Advantages and disadvantages of cash for work (CFW)

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| **KEY ADVANTAGES** |
| **Stimulation of the local economy:** CFW stimulates recovery of the local economy by creating short-term work, reintroducing income flow, and supporting local businesses through the purchase of construction materials.  **Rehabilitation of community assets and potential risk reduction**: CFW programmes fund the rehabilitation of damaged community assets, while maintaining the dignity of the affected population through community engagement in the selection and implementation of projects. Community assets can be rebuilt taking into account risk-reduction strategies.  **Reduce economic migration and encourage return:** Employment opportunities generated by CFW enable many individuals who would otherwise be forced into migration to remain in their homes and preserve their communities, families and neighbourhoods. Also, they can encourage return to original villages and communities after an emergency.  **Short-term employment generation:** CFW provides short-term employment opportunities for large segments of the affected population and helps provide economically vulnerable groups with means to sustain themselves. CFW programmes help prevent the sell-off of assets and accumulation of debt that, frequently, can result from the short-term economic pressures caused by an emergency.  **Community empowerment:** Communities are involved in the selection, design and implementation of the works: therefore, they have ownership of projects. |
| **KEY DISADVANTAGES** |
| **Time to set up:** It can be challenging to implement during the first phase of an emergency, as projects need to be identified, work schemes designed, equipment purchased and beneficiaries trained.  **Negative influence on local culture:** CFW can influence local cultural norms by changing traditional responses to community needs or volunteerism. It may raise issues of cultural acceptability, for instance, when usually women are not allowed to work together with men.  **Limited target population:** Projects may not always be appropriate for the vulnerable, including elderly, sick or disabled.  **Market economy concerns:** CFW can lead to local labour market distortions if wages are poorly calculated. Activities may divert people from their traditional livelihoods and compete with seasonal activities.  **Creation of dependency:** Participants may come to view CFW as a source of long-term employment and rely on CFW positions as their primary source of income. |

Adapted from Guide to Cash-for-Work Programming (2007) Mercy Corps