EPWP Mid-Term Review

Component 1:
International PWP Comparative Study

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**ACRONYMS**

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<th>Acronym</th>
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<tr>
<td>AFRICATIP</td>
<td>Association Régionale des Agences d'Exécution des Travaux d'Intérêt Public</td>
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<td>AGETIP</td>
<td>Agence d'Exécution des Travaux d'Intérêt Public contre le sous-emploi.</td>
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<td>ALMP</td>
<td>Active Labour Market Policy</td>
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<td>ASGISA</td>
<td>Accelerated and Shared Growth in South Africa</td>
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<td>BAPPENAS</td>
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<td>Employment Intensive Investment Programme</td>
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<td>Expanded Public Works Programme</td>
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<td>FERA</td>
<td>Federal Emergency Relief Administration</td>
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<td>GDP</td>
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<td>Maharashtra Employment Guarantee Programme</td>
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<td>Programmea de Emergencie Laboral</td>
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<td>Productive Safety Nets Programme</td>
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<td>QUANGAO</td>
<td>Quasi Non Governmental Organisation</td>
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<td>SALDRU</td>
<td>Southern Africa Labour and Development Research Unit</td>
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<td>SMME</td>
<td>Small and Medium Enterprises</td>
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<td>Social Risk Management</td>
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Many thanks to Owen Willcox for his research support, and to Philip Harvey, Kirit Vaidya, and Dave Hemson for their detailed comments on this paper. Where possible their insights and alternative perspectives have been included in the text in order to enrich the scope of the debate. Needless to say, any errors in this report remain my own responsibility.
1 EXECUTIVE SUMMARY

The objective of this study is to provide a comparative analysis of the EPWP in relation to current and historic public works programmes (PWPs) internationally and to make recommendations based on the findings as to how the EPWP can be revised and reconceptualised for improved performance.

The methodology adopted for the comparative analysis entailed a review of international literature summarizing key lessons regarding public works in both developed and developing countries, interviews with national and international experts working in the area of public works, active labour market policies and social protection, and a series of detailed case studies focusing on programmes in countries with a range of contexts, each of relevance to South Africa in different ways, which have attempted to adopt public works responses to the challenge of poverty, unemployment and service delivery, with varying degrees of success.

The programmes reviewed for this study were the USA’s New Deal programmes of the 1930s, the current Argentinian Jefes programme (initiated in 2002), Indonesia’s Padat Karya programme (PK) (1998 to 2001), India’s National Rural Employment Guarantee Programme launched in 2006 (NREGP), Ethiopia’s Productive Safety Nets Programme (PSNP), initiated in 2005, Senegal’s seminal AGETIP (Agence d’Exécution des Travaux d’Intérêt Public, initiated in 1989), and Ireland’s Community Employment Programme (initiated in 1994). The rationale for the selection of these programmes for inclusion in the study was the desire to interrogate a range of types of interventions each mirroring different aspects of the EPWP, in a range of contexts also reflecting different elements of the South African context. Summaries of each of these programmes are included in Appendix 1. In addition a broad review was made of PWP experience in both OECD and developing countries, and a brief investigation made of the extent to which attempts have been made to extend the range of PWP employment, to include social service provision and other activities in addition to the more usual construction of physical infrastructure.

The key insights from this range of programmes were explored with reference to the EPWP, and lessons relevant to the future development of the EPWP were identified. The key issues arising from this comparative analysis relate to i) the EPWP’s objectives, ii) its conceptual underpinnings, iii) design issues, iv) policy, institutional and political issues and v) monitoring and evaluation.

EPWP Objectives

The EPWP is attempting to operate in two dimensions simultaneously: both increasing aggregate employment through labour intensification and small scale direct government employment, and also improving the future ‘employability’ of participants – employment now, and enhancing future employability. Within these two dimensions the EPWP has a
wide range of short and long term employment and social protection objectives. As well as the employment objectives of the programme, it is explicitly charged with contributing to the government’s social protection mandate. While each of the individual objectives within the EPWP set has international parallels, the EPWP is unusual in its pursuit of all these objectives within one programme. The result is a number of different sub-programmes with different objectives coexisting within a single programme. This in turn is fostering confusion over programme purpose, making the selection of implementation modalities more difficult, and negatively affecting programme performance when measured against core objectives.

Conceptual Underpinnings

The international review revealed four distinct, PWP types, which each imply a different conceptualisation of public works, and have differing institutional implications, while sharing common ground in terms of the provision of employment with some form of social protection objective. These four types are; i) PWPs offering short term employment, ii) those promoting labour intensification of government infrastructure spending, iii) large scale government employment programmes which tend offer some form of employment guarantee, and iv) programmes which enhance employability. The range of EPWP objectives implies the simultaneous implementation of all four types of PWP as they span the objectives of each of these types. The result is a programme which is a conceptual hybrid in terms of its aspirations, but which is limited in its form to a combinations of short term, labour intensity promoting, skills formation type programmes. The combination of this set of objectives, within a programme institutionally placed to focus on labour intensification is problematic.

The international review indicated conceptual contradictions with the EPWP, when compared to international experience, inasmuch as while the EPWP is explicitly charged with addressing poverty and unemployment, this is not reflected in the conceptual design of the programme. PWPs which are attempting to fulfill a policy mandate which requires them to be the primary response to the problem of the working age poor unemployed in the context of chronic or structural poverty and unemployment have recognized the need for mass coverage and the provision of ongoing or repeated episodes of employment in their design (New Deal, PSNP, NREGP, Jefes). They have also selected programme design options which explicitly promote social protection outcomes. These programmes also offer income insurance if the state is unable to provide employment. These considerations have not informed the conceptual PWP model adopted in the EPWP. In addition, the limited number and short term nature of EPWP jobs created results in low programme coverage, with no income insurance for those unable to access EPWP employment.

The selection of a model for the EPWP which is based on short term employment and training to promote ‘employability’, is not appropriate in the South African context of structural unemployment,1 where unemployment is attributable mainly to a shortage of

1 Structural unemployment describes the persistently high levels of unemployment suffered by many countries as a result of a wide array of structural characteristics that have slowed the rate of employment growth.
jobs rather than problems relating to the supply side of the labour market. The supply side approach to the problem of unemployment has been widely criticized as inefficient even in OECD countries where unemployment rates are far lower than in South Africa. Given these findings, the appropriateness of the current EPWP strategy as a means of delivering social protection to the working age unemployed poor is questionable.

**Design Issues**

There is a tension between the social protection objectives of the EPWP and the programme’s design, in terms of the limited scale of operation and the short term nature of employment offered under the programme. The scale of the EPWP is limited, both in terms of the scale of employment offered, and also the programme’s budgetary allocation, in both absolute and comparative terms, in comparison to PWPs internationally which have a significant social protection impact in the context of chronic poverty and unemployment.

In contrast with the EPWP, which only provides coverage to the extent that it is able to offer employment, the four large programmes reviewed in this report with explicit social protection objectives (the New Deal, Jefes, PSNP, and NREGP) share a commitment to the principle of universal coverage, the goal being to offer benefits to all eligible persons for as long as they are needed. The extent to which these programmes are succeeding in realizing this aspiration varies, but nevertheless, the lack of a similar commitment in the design of the EPWP sets it apart from other programmes with similar objectives.

**Policy, Institutional and Political Context**

The PWPs with social protection objectives were all located within a broader protection policy, with their function explicitly articulated as part of a set of social protection policy measures. This situation differs significantly from the EPWP policy context, wherein the programme is implemented in institutional, design and conceptual isolation from other components of the social security system, despite its nominal role as the key policy intervention for the working age unemployed poor, who are not covered by the set of mainstream policy instruments developed and implemented by the Department of Social Development. This reflects the institutional isolation of the EPWP resulting from its management within the Department of Public Works, a situation which is without parallel in the international PWPs reviewed. Most programmes were implemented either by separate national agencies, or by the ministry with responsibility for labour and social welfare.

Institutionally most of the large scale PWPs reviewed derived resources form a separate, centrally-administered fund which could be accessed by line departments at various levels and was associated with a central oversight / coordination function. In many instances projects were initiated and implemented at local level, either by governmental, or civil society (CBOs or NGOs), although in some instances projects were directly implemented, or contracted out by state or provincial authorities.
Many PWPs examined in this study were initiated at times of political change or instability, when it was politically important to be seen to be addressing unemployment (AGETIP, PK, NREGP and EPWP). The visibility of PWPs may in some instances be more important than the actual content or coverage of the programme. This is true at least for AGETIP, which never attained anything other than minimal coverage, yet is widely considered as a ‘public works success’, and may in part be true of the EPWP, given its high profile, despite its extremely limited impact and seemingly inappropriate conception and design. The NREGP avoids this danger of form over substance, in part due to the close scrutiny to which it is subject as a consequence of the highly organized role of civil society in monitoring anti-poverty interventions and the fact that the right to work is enshrined in the Indian constitution. No such civil society scrutiny can be expected in the South African context to ensure the EPWP performs adequately or meets its policy objectives.

