS II for all selected shops. The POCB approval and release process should be followed.

* POCB – Purchase Order Cash for Beneficiaries

1b) Direct procurement (Waiver process)

The direct selection option may be more appropriate in the cases where competition is either not possible or carries considerable risks. The reasons for recommending direct selection should be documented and submitted to the Procurement Authority, requesting prior approval of waiver of competition.

Allowed reasons for awarding waivers to competition

- Prices or rates are fixed by national legislation or regulatory bodies.
- WFP has decided on standardization of voucher items and prices, thus making competition either irrelevant or unnecessary.
- The requirements of emergency operations do not allow for the time delay that may be caused by the execution of a competitive process.
- Only one or very few selected sources could meet WFP's requirements.
- Competition for identical items has been obtained during the preceding three months, and there has been no substantial change in price or market trends in the meantime.

In the case of waiver and direct selection the shop selection process will follow the approval process established by the Non-food procurement manual [\[2.6\]](#).

Waiver examples can be found in Sections 3.14 and 3.15 of the Non-food procurement manual [\[2.6\]](#).

NOTE: Although discouraged, there could be situations in which WFP is required to pay additional charges on top of the voucher value, towards the administrative services that shops are required to provide. In such cases, a service contract is considered as a procurement of services and the **service fee** that WFP will pay to shop(s) is considered the **Contractual Value**. For this payment **POFS** (Purchase Order Food Services) should be created in WINGS II. Goods and Services Procurement Approval Limits apply to the contractual value only. They do not apply to the voucher value.

The financial approval limits should follow the thresholds and authority established in the Non-food procurement manual [\[2.6\]](#).

2) Cooperating Partner (CP) selecting shops and entering into contract:

When WFP works through a cooperating partner, roles in the selection and contracting of shops are illustrated in the box below.

Procedure for Cooperating Partner (CP) when selecting shops and entering into contract

- i) WFP must define the shop selection criteria and communicate them to the cooperating partner.
- ii) The cooperating partner should use its own procurement procedures for invitation, selection and contracting of shops to ensure a fair and transparent process. If needed, the WFP country office may choose to set specific accountability and/or process transparency requirements. These must be documented in the Field Level Agreement and/or the plan of operation.
- iii) WFP must establish the format and requirements for partner reporting on shops and payments etc. This will be established jointly by the WFP country programme, finance and procurement/administration.

B.2 Procurement – financial services

Choosing cash delivery and payment mechanisms

Depending on the context and availability of financial institutions, a number of formal and informal approaches exist for cash disbursement.

Approaches for cash disbursement

- Banks
- Micro-credit institutions
- Post offices
- Remittance companies
- GSM-based (mobile telephone) cash transfers
- Direct cash delivery by the implementing agency (liabilities to be agreed in Field Level Agreement [\[B.5\]](#))

If the country office decides to use an informal financial service, such as remittance companies, then the reasons for this must be documented and prior approval sought from regional and headquarters finance and treasury units.

The suitability and appropriateness of each transfer mechanism should be evaluated and decided based on an agreed set of requirements that must be established by the country programme in consultation with finance, procurement and administration.

Note: Transfer fee quoted by the financial service providers must be in line with average national banking standards. Headquarters and Regional Bureau advice/endorsement should be sought where this is not possible or where the rates are considerably higher than country office finance limits.

Criteria for choosing the type of financial service provider

Primary criteria:

- ☑ Safety and security of staff (WFP and cooperating partner), beneficiaries and resources being transferred.
- ☑ Coverage and ease of access for beneficiaries/shops.
- ☑ Comparative cost efficiencies, based on transfer costs/charges.

Additional criteria:

- ☑ Represents socially responsible business.
- ☑ Registered and part of approved financial arrangement.
- ☑ Capable of providing guarantee against loss of resources.
- ☑ Trusted by the beneficiaries and other stakeholders.
- ☑ Non-discriminatory against women, disabled and elderly beneficiaries.
- ☑ Offers competitive service fees (transactions, bank account opening, plastic card issuance, administration).
- ☑ Able and willing to customise and develop necessary services.
- ☑ Has experience in delivering payments to humanitarian and development programme beneficiaries, social assistance, pensions, salaries etc.
- ☑ Has access and presence for delivering payments in urban, peri-urban, and/or rural areas.
- ☑ Has experience working with United Nations and non-profit organisations.
- ☑ Capable of organizing on-site delivery, such as mobile banking.

Procurement and contracting of financial service providers

Financial service providers are needed for disbursement of cash to beneficiaries and for payment to shops.

The process and documentation requirements for selecting and contracting financial service providers will depend on whether WFP or the cooperating partner(s) select and enter into a contract with the financial service providers.

