CFW risks and potential mitigation measures

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| Possible dilemmas | Suggested solutions |
| Lack of technical expertise and untimely delivery of materials can limit the effectiveness of CFW. | * Limit the need for technical expertise by keeping project design simple and focusing on projects that require minimal expert oversight. * Provide training to workers. * Pay attention early on to procurement, storage and delivery of material supplies. |
| Making regular payments can be time consuming and administratively cumbersome (particularly in the aftermath of a disaster). | * Make weekly or monthly payments, as they are easier to administer than are daily payments. * Consider making payment to a group leader or village committee, which is then responsible for further disbursement among members of their work group. |
| Labourers do not always work the full day. | * Set up a system for payment for partial days. * Establish payment per output or per timeframe. |
| Participants may not have employment after the end of the programme, or may have difficulties transitioning as CFW activities phase out. | * Graduate exit so that, towards the end of the project, labourers are working fewer hours per week and have time to adapt and seek work elsewhere. * Combine CFW with livelihood or production support programmes. * Time the programme to coincide with seasons when labour opportunities are few and to phase out as normal or seasonal labour opportunities increase (e.g., at harvest time). |
| Ghost workers insist upon being on payrolls. | * Conduct regular and unannounced monitoring. * Employ supervisors and coordinators from outside the programme implementation site as it will be harder to influence them. * Document and follow up on any discrepancies between the names reported on time sheets and workers on the site. |
| Infrastructure built in CFW programmes is not maintained. | * Identify the project with the community that will be benefited. * Provide maintenance funds and training for when the project is finished. |
| CFW may cause disruption to local labour markets. | * Do not set wage rates above the average level. * Limit the number of days that people can work with the project. * Do not implement programmes at times when they will clash with normal labour opportunities e.g., harvest time. |
| Not every household has able-bodied members who can participate in CFW. | * Provide unconditional cash grants to support these households. * Employ individuals from such households in non-physical CFW activities such as record-keeping or supervising. * Implement alternative livelihoods support programmes. |
| People migrate to the CFW location in search of employment opportunities. | * Do not set high wage rates |
| Oversight of the programme is problematic. | * Keep each programme to a manageable size. * Divide projects into a sequence of sub-projects. |
| Delays in delivering wages. | * Undertake weekly payments as daily payments can be time consuming. * Consider giving some payment in advance, so that immediate needs can be met. * Discuss with community representatives the frequency and timing of wage payments and follow this pattern. * Make payments to group leaders who are then responsible for disbursement among members of their work groups. |
| Claims are made that wages have not been paid (this may occur where the site supervisor or work group leader is responsible for paying the workers). | * Ensure that labourers know in advance the amount they are supposed to obtain and the total amount of funds provided to the site supervisor/work group leader. |
| The programme produces disincentive effects. | * Carry out post-distribution monitoring. * Provide livelihoods support and livelihoods training, so that recipients are encouraged to start/restart income-generating activities. * Keep programme duration short. |
| The work carried out is of poor quality. | * Implement activities that do not require specialized skills. * Establish adequate monitoring mechanisms for the quality and usefulness of the assets left in place. * Ensure appropriate technical support. |
| Participants receive higher-than-expected household incomes. | * Limit the number of participants per household. (Only if there are some households which are able to participate but are not included because multiple members from other households are being employed.) |

Source: Guidelines for cash transfer programming - International Red Cross and Red Crescent Movement