**Monitoring and Evaluation**

The success of job creation programmes is conventionally measured in terms of their impact on the well being of participants while they are enrolled in the programme, and/or after they have left the program. In the former case, PWPs are reviewed in terms of their immediate impact on participants and their macroeconomic impact on employment and unemployment, while in the latter case programme performance is reviewed in terms of the employment and earnings experience of participants after leaving the programme. Which approach is adopted is dependent on the perceived purpose of the PWP; i.e., whether the purpose is to close an economy’s job gap, or to enhance the ‘employability’ of jobless workers in an economy that is presumed to have jobs available for them to fill.

In either instance, the international literature is clear on the importance of monitoring both process and outcomes in terms of PWPs’ impact on poverty and employment in order to assess their value. In relation to PWPs international practice is to measure i) the microeconomic impact of programme participation (current and future earnings and/or re-employment prospects) and ii) the macroeconomic impact (net effect on aggregate employment and unemployment). By contrast EPWP monitoring and evaluation focuses on the attainment of two process indicators (work days created and training days provided) and as such falls short of international good practice based on either of the prevailing views of programme success adopted elsewhere. Hence it is difficult to assess the impact of the programme empirically, and to compare EPWP performance with that of other PWPs, other than by adopting simple measures such as scale and likely impact, assessed on the basis of programme design analysis and the labour market context.

**Conclusion**

The EPWP is a conceptually complex PWP, which has a set of objectives which require the implementation of several different forms of PWP simultaneously. The programme is loaded with diverse objectives, but utilizes an implementational model which offers only
a single short term episode of employment, and is therefore unlikely to have a significant social protection or employment impact in an economy that suffers from persistently high levels of unemployment and poverty. The skills development component of the programme is not appropriate in the South African context, since skills development in the absence of unmet labor demand for the skills being taught is fruitless, and the terms of employment negotiated through NEDLAC further undermine the likelihood of the programme having a significant impact.

Programme coverage is constrained by the EPWP’s limited ability to create employment due to a combination of institutional and fiscal factors; the lack of significant additional budgetary allocations for government employment, and governmental capacity constraints.

PWPs which are more likely to be successful in alleviating poverty in a context of persistently high levels of unemployment and poverty provide a guarantee of ongoing or repeated episodes of employment on a massive scale. In situations where the limited capacity of the agencies charged with carrying out the programme is likely to constrain the creation of adequate numbers of jobs, some form of income guarantee is explicitly or implicitly included in the programme. It is not clear whether it would be feasible for the EPWP to provide such an employment or income guarantee, even if significant institutional changes were introduced, given the capacity constraints currently compromising government performance, (compared for example to local government capacity in India) particularly at local government level. This indicates the need for a debate as to whether a public works approach remains the most appropriate instrument to address the problem of the working age poor unemployed in South Africa.

Recommendations

An analysis of international experience in implementing PWPs leads to a number of recommendations regarding the future conceptualisation, design and implementation of public works in South Africa. The key programmes offering conceptual and design insights with relevance to the South African context are the Indian NREGP, the Argentinian Jefes, the Ethiopian PSNP and the US New Deal programmes, each of which, in different ways, and with varying degrees of success, have attempted to design programmes to provide some form of systematic mass social protection through employment creation, for the working age poor in contexts of chronic unemployment.

The key recommendations emerging from the international review are:

1. There is a need to review whether it remains politically, fiscally and administratively desirable to adopt a PWP response to the provision of social protection for the working age poor unemployed in South Africa. An alternative approach would be the provision of social grants which could offer a cheaper, more efficient instrument with which it is easier to achieve higher levels of coverage.
If the decision is taken to retain a PWP based approach to social protection for the working age poor unemployed the following recommendations are given on the basis of international experience;

2 Locate EPWP within the social protection policy framework and clarify its function

3 Split the EPWP into separate components; i) Labour Intensification and ii) Government Employment (GE), with different mandates and management and institutional arrangements

4 Locate management responsibility for the GE component of the EPWP either within a separate agency, or within a relevant line ministry, eg the Department of Social Development

5 Simplify objectives of both LI and GE and focus on the core mandate of employment creation in order to address poverty

6 Revise programme design recognizing chronic nature of unemployment problem following design elements form New Deal, Jefes, NREGP and PSNP, to include i) increased duration of employment/repeated employment episodes, and ii) income insurance if employment is not available.

7 Improve coverage by rendering programme universal and not limited in scale by the state’s incapacity to provide adequate employment.

8 Delink training for the unemployed from PWP employment.

9 Establish eligibility criteria (eg employment for all job seekers, one job per household, means test)

10 Allocate additional Government Employment funds which should be accessible across line departments at provincial and local level, and by both state and civil society actors, with an oversight function retained at the level of fund holder.


2 INTRODUCTION & OBJECTIVES

This study was carried out as one component of the Mid Term Review of the National Expanded Public Works Programme, between March and July 2007. The objective of this study is to provide a comparative analysis of the EPWP in relation to current and historic public works programmes (PWPs) internationally and to make recommendations based on the findings as to how the EPWP can be revised and reconceptualised for improved performance.

The study was written and coordinated by Anna McCord of the SALDRU Public Works Research Project, in the School of Economics at the University of Cape Town, with research assistance from Owen Wilcox and Laura Poswell. The Jefes de Hogar (Argentina) and New Deal (USA) case studies were written by Professor Philip Harvey of Rutgers University School of Law, USA, and the Padat Karya (Indonesia) study by Kirit Vaidya and Masam Abedin of IT Transport Limited, UK. Vaidya and Harvey also gave valuable comments on the draft of this study.

3 METHODOLOGY

The methodology adopted for the international review entailed a review of international literature summarizing key lessons regarding public works in both developed and developing countries, as well as active labour market policies and social protection. In addition interviews were carried out with national and international academics, practitioners and policy analysts working in the area of public works, active labour market policies and social protection. The core of the research was a series of detailed case studies focusing on programmes in countries with a range of contexts, each of relevance to South Africa in different ways, (macro-economic status, level of development, scale of unemployment etc), which have attempted to adopt public works responses to the challenge of poverty, unemployment and service delivery, with varying degrees of success.

The current and historical programmes reviewed for this study were drawn from the USA, Argentina, Indonesia, India, Ethiopia, Senegal and Ireland, and also a broad review was made of PWP experience in both OECD and developing countries. In addition a brief investigation was made of the extent to which attempts have been made to extend the range of PWP employment, to include social service provision and other activities in addition to the more usual construction of physical infrastructure.

The key insights from this range of programmes were then grouped into themes which were explored with reference to the EPWP, and an attempt was made to draw out lessons and learning points relevant to the future development of the EPWP.
4 STRUCTURE OF THE REPORT

This report first outlines the way in which PWPs contribute to social protection, drawing on the international literature, and then goes on to gives a brief overview of each of the programmes reviewed in the comparative study, highlighting issues of relevance to the MTR, before discussing the key insights arising from the study. Finally a set of recommendations for EPWP reconceptualisation are put forward, based on the international analysis, in line with the TOR for the study. Summaries of each of the case studies reviewed are included in Appendix 1, together with basic socio-economic data and a list of key references, comparative data for all the programmes reviewed is presented in Appendix 2, and a list of those who were interviewed is included in Appendix 3. Detailed studies on the Argentinian Jefes de Hogar programme, Indonesian Padat Karya, and US New Deal Programmes were also produced as part of the study, due to their particular relevance to the South African context, these are available as annexures.

5 OVERVIEW OF PUBLIC WORKS AND SOCIAL PROTECTION

Before looking at the case studies in more detail it is useful to clarify the concept of social protection and how it relates to PWPs. Social protection describes all initiatives that: provide income (cash) or consumption (food) transfers to the poor; protect the vulnerable against livelihood risks, and enhance the social status and rights of the excluded and marginalised (Devereux and Sabates-Wheeler, 2004). The key components of social protection are defined in the World Bank Social Risk Management (SRM) framework as: risk coping, risk management and risk reduction. These components conform broadly with the social protection terminology of protective, preventive and promotive or transformative social protection developed by the Institute of Development Studies (IDS). In PWPs, social protection benefits may be conferred through three main outputs;

- Wage transfer (cash, food or inputs)
- Asset benefits
- Training or work benefits

The social protection impact of a PWP will vary depending on which of these inputs are provided, and for how long, see figure 1.
In this figure, the World Bank concepts of coping, mitigation and reduction are equated with the concepts of protective, preventive and promotive/transformative social protection respectively. Safety nets comprise interventions which promote coping/protective and/or mitigation/preventive outcomes, while the term ‘springboards’ may be used to describe interventions which promote mitigation/preventive and/or reduction/promotive/transformative outcomes.