See illustration on page 47 "shop or financial service provider selection and contracting"

1) WFP selecting financial service providers and entering into a contract directly:

Country office programme together with finance should decide the most appropriate type of financial service provider (example: banks or mobile phone providers) based on criteria listed on [page 52](#).

Procurement rules allow for two options: competitive and direct procurement of services. The following are the process and requirements associated with each.

1a) Competitive procurement

Competitive procurement process for contracting of financial service providers (cash)

- i) WFP establishes the list of criteria for the selection of financial service provider.
- ii) **“Request for Proposal” (RFP)** document is prepared, listing the criteria that the financial service providers must meet. This document should follow standard RFP services procurement process rules in the WFP Goods and Services Manual.
- iii) The RFP form should be distributed to all the financial service providers in the areas where the service is required. If it is decided not to include certain financial service providers, then the reasons for this should be documented and submitted to the Purchase and Contracts Committee (PCC).
- iv) Submission of the proposals by financial service providers should be consistent with standard Goods and Services RFP submission requirements. WFP may choose and allow means of submission, such as through a closed fax, sealed envelopes, e-tas, or any other approved tendering means.
- v) An **evaluation panel** should be nominated by the Procurement Authority to review and evaluate all submitted proposals. This should follow standard RFP evaluation process, providing a separate evaluation of technical and financial offers.
- vi) The panel should recommend the financial service provider(s) to be awarded WFP contracts. If needed, the evaluation panel should visit the selected financial service provider and verify its facilities and capacity.
- vii) The PCC should review and accept/reject the recommendations of the evaluation panel. If accepted, it should recommend that the Procurement Authority award contracts to the chosen financial service provider(s). Should the PCC not agree with the evaluation panel’s decision, it can ask for either re-issuance of the RFP or for the panel to re-valuate the submissions.
- viii) Total fees that WFP will have to pay to a financial service provider for disbursing cash to the beneficiaries should be considered as a **contractual value**. Approval process should follow normal thresholds of Procurement Authority established in the Goods and Services Procurement Manual.

- ix) Purchase Orders (POS – amount to cover overhead/service costs) should be created in WINGS II for the selected financial service provider following standard goods and services approval thresholds and procedures.
- x) For the amount to be disbursed by the financial service provider to the beneficiaries or reimbursed to the shops, the country office should create Purchase Orders type POCB (amount disbursed to beneficiaries) and follow approval authority defined for this type of purchase order.
- xi) If the evaluation panel decides that negotiations should be held with the financial service providers, then it should first seek PCC approval, in writing, for entering into negotiations with the providers.

For more details on Requests for Proposals see [[2.10 RFP drafting guidelines](#)].

NOTE: The fee that WFP will pay to financial service providers for the services to disburse cash is considered the **contractual value**. Approval limits apply to the contractual value only and not to the entire amount i.e. those being disbursed to the beneficiaries/shops. As such, based on contractual value, the financial approval limits should follow the thresholds and authority established in the Non-food procurement manual [[2.6](#)].

1b) Direct procurement (waiver process)

The direct purchase option may be considered more appropriate in cases where competition is either not possible or carries considerable risks. In such cases, the reasons for recommending direct purchase should be documented and submitted to the Procurement Authority, requesting prior approval of a waiver.

For allowed reasons for awarding waiver to competition see relevant section under Procurement (shop services) [[B.1](#)] (page 49).

2) Cooperating Partner (CP) selecting financial service provider and entering into contract:

When WFP works through a cooperating partner, the roles in the selection and contracting of financial service providers are the same as those established for procuring shop services [[B.1](#)](page 50).

B.3 Vouchers

Choosing voucher type

The choice concerning the type of voucher to be used (different types of electronic or paper-based) should be based on careful comparative analysis undertaken by the country office. This should take into consideration the following key factors:

Considerations for choosing voucher type

- i) Consistency with the objectives of the project (nutrition, access to food, etc.)
- ii) Local availability and access to technological prerequisites
- iii) Overhead costs for set-up, management, operations and reporting etc.
- iv) Beneficiary and shop literacy levels, capacity to use technology and preferences
- v) Size and duration of the project relative to the overhead costs
- vi) Voucher type already being used by others in the project location

Paper vouchers

Country offices may choose one of the following voucher printing methods:

- Country office prints vouchers to be distributed by cooperating partner;
- or
- Country office specifies the voucher format and serial numbers and authorises cooperating partner to print and distribute vouchers.

Decisions on the voucher format and printing method should be jointly made by the Programme, Finance, Administration, Procurement and Monitoring and Evaluation units.

Voucher numbers

Vouchers must always carry unique serial numbers issued by WFP finance. See [\[B.6\]](#).

