

World Food Programme

Weathering the Storm



Cash Transfers and Food Vouchers

- **Cash transfers** provide beneficiaries with money, while food stamps or vouchers can be used to purchase food in selected shops. Both give people purchasing power to acquire goods.
- WFP is currently piloting the use of cash transfers (in Bangladesh, Georgia, Malawi, Nepal and Sri Lanka) and vouchers (in Pakistan) as a complement or possible alternative to food-based transfer programmes.
- The benefits of cash transfers depend on circumstances including type of assistance required, market conditions, distribution capacity, cost efficiency and beneficiary preference.
- **The disbursement of cash** occurs via a transfer into individual bank accounts for beneficiaries, or by transfer to bank branches, or through on-site distribution.
- **Implementing partners** may include banks, institutions providing microcredit and other financial services for the poor, post offices and money-transfer companies, and NGOs. Governments may also be involved in the planning and implementation of cash transfer pilots.
- Distribution of cash and vouchers require proper monitoring, reporting and control. This is not always possible in food-insecure, unstable or marginalised countries.
- Cash is more susceptible to abuse, as it can be used for non-food purchases. This means the goals of addressing nutritional needs may not be reached as effectively as with vouchers and food aid.
- Cash transfers offer greater flexibility and allow beneficiaries to purchase food wherever and whenever they choose.
- In places where markets don't work, food transfers may be appropriate as vouchers and cash transfers do not ensure people have access to food at affordable prices.
- Surveys have shown that people living far from markets tend to prefer food transfers – while those living close by prefer cash or vouchers. People generally prefer



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food transfers during the 'hungry' season and cash and vouchers around harvest times. Women tend to prefer food and vouchers while men prefer cash.

- **Food vouchers** for use in selected shops are easier to track and their impact can be monitored more effectively.
- Working with governments and NGOs, WFP identifies appropriate retailers to participate in the food voucher scheme and opens accounts in local banks, into which it transfers cash.
- Implementing partners print and deliver vouchers and issue them to NGOs for delivery to beneficiaries who can then exchange them for goods in selected shops.
- Traders redeem the vouchers for cash at the banks where WFP has opened accounts.
- WFP has been using vouchers in Pakistan since 1994; currently the scheme is being operated in three provinces, supporting 47,500 people, particularly women, in asset-creation and training activities.
- **Cash transfers and food aid are not necessarily alternatives. They can be used in tandem to meet the diverse needs of beneficiaries.**



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For more information:

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