These categories are useful in terms of identifying different types of public works outcomes, with different programme interventions corresponding to different social protection outcomes. For example, a PWP which offers only short term employment with no sustained benefits accruing from the assets created would confer only protective social protection (social assistance), which would promote a household’s capacity to cope with risk in the short term (as in the EPWP). If employment were offered on a sustained basis, or were guaranteed in times of need, as in the Indian National Rural Employment Guarantee Programme (see below), with no sustained benefits accruing from the assets created, a programme would confer preventive social protection, or risk mitigation, representing a form of risk insurance. If however sustained employment or employment guarantees were offered, and/or programmes created productive assets, promotive or transformative social protection, would be conferred, described by the World Bank as risk reduction. In this context job creation programmes can be viewed as a form of social insurance or an ongoing social subsidy just like other social welfare programmes, and it is only in this last scenario that there is the potential for public works to provide sustained social protection benefits and poverty reduction in the context of chronic poverty and unemployment.

The Economic and Labour Market Context
PWPs are implemented in a range of contexts, which may be generalized into two broad labour market situations; i) acute, short term falls in labour demand or livelihoods disruption (resulting from for example drought, flood, financial crisis, or recession), and ii) chronic high levels of under- or un-employment and poverty. In the case of the former, the social protection objective would be the protection of household welfare during the temporary period of reduced labour demand (e.g. preventing the distress selling of household assets or the depletion of savings), with any public infrastructure produced through the PWP serving either to mitigate future risk, or promote livelihoods/enhance overall development. In the latter, the priority social protection goal would be at a minimum to provide ongoing income insurance or at best promote accumulation through sustained employment income, while possibly also promoting ‘employability’ and creating livelihoods-enhancing assets. In each scenario, the effectiveness of a PWP intervention in terms of its contribution to social protection, is contingent on the appropriate duration of employment, and the extent to which it enables livelihoods protection and/or accumulation to take place. Selection of the appropriate PWP model is therefore contingent on the nature of the economic and labour market problem underlying elevated employment.

PWP Conceptual Typology

The international review, and case study research revealed four distinct, although sometimes overlapping PWP types, which each adopted a different conceptualisation of public works, while sharing common ground in terms of the provision of employment with some form of social protection objective. These four types are; i) PWPs offering short term employment, ii) those promoting labour intensification of government infrastructure spending, iii) large scale government employment programmes which tend offer some form of employment guarantee, and iv) programmes which enhance employability.

PWPs offering short term employment are implemented as a response to a temporary labour market disruption. They are mostly implemented in the infrastructure sector, and typical examples would be Indonesia’s Padat Karya programme, discussed below. The intention is to temporarily increase aggregate employment, while providing a basic income for consumption smoothing during the period of labour market disruption. These programmes tend to offer basic ‘risk coping’ or ‘protective’ social protection.

Programmes which promote the labour intensification of infrastructure expenditure attempt to promote aggregate employment, and tend to focus less on the social protection impact of the additional employment offered, which is assumed to accrue to workers as a direct outcome of employment provided and indirectly as a result of the productive value of assets created. In these programmes social protection objectives are secondary to the creation of additional employment during the creation of assets. These programmes are almost exclusively initiated in the infrastructure sector, and would be exemplified by the ILO’s international Employment Intensive Infrastructure Programme (EIIP). These programmes also confer basic short term ‘risk coping’ or ‘protective’ social protection benefits, which terminates at the point of programme completion.
Large scale government employment programmes are a response to chronic or sustained levels of elevated unemployment, and entail large increases in government expenditure on direct employment programmes, with the objective of promoting aggregate employment on a sustained basis. Employment may be created in any sector, and may be provided either directly by government, or indirectly through private sector employers or civil society. The US New Deal programmes of the 1930s typify this approach where the goal was the creation of productive employment in order to address both macroeconomic goals, (increasing aggregate employment and stimulating the economy), and also social protection goals. Such programmes frequently include an explicit form of employment guarantee, such that the state guarantees either ongoing or repeated episodes of employment to those who are eligible, which may be more or less broadly defined, as in the case of the National Rural Employment Guarantee Programme in India, and the Argentinian Jefes programme. These programmes offer a form of ‘preventive’ or ‘risk mitigating’ social protection benefit, by providing a form of income insurance. If associated with the provision of quality assets, and complementary livelihoods promoting activities, such programmes may also achieve ‘promotive’ or ‘transformative’ social protection impacts.

Finally there is a PWP approach which focuses on promoting the ‘employability’ of workers, through the provision of skills formation and workplace experience. Such programmes are implemented when the key constraint to employment is lack of skills rather than lack of employment opportunities per se. These programmes have primarily been adopted in OECD (developed countries), at times of frictional unemployment, ie when the fundamental problem has been skills shortages in the labour pool. This type of programme assumes that sufficient numbers of jobs are available for the unemployed if they are adequately retrained and supported, and is associated with a political concern to encourage the unemployed to take up available work opportunities rather than to provide them with unemployment benefits. This approach is typified by the US set of ‘Workfare’ programmes, and the Irish Community Employment Programme. This approach will only confer social protection benefits if the underlying assumption, that sufficient employment is available to absorb a significant number of the unemployed if they acquire additional skills and experience, holds true. Otherwise, such initiatives are likely to result in worker substitution, rather than significant increases in aggregate employment.

6 CASE STUDIES

6.1 Selection of Case Studies

The countries and programmes chosen as cases studies for detailed scrutiny in this review were selected on the basis of labour market or economic similarities with South Africa, or because of programme design features which reflects aspects of the current EPWP and its objectives. The case studies selected for the review were the USA’s New Deal programmes of the 1930s, the current Argentinian Jefes programme (initiated in 2002), Indonesia’s Padat Karya programme (PK) (1998 to 2001), India’s National Rural
Employment Guarantee Programme launched in 2006 (commonly known by the name of the Act which enabled the programme, NREGP), Ethiopia’s Productive Safety Nets Programme (PSNP), initiated in 2005, Senegal’s seminal AGETIP (Agence d’Exécution des Travaux d’Intérêt Public, initiated in 1989), and Ireland’s Community Employment Programme (initiated in 1994). The rationale for the selection of these programmes for inclusion in the study was the desire to interrogate a range of types of interventions each mirroring different aspects of the EPWP, in a range of contexts also reflecting different elements of the South African context, (eg scale of unemployment problem, GDP).

Three of the studies were prompted by financial crises, or varying duration; the Jefes programme, the PK, and the New Deal programmes, which were a response to the sustained economic depression following the 1929 Wall Street Crash, while the NREGP and PSNP programmes are a response to long term structural unemployment crises, entailing sustained shortfalls in the economy’s demand for workers. Core socio-economic data for each of these countries is included in Appendix 2 for reference purposes.

For each case study a series of key issues were explored, in order to provide insights in areas pertinent to the EPWP and its conceptual design and implementation modalities; a detailed summary of each study is included in Appendix 1, and a brief overview of key design and implementation elements of each programme is given below. The key issues explored in each study are listed in Box 1.

**Box 1: Case Study – Key Issues**

<table>
<thead>
<tr>
<th>Political Origins</th>
<th>Labour Market Context</th>
<th>Economic Context</th>
<th>Start &amp; End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>Scale of Employment</td>
<td>Geographical Specificity</td>
<td>Inclusion Criteria</td>
</tr>
<tr>
<td>Benefits</td>
<td>Duration of Employment</td>
<td>Full or Part Time</td>
<td>Training Offered</td>
</tr>
<tr>
<td>Assets Created</td>
<td>Implementation Modalities</td>
<td>Cost and Fiscal Implications</td>
<td>Sustainability</td>
</tr>
<tr>
<td>Evaluation Findings</td>
<td>Key Lessons for EPWP</td>
<td>Core Economic Data (GDP etc)</td>
<td></td>
</tr>
</tbody>
</table>

**6.2 The USA’s New Deal Programmes (1933-43)**

The USA’s New Deal Programmes were developed in response to the depression following the Wall Street Crash in 1929. The New Deal entailed the implementation of five concurrent centrally administered, public works initiatives (1933-43) which were developed to address sustained unemployment levels similar to the level of unemployment prevailing in South Africa today, and to stimulate economic growth during the Great Depression of the 1930s. GDP per capita had declined 29 per cent between 1929 and 1933 and unemployment stood at 25.2 percent, up from 3.2 percent four years earlier.

The New Deal’s contracted public works initiative was implemented mainly through the Public Works Administration (PWA), while direct job creation was implemented through
four distinct programmes – the Civilian Conservation Corps (CCC) (1933), the Civil Works Administration (CWA) an emergency initiative during the winter of 1933-34, the Works Progress Administration (WPA) (1935), and the National Youth Administration (NYA) (1935).

The programmes entailed a massive expansion of state expenditure in an attempt to stimulate the economy while also providing enough employment to ensure that the basic needs of all working families were met. Employment was provided in special programmes operated directly by the government and through private contractors funded with a massive expansion in infrastructure expenditure (an increase of 2-3% of GDP). At their height these programmes absorbed over 50% of the unemployed. This initiative offers institutional options and a model for large scale government employment creation, but it is contingent on significant levels of political buy-in and massive state allocations.