WFP finance should issue vouchers or voucher numbers to partners' finance staff based on a monthly disbursement plan approved by the country office programme unit.

Issuing procedures

Procedures for issuing and accounting for vouchers must be consistent with the finance procedures in [B.6].

Voucher format

Vouchers should bear WFP's logo and, if appropriate, the partner logo(s). Vouchers **must never** carry political symbols or messages.

To prevent fraud through forged vouchers, country offices can:

- Print vouchers in a different country
- Consider using hologram stickers carrying the WFP and the cooperating partner logo
- Print the names or identification numbers of recipients on the vouchers

Electronic Vouchers:

Developments in information technology combined with innovations in banking services have resulted in a variety of electronic vouchers. These are mostly similar to debit cards, allowing beneficiaries to receive and spend resources. e-vouchers/cards are redeemable in all shops with a point-of-sale terminal for electronic transactions. Currently available e-vouchers fall under two main categories:

Magnetic strip cards are the most common cards in use. The processing system that accepts electronic payments has a magnetic card reader (point-of-sale) device which can be programmed to perform specific tasks, such as keeping a record of the amount used and the balance for each beneficiary. Magnetic strip cards can be either paper-based or disposable/multi-use plastic cards. Use of this card is feasible in urban contexts with well-developed banking facilities.

Smart or Integrated Circuit (IC) cards contain a microprocessor or chip instead of magnetic strip, allowing it to both process and store the information. Smart Cards provide higher level of security by combining the use of a PIN number and beneficiary biometric

data for identification purposes. Such cards allow offline transactions (without phone or internet connection), and are therefore more useful in areas with non-existing or unreliable communication and power facilities.

Advantages and disadvantages of electronic vouchers	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reduces considerably printing, distribution and processing costs. • Reduces risk of fraud, by allowing direct transfer of resources to beneficiaries. • Reduces risk of vouchers being traded as parallel currency. • Improves tracking of voucher use and expenditures. • Simplifies reimbursement to participating shops. • Does not result in loss of resources for either beneficiaries or WFP if stolen or lost. • Gives beneficiaries the flexibility to redeem the amount as and when they need to. • Reduces stigma that may be associated with in-kind assistance or paper vouchers. • Enables easy, fast and safe transfer of beneficiary entitlement. 	<ul style="list-style-type: none"> • Requires established banking system and shops with point-of-sale devices in the project area. • Could involve high initial investment into technology, materials and equipment. • Could prove expensive in a short-term project i.e. in comparison to paper vouchers. • Requires some degree of literacy on part of beneficiaries and store operators. • Cannot restrict the use of resources to specific food items i.e. unless all items sold by the shops are bar-coded. • Could be used on unauthorised items or exchanged for cash if shop and beneficiary collude (same as in the case of paper vouchers).

Mobile phone transfers:

Mobile phone transfers allow people and organisations to transfer resources electronically. This type of transfer service is provided mainly by the mobile phone companies, without the need for the subscriber to have a formal bank account. This involves installation of a specifically developed software application directly to individual SIM cards allowing transfer of both electronic cash and vouchers.

The fundamental prerequisites for mobile phone transfers to be used effectively include:

- Availability of a reliable and accessible mobile phone network
- Availability of software for resource transfer using mobile phones
- Capability at the shops:
 - to accept and transact in electronic money
 - to accept electronic vouchers and convert them into commodities
- Capability with users/people:
 - to have access to mobile handsets and network
 - to receive e-cash/voucher and convert this into paper cash and/or make e-payments to shops within easy distance

Although expanding to a number of countries, the availability of such a service remains relatively limited. In countries where the service already exists, it involves low subscription and application charges. However, in countries where the service is not already available, the cost of developing software and its application could be high, requiring careful cost-benefit analysis by WFP.

Most of the mobile phone transfer services remain unregulated by national financial regulatory bodies (central banks). The risks of this should be carefully evaluated by finance on a case-by-case basis and included in the Macro Risk analysis.

Banks are becoming increasingly interested in the mobile phone money transfer service. This is foreseen to result in increasing convergences between banks and mobile phone companies, resulting in a better regulated service that is increasingly available in many countries. As such, when exploring different means of transferring cash and vouchers, WFP should also investigate the availability, costs and risks of using a mobile phone transfer service.

B.4 Evaluation

At the project design stage

The logical framework [A.8] is normally used as the benchmark for the evaluation of a project. As such, it is critical that the indicators – both performance and process-related, are identified and quantified in the logframe, and systematically measured and documented as part of the monitoring process. Where assessment data does not allow for indicator quantification at the project level, it is essential to undertake a baseline survey.

The response identification and project document should adequately document the rationale for selected transfer modalities. Moreover, these should demonstrate that the transfer choices are supported by the market assessment, analysis of risks, contingencies and all other basic design and accountability requirements established in the other parts of this manual.

At the evaluation stage

The WFP Office of Evaluation has developed its own guidance material for evaluation under the Evaluation Quality Assurance System (EQAS) and will adapt this guidance, taking into consideration new available studies, in order to ensure that cash and vouchers are evaluated as part of the EQAS approach.

For WFP guidance on evaluation see [📖2.4 Evaluation guidance](#).

Following is an indicative list of questions, related to cash and vouchers, which may be covered in the context of an evaluation. The questions will vary based on the nature and context of the project. The questions listed here are intended to help country offices get a better understanding of the kind of issues that an evaluation may consider. This is by no means an exhaustive list.

NOTE: This section on evaluation is indicative and not binding on either the Office of Evaluation or any evaluation team.

Cash and voucher evaluation checklist

Evaluation – Relevance of the project: does it make sense?

- Was the transfer modality the most appropriate to meet beneficiary needs?
- Was the transfer modality the most relevant to the context (market conditions, availability of food, supply chain, risks, gender consideration, seasonal factors, etc.)?
- Was the transfer modality coherent with national policy and UN/ NGO agency approaches?
- Was the transfer modality consistent with the response identification recommendations?

Evaluation – Efficiency of the project: did the project translate inputs into outputs efficiently?

- What was the cost-efficiency of the chosen transfer modality?
- How efficient were the delivery mechanisms (shops, outlets, banks, etc.)?
- How did the selected transfer modality affect the timeliness of the intervention?
- Was WFP & partners resource capacity appropriate to the transfer modality?
- Was targeting affected by the transfer modality used?
- Did the transfer modality affect women's access to resources?

Evaluation – Results: did the project reach its objectives?

- The transfer modality is a means and not an end, and therefore it should not affect the project objectives. However, different transfer modalities may have different unintended effects.
- Did the choice of transfer modality affect:
 - Participant numbers and/or the level of support per participant?
 - Local markets and production?
 - Non-beneficiaries in terms of inflation and price increases?
 - Women and children's access to food and resources?
- Did the chosen transfer modality induce a significant and lasting change (positive or negative) which would not have happened had another transfer modality been selected?

B.5 Field Level Partnership Agreement (FLA)

The existing field level agreement and budget templates are the result of an extensive consultative process between NGO partners and WFP. These were developed when food was the only transfer modality available to WFP. As such, many of the content details of the current FLA are inconsistent with the specific requirements and nature of cash and vouchers. This has resulted in country offices and partners adapting the FLA and budget template, on an ad hoc basis, to the needs of their cash/voucher initiatives.

To address this issue, FLA and budget templates are revised, bringing these into line with cash and voucher requirements. In doing so however, the structure and headings of the original FLA are maintained, making necessary changes only to the content, ensuring consistency with the requirement of cash/vouchers.

See [ii.2], Templates and proformas for the FLA and budget templates specific to cash and vouchers

Added requirement: All cash and voucher FLAs must be substantiated by the **Plan of Operation**, outlining details concerning the role and responsibilities of WFP and partner organisations.

Explanation - FLA budget template (cash and vouchers):

The budget template for cash/voucher FLA has been revised. This consists of three cost categories described below:

- **Direct costs:** These include actual resources to be disbursed to beneficiaries (as cash or voucher), and costs associated with the transaction, such as printing of vouchers, opening of bank accounts, issuance of debit cards, financial institution fee etc.
- **Operational costs:** These include partner costs relevant to the management and delivery of the project, covering staffing, office rent, utilities, transport etc. All operational costs for cash and voucher FLA must be cost-justified and based on articulated requirements.
- **Management Service Charge:** This is the standard (5%) management service charge contributed towards partner headquarter overheads. This should be calculated as a percentage of **Operational Costs only**.

Note: The FLA and budget template provided with this manual are meant to be an interim arrangement until a new overall template, accommodating cash, vouchers and food, is negotiated with the partners. Within WFP, the interim templates have been endorsed by both the legal and NGO units.

B.6 Finance

Finance Procedure (FP2009/009) [📖3.7] for accounting and reporting of transactions when using cash and vouchers has been issued by the Office of Financial Accounting. This procedure is an integral part of this manual and is consistent with it.

The finance procedure FP2009/009 provides specific General Ledger codes to account for transactions related to cash and vouchers (see below). This is consistent with the revised WINGS II arrangement.

General Ledger code	Description	Commitment Item	Material Group
2004000	Voucher transfer to beneficiaries	E1012004000	F002002
2005000	Cash transfer to beneficiaries	E1012005000	F002001

Implementation arrangements:

The finance procedure provides guidance and establishes the requirements for accounting entries in WINGS II for five implementation arrangements (given below). Transfer arrangements that are not listed below should be agreed on a case-by-case basis, in consultation with Programme Design Service and the General Accounts Branch in the Office of Financial Accounting.