6.3 The Argentinian Jefes de Hogar Programme (2002-)

Socio-economically, Argentina much in common with South Africa, with similar levels of unemployment, comparable geographic and population size, and similar levels of per capita GDP, as well as high levels of income inequality which is largely based on racial characteristics. The Jefes de Hogar (Head of Household) programme was initiated in 2002 in response to an economic collapse which saw unemployment levels rising to 24%. The programme is administered by local municipalities assisted by Municipal Consultative Councils (MCCs) comprised of representatives of the public, private and non-profit sectors. It offers employment in a range of projects created by public or local non-profit agencies. Only one participant per household was permitted to register for the program, and anyone receiving unemployment insurance or other transfer benefits from the government was disqualified. Once registered, participants received a regular monthly transfer in exchange for 20 hours of work per week, but if the municipality is not able to provide a work placement, the transfer to the household continues.


Indonesia’s Padat Karya programme (PK) was launched in 1988/9 in response to the extensive, but transient unemployment and impoverishment resulting from the Indonesian economic crisis. The programme was implemented on a relatively large scale rapidly, and offered a one-off episode of short term employment to those willing to work for PWP conditions, making a one-off financial transfer to those who were impoverished and using the work requirement as a crude targeting mechanism. The programme was suspended in 2001 after the economic crisis had passed, and shifted into a programme offering more sustained employment benefits for the long term (structural) poor. The programme illustrates the role of short term PWP employment in a situation of acute labour market crisis. Interestingly, this is essentially the model the EPWP has adopted despite the fact that it represents a short term crisis response appropriate primarily for situations of temporary, rather than structural unemployment.

6.5 India’s National Rural Employment Guarantee Programme (2006 -)
India’s recently launched National Rural Employment Guarantee Programme (NREGP), is an employment guarantee programme, based on the constitutional obligation of the state to provide employment for its citizens. The programme offers employment insurance on a massive scale, attempting to provide 100 days employment per annum to every rural household and in this way to provide an income floor for the poorest and most vulnerable. If employment cannot be provided unemployment insurance will instead be paid to the household. The programme comprises a key component of the state’s social protection strategy, and has currently been extended to 200 of 600 districts with plans for national coverage by 2009. National roll out is uneven reflecting differing levels of state and municipal capacity and buy-in.

6.6 Ethiopia’s Productive Safety Nets Programme (2005-)

Ethiopia’s Productive Safety Nets Programme (PSNP) initiated in 2005, is of interest in terms of both its scale, and the fact that it recognizes the chronic nature of unemployment/underemployment and the need for state interventions to provide more than just one brief episode of employment. The programme was developed to respond to the chronic food security situation in parts of the country, with between five to up to twelve million people dependent of PWP transfers for their survival each year. PWPs offering short term employment have been implemented in the country for several decades and the PSNP represents a conceptual shift, recognizing that programmes offering exclusively work assistance, were not consistent with the objective of enabling workers to ‘graduate’ out of poverty, and had no significant impact on livelihoods or poverty. The PSNP is attempting to make the PWP more appropriate for addressing chronic poverty, by offering repeated episodes of employment (for up to five years) and by implementing complementary livelihoods promotion initiatives as part of a broader strategy for graduation out of poverty. The intention underlying this approach is that at the end of five years of state employment, participants may be able to graduate out of ‘dependence’ on state assistance for their survival. While the programme is subject to significant criticism in terms of its potential to meet these objectives the insight underlying its design is significant to the EPWP.

The programme is also notable for its enormous scale, attempting to offer employment to more than 2 million workers each year, and equally importantly, for the fact that this attempt at mass implementation has compromised implementation feasibility. The programme faces significant problems in identifying, designing, and implementing the scale of infrastructure projects required to absorb the levels of workers anticipated, which raises critical questions of the feasibility of meaningful ‘massification’ in a skills constrained environment, which is as pertinent for South Africa as it is for Ethiopia. Although not an explicit element of programme design, as it is with the NREGP and JEFES, if work cannot be provided for registered households, the transfer may still be provided, since the wage transfer is the imperative underlying the programme.

6.7 Senegal’s AGETIP (1989-)
Senegal’s seminal AGETIP (Agence d’Exécution des Travaux d’Intérêt Public) was developed in an attempt to quell urban dissent and political instability following the contested election victory of the government of Abdou Diouf in 1988, and launched in 1990. It is a privately managed public works executing agency which enters into a contractual arrangement with the central government for sub-project execution, with the objectives of increasing labour intensity and SMME activity in order to increase aggregate employment per unit of spending, while also promoting institutional efficiency and the production of assets. Social protection was not a key objective, and the scale of short term employment offered was never more than tokenistic, at 0.5% of the labour force. It is interesting that AGETIP had as an explicit objective the restoration of confidence in the government by the general population through the implementation of projects with high impact/cost and visibility/cost ratios. The model has been adopted throughout Francophone Africa and beyond (AFRICATIP, or Association Régionale des Agences d’Exécution des Travaux d’Intérêt Public), but is essentially a mechanism for improving the performance of departments responsible for delivering public works and promoting labour intensification, rather than a social protection instrument.

6.8 Ireland’s Community Employment Programme (CEP)

Ireland’s Community Employment Programme (CEP) offers sheltered government funded employment for those not able to find employment in the open labour market. The programme provided employment in a range of services delivered by CBOs and NGOs (complementary social services etc). Participants were offered relatively high wage levels and secondary benefits during their employment, but graduation out of the programme was low, as the training and work experience had limited benefits in terms of subsequent job search.

6.9 PWP Employment Beyond Infrastructure

While the dominant form of employment in PWPs is construction, a wide range of activities have been included under the PWP banner. In the New Deal programmes PWP employment extended to teaching, adult literacy, nursery care, social care, the implementation of national statistical surveys and culture and performance art, as well as the production of consumer goods for direct distribution to recipients of public assistance. In Ireland, the CEP provided complementary social services, while the Jefes programme includes funding for micro-economic activities in agriculture and home production, and also social care for children and the elderly (3% of total employment), in this way significantly reducing both the cost of implementation, and also increasing the range of activities absorbing labour to maximize programme employment. In recent years programmes have been developed in Sub-Saharan Africa to provide employment for the poor while also providing Home Based Care (HBC) to those affected by HIV/AIDS, eg the Zimbabwe and Malawian Red Cross HBC programmes, recognizing, and attempting to address the increasing burden of unpaid care falling on women in affected communities. The key challenges relating particularly to the social service delivery component of PWPs are i) the issue of quality control ii) sustainability of service provision, and iii) confusion regarding statutory responsibility for service delivery.
A range of public works programmes involving support for the production of individual privately owned infrastructure and small scale individual production, primarily agricultural, as well as more conventional community assets in support of communities adversely affected by HIV/AIDS, have been developed in the early 2000s in Southern Africa by a consortium of NGOs (Consortium for Southern African Food Emergency (CSAFE)), attempting to adapt public works to rural communities affected by HIV/AIDS.

7 KEY FINDINGS

The key findings of relevance to the EPWP arising from the international review fall into five distinct although linked areas; i) PWP objectives, ii) conceptual issues, iii) design issues, iv) the policy, institutional and political context, and v) monitoring and evaluation. In this section the implications of these findings for the EPWP are explored, using a comparative approach, with illustrations from international experience and analysis.

7.1 Comparison of EPWP and Case Study Objectives

The EPWP has multiple objectives which are both direct and instrumental, relating to labour intensification, employment creation, training and social protection. The emphasis given to different aspects of the EPWP, and the related objectives varies and is differently articulated in different programme documents. Consultation across key conceptual and implementation documents\(^2\) however reveals a core set of objectives which are repeated, with differing emphasis, across the programme. These core objectives may be grouped into four main areas; i) poverty alleviation, the overarching objective informing the existence of the EPWP (see for example the GDS which charges the EPWP with reducing poverty by the alleviation/reduction of unemployment (EPWP 3003), ii) the provision of skills formation iii) the provision of employment, (objectives which are instrumental to

\(^2\) CSAFE documentation on these initiatives is available at www.c-safe.org
achieving the overarching poverty related goal), and iv) service provision, the mode through which the other objectives are to be delivered. For each of these broad objectives there are a set of more detailed sub-objectives, which are articulated in the EPWP literature, (see footnote 3 above) and may be summarised as in box 2 below.

**Box 2: EPWP Objectives**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Detailed Sub-Objective</th>
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<tbody>
<tr>
<td><strong>Alleviate Poverty</strong></td>
<td>Income relief through temporary employment (Short Term)</td>
</tr>
<tr>
<td></td>
<td>Increased capacity to earn a living after exiting (Long to Medium Term)</td>
</tr>
<tr>
<td><strong>Skills Development</strong></td>
<td>Skills training and work experience increase capacity of participants to earn an income after exiting</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>Alleviate unemployment through short term work opportunities (Temporary Jobs)</td>
</tr>
<tr>
<td></td>
<td>Increase capacity of those exiting EPWP to take up existing work opportunities (Reduce Frictional Unemployment)</td>
</tr>
<tr>
<td></td>
<td>Increase aggregate demand for labour through labour intensification and increased government expenditure</td>
</tr>
<tr>
<td><strong>Service Provision</strong></td>
<td>SMME Development (Change structure of labour market)</td>
</tr>
<tr>
<td></td>
<td>Improve Service Delivery</td>
</tr>
</tbody>
</table>

Source: These objectives were synthesised from a range of core EPWP documents produced between 2004 and 2007, see footnote 3 above.