Standard Implementation arrangements:

Cash

- i) Cash is distributed to the beneficiaries by WFP directly.
- ii) Cash is distributed to the beneficiaries by Cooperating Partners.
- iii) Cash is transferred to beneficiaries through the private sector (e.g. finance institutions, GSM service providers). No Cooperating Partner is involved.

Vouchers

- i) Vouchers are printed by WFP and provided to the Cooperating Partner. The Cooperating Partner is responsible for the distribution.
- ii) Vouchers are printed and distributed by the Cooperating Partners.

Further highlights of the finance procedures are highlighted in the box below.

Guidance and requirements within FP2009/009 include:

- Risk and cash management
- Accounting for disbursements
- Purchase Order requirements based on WINGS II arrangement
- Funds transfer and disbursement arrangement/reports
- Treatment of non-transferred cash and vouchers
- Requirements for issuance and accountability of vouchers and voucher numbers
- Role of country office finance in design, risk assessment and implementation phases

B.7 Security

A Security Risk Assessment (SRA) should be conducted [[A.4, Stage 3](#)] to ensure that implementing a cash/voucher project does not put staff members or WFP property at unnecessary risk.

Programmes that involve direct distribution of cash or vouchers by WFP field staff **must be** developed in consultation with either the United Nations Department of Safety and Security (UNDSS) Security Advisor or, if applicable, the WFP Field Security Officer (FSO).

Where cash or voucher distribution is made by cooperating partners or partner financial institutions the country office **must** consult the relevant UN security office.

WFP and partners should treat vouchers as cash when transporting and distributing them.

Physical transportation of cash

Insured couriers wherever possible

Wherever possible WFP should arrange for cash to be transported by bonded and insured bank couriers or courier services. Contracts with these service providers must clarify that the service providers assume responsibility for all risks.

Staff must not be required to carry cash

Staff members should only be asked to transport cash as a last resort and should not be forced to do so. If in an exceptional case a staff member volunteers to carry cash, they should be briefed on the risks and receive appropriate training. In a robbery situation a staff member should always surrender the cash immediately and without resistance, and report the incident immediately afterwards.

Transportation of cash must be in accordance with WFP corporate finance procedures [[B.6](#)], ensuring that it has been authorised and approved by country office finance and senior management.

Careful planning

Cash transportation must be carefully planned. Details of these plans should be shared only amongst a tightly-restricted group of staff on a “need-to-know” basis.

Encrypted communications

All communications of cash transportation must be coded or encrypted. Codes used should be changed regularly – once every three months at the minimum. Repetitive code words such as “Zulu run” should be avoided since they have been used extensively. E-mails or faxes should not be used to communicate details regarding the movement of cash.

Timings and routes

Timings and routes of cash movements should be varied to make them unpredictable by outsiders. Cash must not be stored in airport safes, hotel rooms, unsecured offices, railway terminals etc. Cash should be transported to its destination immediately upon receipt and/or placed in a bank vault or secure United Nations office vault.

Counting the cash

If cash cannot be transported in a bank-cripped and properly sealed container, prior arrangements should be made with the supplying bank to provide a private room where the courier can verify that there are no fake notes and count the cash in the presence of a bank employee. The identity of the person who will collect and transport cash should be known to a restricted number of people only.

In case of suspected risks to the established procedures, suspension of cash deliveries and a review of all procedures should be considered.

Transportation of large quantities of cash

At least two **armed guards** must accompany all movements of cash **in excess of 100,000 USD** or the limit set by the security risk assessment, whichever is lower.

Prearranged distress signals should be agreed and guards and staff members should be equipped with appropriate communications and wear body armour under their outer garments.

A **minimum of two vehicles** are required when transporting cash by road. The first is the lead vehicle, the second carries the cash. It is preferable to have a third vehicle at the rear of the convoy. Each vehicle has a dedicated driver who should not leave the vehicle at any time.

Cash valued above the limit set by the security risk assessment must only be moved by air in a specially chartered aircraft with only authorized personnel onboard. No other passengers or goods should be carried on the aircraft.

Call signs for UN aircraft transporting cash should be changed regularly.

An armoured car should be used by authorized staff members (**accompanied by armed guards**), or authorized bank couriers or courier services, to collect the cash directly from the aircraft.

Storage of cash

Cash must be stored in a safe or vault specifically constructed for that purpose. This should be in accordance with established WFP finance procedures.

Cash balances should be kept to the minimum required (agreed with the Office of Treasury on a case-by-case basis). This amount should be evaluated periodically in light of security risks, replenishment difficulties and changing operational requirements.