While each of the individual objectives included in the EPWP has international parallels, the EPWP is unusual in its pursuit of all these objectives within one programme, with the New Deal programmes being the only PWP reviewed which approach such a range of objectives. Each EPWP objective is discussed below, in relation to similar objectives in other programmes.

i) Poverty Alleviation

The objective of poverty alleviation is mirrored in all the PWP's reviewed, and is typically the defining objective of a programme, reflecting its core rationale. However, income relief through temporary employment, as offered in the EPWP, tends to characterize programmes where the problem of poverty and/or unemployment is determined by some
external shock (such as conflict, drought, floods, economic crisis, or recession) and is essentially a short term disruption to the labour market as in the Indonesian PK programme.

In terms of the EPWP’s poverty alleviation goal, the short term episode of employment provided is appropriate in the context of a temporary labour market crisis, but does not represent the kind of employment required to address poverty in the context of structural, chronic unemployment as currently experienced in South Africa. If PWP approaches are preferred to cash transfer approaches in this context, then the appropriate form of intervention would be the provision of some form of long term employment, through government job creation schemes, rather than the brief episode of employment provided under the EPWP. It is interesting to note that the inappropriateness of the provision of once off short term episodes of employment is widely recognized in the literature, see for example the World Bank’s 2001 World Development Report (World Bank 2001), where it is explicitly argued that offering short term PWP employment in the context of chronic unemployment is not likely to offer a sustained reduction in poverty, and that alternative forms of intervention offering long-term assistance, such as cash grants may be more appropriate. Drawing on cross country experience the former World Bank social protection advisor Subbarao also argues that public works do not offer routes out of poverty;

‘public works are essentially a temporary safety net and should never be used as a permanent escape route from poverty’ (Subbarao 1997)

The second way in which the EPWP anticipates addressing poverty is through the increased capacity of participants to earn an income after exiting. This approach is typical of PWPs in developed countries (referred to in the following text as OECD countries), which attempt to address unemployment by focusing on ‘employability’ by including training and work experience as core components of their PWP employment programmes. It is interesting that in developing country contexts, such as Ethiopia and Malawi this objective is also associated with PWPs, but is addressed through additional programmes such as agricultural livelihoods promotion activities, which are external to the PWP itself, and not through training programmes which are integral to the PWP.

ii) Skills Development

Linked to the ‘employability’ aspect of the poverty alleviation objective above, this objective seeks to provide skills training and work experience through PWP employment, in order to increase the capacity of participants to earn an income after exiting the programme. As outlined above, this focus is central to many OECD PWPs, and has been highly influential in the active labour market policy (ALMP) discourse in recent decades, primarily in developed countries, but also, to a lesser degree in MICs and LICs. This approach, however, has been found to have only a limited impact, and to have an

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4 Organisation for Economic Cooperation and Development, a grouping of 30 developed countries.
influence the subsequent labour market performance of participants only if the training provided is closely aligned to the specific skills gaps identified in the wider economy (Martin and Grubb 2001). Based on their review of international experience, Martin and Grubb argue that where training is included in programmes it should be kept small in scale, and ‘well targeted to the specific needs of both job seekers and local employers’. (ibid, p33).

The international experience tends to corroborate widespread skepticism expressed by EPWP staff at all levels (both managers and implementers, discussed in MTR Component Three) about the skills development impact of the EPWP and it is clear that the training offered under the EPWP is not closely allied with the skills shortages identified in South Africa which are primarily for semi-skilled, artisanal and skilled workers. The implication of this is that the EPWP will not provide workers with the skills currently in short supply in the economy. Given these findings, it is unlikely that the EPWP training programme will be effective when similar programmes have failed internationally.

This is a significant finding in regard to the EPWP, since it has been recognized in the South African policy discourse that PWP employment without skills development will not have a sustained beneficial impact, see for example EPWP documentation citing the 2004 Growth and Development Summit;

‘…job creation without skills development, upgrading and training, does not lend itself to sustainable employment and will have no long-term economic impact on the lives of the unemployed…’(EPWP 2004)

Notwithstanding this general critique, it is important to recognise that the significance of the training component is conditional on whether the programme is envisaged primarily as a direct employment scheme, or as a scheme which enhances employability, with the aim of reducing frictional unemployment by increasing workers skills levels.

It is interesting to note that skills development is not typically a component of the programmes offering employment guarantees in the context of chronic unemployment. Neither NREGA nor the PSNP has a skills development component, these programmes focus on the provision of employment in order to guarantee an income. In both contexts community development, skills training and livelihoods related interventions are carried out separately from the PWP. The Jefes and New Deal programmes both contained training and retraining components, but there were critical implementation differences – contact time with participants was not limited to an average of 4-6 months, (entailing a total of 8 – 12 days training contact time under the EPWP), and training was linked to skills demanded in the range of PWP programmes, which was far more diverse than

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5 This is explicitly acknowledged in the Infrastructure Sector Plan for the EPWP, 2005 which states that ‘the nature of the labour intensive construction industry is such that [...]employment opportunities for labourers typically last only 4 to 6 months. [...] this entitles labourers to only 8 to 12 days of paid training. This is not sufficient to train unskilled labourers to become artisans’. 

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The EPWP seeks to address employment in three ways, two of which are direct and one indirect; the provision of temporary jobs, increasing aggregate demand (including SMME development) and reducing frictional unemployment through enhancing the quality of labour supply. Again, each of these approaches has been adopted in other PWPs internationally, and the EPWP approach is discussed in comparison with international experience below.

**Provision of Temporary Jobs**

The provision of temporary employment, similar to that offered under the EPWP, tends to characterise PWPs which are implemented during a period of temporary labour market disruption, which is expected to normalise in the short to medium term. An example of this is the provision of a short episode of employment in the PK programme which was a response to a particular and acute (short term) labour market shock which created a short term spike in unemployment.

The value of the provision of a single episode of short term employment in the context of structural unemployment, as in the EPWP, when the labour market itself is not expected to provide large scale employment in the short to medium term, is problematic, and is widely questioned in the international literature. In this context it is argued consistently that some form of ongoing sustained transfer is required to offer social protection for the poor, either through direct government employment creation providing sustained or repeated employment, (eg New Deal or NREGP respectively), or through the implementation of an ongoing cash transfer programme. However, it is interesting that despite the widespread appreciation of the limitations of such programmes in these contexts, South Africa is not alone in the adoption of a seemingly inappropriate form of PWP in the context of structural unemployment; the implementation of such programmes occurs relatively frequently in low income countries in sub-Saharan Africa, such as Malawi and Tanzania (see discussion in McCord 2007). Short term PWPs are often adopted in such circumstances due to ideological preferences, and political reluctance to offer alternative, longer term, and potentially more cost effective and efficient forms of social protection, either through longer term employment provision, or through the provision of some form of social grant to the working age poor unemployed.
Increasing Aggregate Demand

Increasing aggregate demand for labour through labour intensification and/or increased government expenditure is central to most PWPs, which are founded on an attempt to increase aggregate employment through direct state intervention when market based employment demand is inadequate. Three different approaches to this are adopted in the EPWP, i) increasing aggregate demand for labour through the labour intensification of production, almost exclusively in relation to the provision of physical infrastructure (as exemplified by the ILO Employment Intensive Investment Programme (EIIP) model, the NREGA and the PSNP), ii) increasing government funded employment through increased expenditure in labour intensive activities in a range of sectors (as in New Deal programmes), and iii) increasing employment through the promotion of SMMEs which are expected to utilise more labour intensive approaches than larger enterprises (although this assumption may not be robust, and the impact may be one of substitution rather than the creation of new jobs).

Despite the widespread implementation of labour intensification programmes, many promoted by the ILO through its EIIP, labour intensification (LI), has not been extensively mainstreamed internationally, and it remains essentially a marginal component of infrastructure provision in most contexts, as it does in South Africa, where only a limited proportion of infrastructure expenditure suitable for labour intensification adopts LI approaches. This is explicitly recognised as an area where the EPWP has failed to meet its objectives (DoPW 2007), largely due to lack of buy-in to LI approaches within the construction industry (see for example Mabilo 2003, cited in McCord 2003, and McDermott 2006, cited in McCord 2006). As a consequence the potential for expansion of aggregate employment in construction remains largely unrealized, both under the EPWP, and also internationally.