Distribution and monitoring of cash/vouchers

A special Security Risk Assessment should be made regarding cash and voucher distributions to minimise problems.

Risk mitigation for cash can include

- only informing cash/voucher collectors at the last minute;
- limiting the amount of cash and/or vouchers to be distributed at any one time;
- increasing the number of distribution sites to reduce the value of cash/vouchers required at any one site;
- modifying the itinerary of distributions to ensure the minimum value of cash/vouchers transported in a single vehicle;
- tightening security arrangements at the distribution site;
- Real-time tracking of all cash/voucher movements by the radio/comms office.

Loss procedures

Procedures should be established in the event that cash or vouchers are stolen. They should include a list of staff and relevant local authorities to be contacted, names of staff authorised to conduct a search, instructions on how to seal the immediate area and the staff member responsible for the investigation.

B.8 Standard Project and Annual Performance Reports

The annual Standard Project Reports (SPRs) and the Annual Performance Report (APR) are used to report to donors on the use of their contributions, and the Executive Board on the progress made towards achieving the Corporate Strategic Objectives. Reporting on cash and vouchers is now an integral part of both reports.

WFP's corporate data collection and reporting tools are continuing to evolve. Further refinement is foreseen for the annual reporting exercise.

Cash/voucher transfer information that is reported includes output data, narrative, and linkage to the project's strategic objectives.

The specific steps undertaken to integrate cash and vouchers into the standard reporting systems are:

Output indicators:

Standard cash and voucher indicators are reported in the Outputs section of DACOTA (WFP's main Standard Project Report data entry tool). Indicators are pre-defined and must be selected from a drop down menu for Country offices to choose from and use for reporting. Unlike other activities, it is only in this section where beneficiaries of cash and vouchers can be reported. See drop down menu in DACOTA.

Narrative detail:

COs will be able to enter narrative text concerning cash/voucher transfers under the output section of DACOTA. This is used to analyse WFP's achievements against key output indicators for the overall project, and requires WFP to provide reasons for under/over-achieving planned figures.

Project statistics:

A new Strategic Objective Statistics tab in DACOTA has been added to link project activities to strategic objectives. The information requests a breakdown of beneficiary, commodity distributed, and expenditure percentages by activity type and strategic objective. For cash and voucher information, due to the nature of the activity, only planned/actual expenditure information is collected (beneficiary and commodity distributed is not reported). This information is reported in the Annual Performance Report (but collected in DACOTA during the Standard Project Report process).

Note: The planned long-term arrangement in WINGS II is expected to generate project financial data for Standard Project Reports, in both consolidated form and differentiated form. This will be for each project component and transfer modality.

B.9 Checklist

- ☑ Are all documents complete from programme and operation design phase? (*section A, Planning*)

Procurement

- ☑ Is WFP procuring the services of shops and financial services directly or through cooperating partners?
- ☑ Have different payment mechanisms been investigated, and selection criteria for the financial service provider been defined?
- ☑ Have different shop/store options been investigated, and selection criteria for shops been defined?
- ☑ Has the correct procedure been followed to procure the services of shops and financial institutions?

Vouchers

- ☑ Have options concerning voucher types been investigated and a decision reached on the design and sourcing of this?

Finance

- ☑ Are changes to financial procedures concerning cash and vouchers understood and implemented by the country team?
- ☑ Has a decision been made concerning cash transfer arrangements to beneficiaries and/or shops?
 - ☑ Will it be made by WFP directly or through cooperating partners?
- ☑ Has modality for cash transfer been agreed by country finance and programme?
- ☑ Have correct purchase orders been raised in WINGS II – including the actual amount to be disbursed to beneficiaries (POCB), and the amount to cover overhead/service costs (POS)?
- ☑ Have funds transfer and disbursement reports been agreed and developed?
- ☑ Have requirements for non-transferred cash and/or unused vouchers been agreed with cooperating partners?
- ☑ Are systems in place for ensuring internal controls for project delivery and accountability?
- ☑ Has country office finance been consulted at the risk analysis and programme decision stages ?
- ☑ Has country finance consulted regional/headquarters finance and/or treasury on arrangements outside cash and voucher related or

other standard WFP finance procedures.

Evaluation

- Has baseline survey been arranged to inform evaluation?
- Have all project design and implementation arrangements been documented so these could inform an eventual evaluation?

Field level Agreement (FLA)

- Have partnerships been agreed and FLA (specific to cash and vouchers) signed with each?

Security

- Have security risks of the selected transfer modality been reviewed and steps agreed for minimising risks through a security plan?
- Has security of staff been included in risk analysis exercise organised by the country programme?

Standard Project and Annual Performance Reports

- Are relevant staff aware of the integration of cash/vouchers into the 2009 standard project/annual reports?


References

Bibliography • Templates • Glossary


ii.1 Bibliography

All of the documents listed below can be found in digital formats online. Many of the documents and information listed below can be found on the WFP intranet and can be found by searching at <http://go.wfp.org>. External documents are listed in [section ii.1.1]. Publicly available WFP documents can be found by searching at <http://www.WFP.org>.

ii.1.1 General reading

 **1.1** ACFIN, Implementing Cash-based Interventions: A Guideline for Aid Workers


<http://www.actionagainsthunger.org>

 **1.2** DG ECHO, The Use of Cash and Vouchers in Humanitarian Crises, DG ECHO funding guidelines


http://ec.europa.eu/echo/policies/sectoral/cash_en.htm

 **1.3** IFRC, Guidelines for cash transfer programming, 2007

<http://www.ifrc.org/docs/pubs/disasters/cash-guidelines-en.pdf>

 **1.4** ODI, Cash and Vouchers in Emergencies, project web site

<http://www.odi.org.uk>


 **1.5** Oxfam, Pantaleo Creti Susanne Jaspars, Cash-Transfer Programming in Emergencies: A Practical Guide

http://publications.oxfam.org.uk/oxfam/add_info_024.asp


 **1.6** Swiss Agency for Development and Cooperation, The SDC Cash Workbook : A practical user's guide for the preparation and implementation of Cash Projects

<http://www.sdc-cashprojects.ch>

ii.1.2 WFP guidelines


 **2.1** Community-Based Targeting: Basic Guidance

<http://pgm.wfp.org/index.php/Topics:Targeting>


 **2.2** Comprehensive Food Security and Vulnerability Analysis (CFSVA) Guidelines – first edition, 2009

<http://www.wfp.org>


References

 **2.3** Emergency Food Security Assessment Handbook, 2nd Edition, WFP 2002


<http://www.wfp.org>

 **2.4** Evaluation guidance

http://pgm.wfp.org/index.php/General_guidance:Evaluation

 **2.6** Guide to food for work and assets:

http://pgm.wfp.org/index.php/Project_activities:Food_for_work_and_assets


 **2.6** Non-Food Procurement manual (Goods and Services)

- *Section 2.11 defines Purchase and Contracts Committee (PCC)*
- *Section 2.6 defines procurement levels of authority*
- *Section 2.7.3 defines Request for proposal*

http://home.wfp.org/manuals/ms_nfpmanual

 **2.7** Logical Framework


http://pgm.wfp.org/index.php/Topics:Logical_framework

 **2.8** Market Analysis Tool: How to Conduct a Trader Survey, 2009

<http://www.wfp.org>

 **2.9** Risk Management Guide


<http://home.wfp.org/riskmanagement>

 **2.10** RFP Drafting guidelines – note the document is titled “request for proposal drafting checklist”


<http://go.wfp.com>

 **2.11** Strategic results framework


http://pgm.wfp.org/index.php/Topics:Results_Based_Management

 **2.12** Technical guidance sheet: The basics of market analysis for food security, 2009

<http://www.wfp.org>

 **2.13** Time for change: WFP Consultation on Food Aid and Development 1998, Targeting to reach the food-insecure

<http://home.wfp.org>

 **2.14** WFP Monitoring and Evaluation Guidelines 2002 (WFP M&E knowledge base)

<http://home.wfp.org/meknowledgebase/index.asp>


http://pgm.wfp.org/index.php/General_guidance:Evaluation

ii.1.3 Policy, directive and procedures


 **3.1** WFP/EB.2/2005/5-E/1, Sept 2005, Resource financial and budgetary matters

Contains WFP Enterprise risk management policy

<http://www.wfp.org/eb>

 **3.2** WFP/EB.1/2006/5-A, Targeting in Emergencies

<http://www.wfp.org/eb>


 **3.3** WFP/EB.A/2008/5-A/1/Rev.1, WFP Strategic plan 2008-2011, /June 2008

<http://www.wfp.org/about/strategic-plan>

 **3.4** WFP/EB.2/2008/4-B, Sept 2008, Vouchers and Cash as Food Assistance Instruments, Opportunities and Challenges


Outlines a draft WFP policy on the use of cash and vouchers

<http://www.wfp.org/eb>


 **3.5** WFP/EB.1/2009/5-C, February 2009, Strategic Results Framework

<http://www.wfp.org/eb>

Executive Director's Circular

 **3.6** ED2009/005, 12 September 2009, Defines procurement delegated authority

Finance procedure (cash and vouchers)

 **3.7** FP2009/009, December 2009, Finance and Legal Division Office of Financial Accounting Finance Procedures

Accounting procedures on the use of cash transfers to beneficiaries in WFP operations