Increasing direct government employment, in order to increase aggregate employment is one of the most conventional forms of employment creation. However, it is worthy of note that all major PWPs which adopt this approach are dependent on additional funds, either government or donor, to fund the creation of additional jobs. In this respect the EPWP is unusual, given the limited allocation of additional funding explicitly for employment creation in the national budget since the programme was initiated (for a comparative analysis of fiscal allocations to PWPs, see section 7.3.2). Largely as a consequence of the absence of adequate fiscal allocations, the aggregate increase in employment planned through the EPWP is marginal, and significantly less than the scale of employment anticipated in the other programmes internationally (see Table 2 below). In this respect, the EPWP has only an extremely limited impact on aggregate employment, offering approximately 80,000 person years of work per annum, compared to unemployment levels of 4 to 8 million). Likewise the SMME creation aspect of the EPWP has to date been marginal, and whether its impact is primarily substitutional, or actually entails the generation of net additional jobs is unclear. SMME creation was a major component of the AGETIP programme, which recognised that the creation of a cadre of SMMEs was both an end in itself and also a necessary prerequisite if a large scale shift to LI was to take place.
Hence, despite ‘job creation’ being an explicit objective of the EPWP, neither the employment through labour intensification nor direct government employment is significant in terms of its contribution to expanding aggregate employment in South Africa, particularly when compared to the scale of aggregate employment created under programmes with similar stated objectives. This suggests that within the EPWP direct employment creation is primarily instrumental in terms of furnishing an opportunity to provide labour supply improvements, through training and work experience, rather than a significant response to unemployment in itself. In this way the EPWP is significantly different from other programmes implemented in contexts of structural unemployment, such as the NREGP, where it is the generation of significant levels of programme employment *sui generis*, which is the prime purpose of the intervention.

*Reducing Frictional Unemployment through Labour Supply Improvements*

The temporary nature of the employment offered under the EPWP may be understood in terms of its objective of providing spill over benefits (work experience and training), rather than being intended to make a significant contribution to aggregate employment or poverty relief *per se*. In this way, in addition to the provision of a temporary cash wage which provides immediate and temporary assistance to participants, the purpose of the temporary jobs created in the EPWP is explicitly to offer training and work experience to the unemployed in order to improve their labour market performance once they have exited from the programme.

Here the objective is to improve the quality of labour supply, so that workers will be able to take up *unfilled jobs already existing in the economy*. This approach tends to characterise PWP interventions which form one component of active labour market policies in OECD countries, where the objective is the reduction of unemployment which is primarily ‘frictional’, ie unemployment that results from a mismatch between the skills available in the labour force and those required by the economy, which can be addressed by the provision of relevant skills and experience to improve the quality of labour supply (Grubb and Martin 2001). However, this approach is based on the premise that there are sufficient existing work opportunities to absorb the unemployed, which they will be able to take up if they are given training and work experience through PWP employment, or other forms of labour market assistance. This is not the case in South Africa, where the number of unfilled job vacancies existing in the economy which result from skills shortages is marginal in relation to the scale of unemployment (see for example Kraak, 2003). The potential impact of a supply side improvement approach to employment is further constrained in the EPWP by the short duration of training, which limits the opportunity for adequate levels of skills transfers, and also the poor quality of training provided (see MTR Component Three). Where workers do subsequently achieve employment as a result of the limited training received, this is likely to result in the displacement of other low skilled workers, resulting in no net increase in employment.
The effectiveness of this approach even within OECD countries has been seriously challenged in recent years, and its appropriateness outside the OECD, in a context like South Africa where unemployment is not frictional, but structural, is doubtful.

iv) Service Provision

Internationally, PWPs differ significantly in the emphasis given to the objective of service provision. In some, such as those falling under the ILO’s Employment Intensive Investment Programme (EIIP) (see for example ILO 2004), service provision (road construction) is the primary objective, and achieving the objective in a labour intensive way is a desirable approach. In contrast, in other programmes, the delivery of a service is merely a way to satisfy the ‘work’ conditionality for the provision of a transfer, particularly in cases where the state has recognized the need to provide a transfer in response to poverty. In some cases, such as the PSNP in Ethiopia, the PK in Indonesia, and the Jefes programme in Argentina, the primary motivation for the PWP is the delivery of the wage in order to alleviate poverty, and the work requirement is primarily included as a form of targeting (on the basis that those who are not poor will not be willing to fulfill the work requirement and so will not attempt to participate in the programme and claim the transfer). In the Indian, Ethiopian and Argentinian programmes it has not been possible to provide sufficient work projects to absorb the all the target group of beneficiaries within the required timeframe, and in instances where workers cannot be placed in a job, the work requirement has been waived, and the cash transfer provided without any labour inputs, so that the programme is for these participants essentially a social grant programme.

7.1.2 Multiplicity of EPWP Objectives

The objectives of the EPWP are compared to those of the other programmes under review, in table 1 below. This table indicates that the findings of the IFPRI/ILO Evaluation of the CBPWP (the EPWP’s forerunner) in 1999 still hold true:

‘Relief and development, income generation and empowerment, jobs today and training for future jobs … is… without a precedent elsewhere in the world.’
(Adato et al 1999, p xiii)

While each of the individual EPWP objectives has international comparators, overall, the EPWP is unusual in its pursuit of all these objectives within one programme, with the result that the EPWP has a set of objectives which are far more complex and diverse than most of the other programmes reviewed. This multiplicity is problematic since it is argued throughout the literature that the existence of multiple objectives in one programme reduces likelihood of success, in part due to the increased managerial, administrative and coordination burden implied by a range of objectives, and in part due to the potentially conflicting priorities implied by the diverse objectives. In the case of the EPWP it seems that these multiple objectives have led to an overloaded programme, and contributed to confusion among beneficiaries and implementers regarding the nature of the programme (see MTR Components Two and Three).
## Table 1: EPWP and International PWP Objectives Compared

<table>
<thead>
<tr>
<th></th>
<th>Alleviate Poverty</th>
<th>Skills Development</th>
<th>Employment</th>
<th>Service Provision</th>
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<tbody>
<tr>
<td><strong>EPWP</strong></td>
<td>Income relief* through temporary employment (SHORT TERM)</td>
<td>Increased capacity to earn an income after exiting (LONG TERM)</td>
<td>’Alleviate unemployment’ through short term work opportunities (TEMPORARY JOBS)</td>
<td>Increase in aggregate demand for labour through labour intensification or increased government expenditure (LONG TERM INCREASE IN EMPLOYMENT)</td>
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<tr>
<td><strong>INDONESIA: PK</strong></td>
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<td><strong>INDIA: NREGP</strong></td>
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<td><strong>ETHIOPIA: PSNP</strong></td>
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<td><strong>SENEGAL: AGETIP</strong></td>
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<td><strong>ILO EIIP</strong></td>
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<tr>
<td><strong>USA: NEW DEAL PROGRAMMES</strong>*</td>
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<td><strong>ARGENTINA: JEFES</strong></td>
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<td><strong>OECD: ALMP</strong></td>
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<tr>
<td><strong>ZIMBABWE: RED CROSS HBC PROGRAMME</strong></td>
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</tbody>
</table>

* The shaded cells of the New Deal programmes apply to the CCC and NYA only
** The Zimbabwe Red Cross HBC programme has been included to illustrate how social service delivery focused PWP can have extremely simple objectives.
Only certain of the New Deal programmes (CCC and NYA), and the Jefes programme contain a similarly extensive range of objectives, and it is interesting to note that these programmes both offer(ed) sustained periods of employment to participants, as well as entailing a significant fiscal allocation to support investment in these objectives, two factors which increased the potential for a greater range of objectives to be addressed successfully within one programme. In addition, these programmes had significant levels of political credibility and buy in, and were given appropriate authority to execute a range of mandates, and enforce compliance across a range of institutions, factors which do not hold true of the EPWP (see MTR Component Three).

7.1.3 EPWP as a Conceptual Aggregate

As discussed above, the term PWP covers a diversity of programme concepts which include interventions with a range of different objectives (poverty, employment, improving sector efficiency, asset creation, quelling unrest, etc). It is clear from an analysis of the EPWP’s objectives that it has multiple mandates, and that in order to address these a range of different PWP concepts are included under the ‘EPWP’ banner, each of which entails a different PWP concept and process. While this is not necessarily problematic, attempting to facilitate infrastructure based LI PWP as well as cross departmental government employment programmes, training, SMME development and service delivery interventions all within one programme and institutional setting, as in the case of the EPWP is without international parallel, with the possible exception of some of the New Deal programmes. Different institutional arrangements are required for each of the components of EPWP set out above, and attempting to harness a number of conceptually different programmes, with different management, administrative and monitoring requirements, and widely divergent mandates under a single programme is highly ambitious, particularly when the objectives of the different programmes fall outside the competence and mandate of the coordinating agency.

It is interesting to note that a key reason that the highly complex New Deal programmes were able to successfully accommodate a diversity of mandates, was that, unlike other programmes they were coordinated by a set of agencies with clear and discrete mandates, which had the authority to elicit cooperation from a variety of other government agencies. In the South African context, the Department of Public Works which houses the EPWP, lacks such authority and credibility, having responsibility for programme coordination, but no commensurate authority over the wide range of implementing agencies.