<http://go.wfp.org/web/wfpgo/directivesfinance>

ii.2 Revised Templates and proformas

ii.2.1 PROJECT TEMPLATE PRRO

This can be found at the following locations:

<http://docustore.wfp.org/stellent/groups/public/documents/other/wfp013703.doc>

http://pgm.wfp.org/index.php/EMOPs_and_PRROs:Document_preparation#Preparing_a_PRRO_document

http://pgm.wfp.org/index.php/Forms_and_templates

ii.2.2 PROJECT TEMPLATE EMOP

This can be found at the following locations:

<http://docustore.wfp.org/stellent/groups/public/documents/forms/wfp007831.doc>

http://pgm.wfp.org/index.php/EMOPs_and_PRROs:Document_preparation#Preparing_an_EMOP_document

ii.2.3 Project Budget Template, EMOP, PRRO, DEV

<http://docustore.wfp.org/stellent/groups/public/documents/forms/wfp204749.xls>

ii.2.4 Project Budget Template CP

<http://docustore.wfp.org/stellent/groups/public/documents/forms/wfp204745.pdf>

ii.2.5 FLA , Narrative Template

<http://docustore.wfp.org/stellent/groups/public/documents/forms/wfp213333.doc>

ii.2.6 FLA , Budget Template

<http://docustore.wfp.org/stellent/groups/public/documents/forms/wfp213334.xls>

ii.2.7 Budget Guidelines, PRRO , EMOP, DEV

<http://docustore.wfp.org/stellent/groups/public/documents/forms/wfp204749.xls>

ii.3 Glossary

Terms used in this booklet and in the cash and voucher documentation.

APR	Annual Performance Report
Base costs	Costs that are not affected by the choice of transfer modality e.g. office set-up and administration costs.
Cash call forward	The process whereby cash is requested to be sent from headquarters or drawn through the country offices so that just enough cash is held in the field to allow continued operations, and the cash arrives just in time.
CFSVA	Comprehensive food security and vulnerability assessment.
CP	Cooperating Partners
CO	Country Office
Contractual value	The cost of paying Financial Institutions for their services to distribute cash.
DACOTA	WFP's main SPR data entry tool
DEV	Development (in terms of type of operation)
DSC	Direct Support Costs
EFSA	Emergency Food Security Assessment
EMOP	Emergency operation
EQAS	Evaluation Quality Assurance System
FI	Financial institutions
FLA	Field Level Agreement
FLAG	Office of Financial Accounting, General Accounts Branch
FSMS	Food Security Monitoring System
FSO	Field Security Officer
GRN	Goods Receipt Note
GSM	Global System for Mobile communications

Imprest	An imprest fund or account contains a fixed amount of money. It is maintained at that level by periodic replenishment of the sums disbursed.
LIV	Logistics Invoice Verification. The stage of logistics supply chain that incoming vendor invoices are verified in terms of contents, prices, quantity, banking instructions, approval process, advances, etc. It is the final check of a three-way control on the absolute matching of the Purchase Order, Goods Received Note and the Invoice.
MCHN	Mother-and-child health and nutrition
M-PESA	A Kenyan mobile phone operator service allowing users to transfer money by phone.
NGO	Non Governmental Organisation
ODOC	Other Direct Operational Costs
PA	Procurement Authority. The staff member holding the position designated in [3.5 ED2009/005 and 2.6 Non-Food Procurement manual]. The Procurement Authority has the delegated authority to authorize contracts up to a specified financial limit, thus committing the Programme, and its funds, to the contract.
PCC	Purchase and Contracts Committee, as defined in [2.6 Non-Food Procurement manual]
PGM	Programme Guidance Manual – online
PMT	Proxy Means Testing
PO	Purchase order
POCB	Purchase Order Cash for Beneficiaries
POFS	Purchase Order Food Services
Point of sale	Electronic terminals used as electronic cash registers
POS	Purchase Order Services
PRC	Programme Review Committee
PRRO	Protracted Relief and Recovery Operation
RB	Regional Bureau
RFP	Request for Proposal

Sub-imprest	A sub-imprest account is a subsidiary account to the main imprest account. Normally used when project operations are carried out in different locations in the country.
SAP	SAP Systems, Applications and Products in Data Processing
SES	Service entry sheet
SRF	Strategic Results Framework
SPR	Standardised Project Report. Standard report on WFP Operations provided to Donors within 90 days of completion of reporting period
SRA	Security Risk Assessment
SRF	Strategic Results Framework
UNDSS	United Nations Department of Safety and Security
VAM	Vulnerability Analysis and Mapping
WFP	World Food Programme
WINGS II	WFP Information Network Global System – WFP Information management system