7.2 Conceptual Issues

When the EPWP is reviewed in the light of international programmes, and the typology of PWPs presented above, it is clear that the EPWP represents a conceptually hybrid programme, which represents an aggregation of all four PWP concepts. The EPWP has objectives which are pertinent to each of the four concepts, ranging from the relatively straightforward objective of promoting labour intensification, to the far more complex objective of attempting to provide skills formation and also offer social protection benefits.
While one of the EPWP’s objectives is addressing poverty directly, this is not reflected in the conceptual design of the programme, which differs significantly from the design of programmes which are attempting to address this challenge. PWP programmes which are attempting to fulfill a policy mandate which requires them to be the primary response to the problem of the working age poor unemployed in the context of chronic or structural poverty and unemployment have recognized the need for mass coverage in their design (New Deal, PSNP, NREGP, Jefes). They have also selected programme design options which explicitly promote social protection outcomes, including for example and employment or income guarantees as part of the design. Neither of these considerations informed the conceptual design of the EPWP.

Essentially the EPWP suffers from a conceptual ambiguity since it is on the one hand concerned with the relatively clear and simple objective of creating one million jobs, which would suggest the adoption of a particular PWP concept and institutional model, along the lines of AGETIP, while at the same time it is charged with skills formation (which would imply a different model, with different target groups and institutional forms) and also with attempting to fill the social protection gap for the working age poor, which would require a different model again. Attempting to address both employment and employability, and make a significant contribution to social protection through the same programme, with the same target group, and same group of implementers renders the task highly complex. Hence, the extensive range of objectives included within the programme has created conceptual tensions, which are not present in the other programmes reviewed.

7.2.1 Income Insurance if the State is Unable to Offer Employment

If PWP programmes are intended to meet social protection objectives, in addition to the need for appropriate wages and duration of employment, PWP programmes need to be universally available to members of the intended target group (eg all the poor or working age, one worker per household, all those seeking work etc). The EPWP is included as part of the Comprehensive South African Social Protection System, with the objective of meeting the needs of the working age poor unemployed, and was selected in preference to a grant-based income insurance option to address this segment of the population. In this respect it is similar to the NREGP or Jefes, and also the New Deal programme. However, the NREGP, Jefes and New Deal programmes acknowledged and incorporated into their design, the fact that the state may not be able to furnish sufficient numbers of work opportunities for all those seeking PWP employment, a problem currently experienced by the EPWP. In all three programmes a form of income insurance is provided to those who can not be offered PWP employment. Since it is the provision of social protection which is the primary purpose of the PWP, if the programme at local level fails to deliver sufficient employment opportunities to meet demand, the state’s commitment to assisting the unemployed with income insurance is not rescinded, ie intended beneficiaries are not excluded from the programme due to the inability of the PWP to meet its job creation targets. This programme guarantee of income, irrespective of the scale of employment
provision, differs significantly from the benefits offered through the EPWP, in which the limited scale of employment provision entails a de facto exclusion of the majority of potentially eligible beneficiaries, and results in extremely low coverage rates.

In the case of India, the state is constitutionally mandated to ensure that programme participants receive a transfer, irrespective of the ability of the PWP to deliver the requisite amount of employment. In the case of NREGP, the municipality itself must fund the income insurance provided to those seeking PWP employment but for whom PWP employment is not available, as a form of penalty for not administering sufficient employment creating programmes, but in the case of Jefes, the resources for the income insurance are provided directly from the central government.

The New Deal employment programmes in the US were established as part of a restructuring of the nation’s entire public assistance system. The system established by the New Dealers was designed to ensure that all needy families would receive sufficient public aid to meet their basic needs – ideally through publicly-funded employment in the case of the unemployed poor and by means of non-stigmatizing income transfers in the case of needy children and the elderly and disabled poor. Poor workers who were not provided employment in one of the New Deal’s employment programs, or whose earnings in public or private employment were insufficient to meet their basic needs, could apply to local relief agencies for public assistance. In this way the need for an income guarantee to back up the government’s job creation efforts was recognized.

The design of the EPWP differs significantly from the PWP model selected in India, Argentina and the US, which offers a commitment to the provision of a universal minimum income insurance for the poor, as a backup, should the state not be able to offer adequate employment for all who seek it within the programme.

7.2.4 Inappropriate Adoption of Supply Side PWP Model

The EPWP is based in part on the principle of increasing the ‘employability’ of workers through skills development and work experience, in line with the dominant OECD PWP model, which attempts to assist the unemployed to take up existing employment opportunities through a combination of work experience, skills development and labour market counseling. This may be seen as an attempt to improve the quality of labour supply, in order to enhance ‘employability’. This approach is often associated with an attempt to reduce dependence on social insurance, making state support conditional on participation in training schemes and work programmes. However, it is far from clear that this model is appropriate in the context of chronic unemployment in developing countries.

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6 Harvey, 2007, pers comm.
7 For a full critique of the ‘workfare’ approach with its focus on enhancing employability, and its relevance in South Africa see Meth 2003.
There are two key problems with the approach, the first is that even in OECD countries experiencing low levels of unemployment which is primarily frictional, skills training through work placements has a poor record, with experience across the OECD summarized as follows:

“The vast bulk of studies converge in terms of a conclusion on outcomes; this measure has been of little success in helping unemployed people get permanent jobs in the open labour market’ (Martin & Grubb, 2001)\(^8\)

The second problem is that this approach can only be effective in contexts of frictional unemployment, where adequate numbers of unfilled jobs are available for which workers can be skilled through work placements and training. Unless sufficient jobs exist, waiting to be filled, and the training provided is explicitly linked to the skills shortages, the programme will have no net impact on aggregate employment, and result, at best, in substitution of PWP workers for others. Given unemployment in South Africa is structural rather than frictional, the numbers of unemployed far exceeds the number of unfilled jobs, and the training and work experience gained through most programmes does not provide participants with the skills in demand in the economy, this approach looks badly adapted to the South African context, and unlikely to have a significant impact.

### 7.2.5 Appropriateness of EPWP as an Instrument for Poverty Alleviation

The foregoing exploration of the EPWP model in the context of PWPs internationally, raises the question as to whether the EPWP is an appropriate instrument for addressing the social protection needs of the working age poor unemployed in South Africa. Comparison with other programmes in a variety of contexts suggests that the small scale, short term employment model adopted in the EPWP is not well suited to address the challenge of chronic unemployment and the limited training offered is unlikely to have a significant employment impact. Internationally, programmes which have attempted to address a similar social protection challenge have (in design if not always in practice) offered ongoing large scale employment on a mass or universal scale in order to provide medium to long term assistance for the poor.

The World Bank position on PWPs confirms this analysis, and argue that if poverty is chronic, there is a need to offer ongoing, rather than temporary employment if public works are to perform a social protection function, see for example Datt and Ravallion (1994) and Subbarao et al (1997);

‘Failure to obtain this work [PWP employment] whenever needed will tend to undermine the social insurance function of public works schemes’ (Datt and Ravallion 1994: 1358)

and,

\(^8\) See also the similar critique advanced by Bassi & Ashenfelter 1985.
‘In countries where poverty-gap ratios are high, the need to run the programme year-round (and thus raise transfer benefits to the poor) assumes greater importance’ (Subbarao et al 1997: 84)

Hence, if a PWP based response to poverty among the working age unemployed is desired, a mass long term programme, with broad eligibility criteria, along the lines of NREGP or New Deal would be the most appropriate model, rather than a programme based on the current EPWP model which offers primarily short term employment, and focuses on promoting medium to long term social protection through measures to enhance ‘employability’, despite the programme’s negligible contribution to increasing aggregate employment. Such an approach would be fiscally feasible in South Africa, as the government could afford to make a similar commitment of GDP to that made currently by India or Argentina, (this is essentially a political choice), however, it is not clear that the state has the capacity to create employment on the scale of the New Deal or NREGP.

In this context, the programme would need to include as default a provision to offer income insurance to all who seek PWP employment, even if they cannot be offered employment. Given the limited scale of job creation under the EPWP this default income insurance provision might be of significant scale in the South African context. Where such income insurance is paid in the absence of employment, a PWP de facto becomes increasingly indistinguishable from a grant based social insurance programme, as has happened to some degree in the Jefes programme, where the creation of jobs was not adequate to provide ongoing employment to all those registered.

When viewed in comparison with PWPs internationally, the inappropriateness of the current EPWP model in terms of its stated objectives becomes apparent. This suggests that if a PWP approach to the problem of the working age poor unemployed is to be adopted, a revised model is required, which is more in line both conceptually and in design and implementation terms with the NREGA (ongoing employment on a near universal basis).

However, it is important to note at this point that South Africa faces a very real capacity constraint which may undermine the feasibility of adopting a New Deal or NREGA style programme. Both the New Deal and Jefes were implemented in the context of an economic recession which threw both skilled and unskilled alike into unemployment, resulting in a situation where there was a significant resource in terms of underutilised skills available in the economy which could be harvested and directed to support programme design, implementation, management, and associated training initiatives. Likewise the NREGA is highly dependent on a plentiful supply of technical skills, and a well entrenched local government which is held to account by an organised civil society. There is no such under-utilised supply of skills, or accountable and (relatively) efficient local government in the South African context. Ethiopia’s ambitious PSNP is currently being severely hampered at the point of implementation, by the inability of the state to provide the support and technical inputs required for such a mass undertaking. Similar concerns regarding the capacity constraints faced by the South African state and the
attendant difficulties of creating adequate employment on an ongoing basis may render the adoption of such an approach equally unviable in the South African context. In the light of this a question arises as to whether a PWP-based response to the problem of unemployment and the working age poor unemployed is the most appropriate in South Africa, or whether a social grant based social protection programme may be a more appropriate option (as in Brazil and Mexico). Waiving the work requirement would result in a social protection intervention potentially simpler and cheaper to implement. While some international commentators such as Harvey argue that employment creation schemes offering sustained work opportunities are a priori preferable to social grant options from an economic perspective (see for example Harvey 2007) the South African Government’s Taylor commission (2000-2001), charged with developing a Comprehensive Social Protection System for South Africa, argued that a grants based response to the working age poor would be more feasible than a public works based approach. This position is also reflected in earlier critiques of the adoption of a PWP response to poverty in South Africa;

One problem that public works programmes often face is insufficient funding and implementation capacity to even make a dent in a massive sea of unemployed people. In much of South Africa’s experience thus far, people receive a job for a few months, and are thereafter as unemployed as when they started. In this sense, a transfer programme that is easier to administer, less expensive and can reach more people may go further in alleviating poverty (von Braun J, Teklu T and Webb P. (1992) p.3

From this analysis two concerns remain regarding the appropriateness of the EPWP model. The first is a question regarding the appropriateness of a PWP model offering only short term employment, given the fact that the programme is not having a significant impact on increasing aggregate employment and ii) the limited impact of the training component of PWPs in general, and the EPWP in particular. The second concern relates to whether a PWP approach per se is appropriate in South Africa, even if it were to adopt a model similar to the mass NREGP or New Deal, given the major capacity constraints which challenge performance in all areas of government activity.

7.3 Design and Implementation Issues

7.3.1 Tension between Social Protection Objectives and EPWP Design

Where poverty alleviation is the primary PWP objective in a context of chronic poverty and unemployment, PWP design tends to include sustained or repeated episodes of employment, and wage levels intended to provide a basic household consumption floor. Subbarao 1997 argues that in the context of chronic poverty a PWP offering income insurance (ie extended periods of PWP employment, or a guarantee of employment

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9 The final recommendations of the Taylor Committee did not include provision of a cash grant for the working age poor however, due to a political intervention which dictated a PWP based social protection for this group. Taylor pers comm, July 2007.
during periods of work scarcity) is critical, but this is not reflected in EPWP design. Likewise, it is recognised in the literature that the level of the PWP wage will have a significant impact on the social protection outcome resulting from a PWP intervention, and that setting the wage too low has the potential to undermine a programme’s social protection benefits (Devereux 2000). In terms of wage levels, the NREGP, PSNP, and most of the New Deal programmes, set wages on a par with the minimum wage, and in his analysis of wage levels in PWPs internationally, Subbarao found a wide range of wage levels, both above, below and equal to the minimum/prevailing wage, depending on programme objectives and the political context (Subbarao 1997), highlighting the fact that ensuring a PWP is below the prevailing wage is not a necessary component of PWP design. Out of ten programmes reviewed, only 4 paid wages less than the prevailing market wage, and 4 less than the minimum wage (there was some overlap between these two categories).

Interestingly, explicit poverty reduction objectives are absent from the EPWP sector plans, despite this being the core rationale underlying implementation of the programme. In addition compliance with the NEDLAC agreed Special Conditions of Employment for Public Works governing EPWP employment explicitly calls for a wage below the minimum, (unlike in the NREGP), limits the duration of employment (unlike the NREGP, New Deal and Jefes employment which is extended as required), and limits the duration of training to the period of EPWP employment, which is too short for meaningful skills acquisition, as discussed above. Hence through deliberate design decisions, the EPWP is undermining its own potential to have a meaningful impact on chronic poverty.

7.3.2 Limited Scale of the EPWP

In Table 2 the scale of the EPWP is compared to that of the other programmes reviewed. International comparisons are problematic given the limitations of data available on each of the PWPs under review, and problems with data comparability, with programmes reporting performance on a variety of non-comparable indicators including throughput of workers, jobs created, or person days created. For the purpose of comparability, indicators have been constructed in this table which attempt to ensure some form of consistency, by applying a standardising framework and constructing indicators from the programme data available; i) total number of jobs created (ie number of workers participating in the programme, assuming each worker has access to one job, note this figure does not give any indication of duration of employment), ii) total number of person years of work created (based on 220 work days per annum), iii) jobs created per annum as a percentage of the labour force, iv) annual person years of employment created as a percentage of the labour force. Size of labour force was chosen in preference to unemployment rate for these comparisons given problems of the international inconsistency in definitions and measurement of unemployment and
percentage of the labour force, and v) programme cost as a percentage of GDP. For each programme the most credible data available has been selected and indicates scale of performance at peak levels of programme operation – note for India the second figure is an estimate, based on programme projections and budgets for 2008/9.

Table 2: A Comparative Assessment of the Scale of the EPWP

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Total number of PWP jobs/annum</th>
<th>Total number of person years/annum</th>
<th>Total Labour Force</th>
<th>Jobs as % labour force</th>
<th>Person years as % labour force</th>
<th>Programme cost as % GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOUTH AFRICA: EPWP (2006/7)</td>
<td>200,000</td>
<td>70,000</td>
<td>16,000,000</td>
<td>1.3%</td>
<td>0.44%</td>
<td>0.20*</td>
<td></td>
</tr>
<tr>
<td>INDONESIA: PK (1999/99)</td>
<td>1,481,481</td>
<td>181,818</td>
<td>92,000,000</td>
<td>1.6%</td>
<td>0.20%</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>INDIA: NREGP** (2006/7)</td>
<td>21,200,000</td>
<td>4,109,091</td>
<td>427,000,000</td>
<td>5.0%</td>
<td>0.96%</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>INDIA: NREGP*** (2008/9 estimate)</td>
<td>15%</td>
<td>3</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRELAND: CEP (90s)</td>
<td>41,000</td>
<td>n/a</td>
<td>1,400,000</td>
<td>2.9%</td>
<td>n/a</td>
<td>0.18</td>
<td></td>
</tr>
<tr>
<td>ETHIOPIA: PSNP (2006/7)</td>
<td>1,500,000</td>
<td>n/a</td>
<td>31,000,000</td>
<td>4.8%</td>
<td>n/a</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>SENEGAL: AGETIP (2004)</td>
<td>21,000</td>
<td>n/a</td>
<td>4,500,000</td>
<td>0.5%</td>
<td>n/a</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>USA: NEW DEAL PROGRAMMES (1933-1940 average)</td>
<td>n/a</td>
<td>n/a</td>
<td>53,000,000</td>
<td>3.4-8.9%</td>
<td>n/a</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>JEFES: ARGENTINA**** (2003)</td>
<td>2,210,000</td>
<td>n/a</td>
<td>17,000,000</td>
<td>13.0%</td>
<td>n/a</td>
<td>0.90</td>
<td></td>
</tr>
</tbody>
</table>

* This figure rises to 0.47% if the funding allocation to infrastructure is included, however, since this is not additional funding, but existing funds which are to be used in a more labour intensive way, this figure has not been used in the table, and the 0.20% represents only social and environmental allocations for direct government employment activity.
** NREGP 2006/7 only operational in 200 out of 600 districts.
*** Indicative figures only based on assumption that programme is taken to scale as anticipated, ie programme is extended to all 600 districts by 2009, total cost anticipated to be approx 1% GDP, and approx 15% of the total labour force is likely to be employed.
**** The Jefes programme has a small companion programme, the Programa de Emergencia Laboral (PEL), which is similar in terms of benefits but has slightly differing eligibility criteria, and so the data here is not representative of total PWP expenditure or performance in Argentina.

Comparison of EPWP size and labour force gives a more readily comparable indicator of programme size, although it does not relate programme size to scale of unemployment.

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The figures indicate a consistent picture of the scale of EPWP activity in comparison to other international programmes; by all indicators the EPWP is shown to be a relatively small scale PWP, in comparison to the other programme reviewed.

In figure 2 the fiscal allocation to the EPWP is compared as a % of GDP to the allocations for the other case study programmes. The EPWP allocation is calculated on the basis of additional funding available for the social and environment sectors, which totals only 0.2% (0.47%) of GDP, compares to between 1 and 4% for the EPWP’s main comparator programmes in terms of context and objectives (NREGP, Jefes, PSNP and New Deal).

**Figure 2: Case Study PWP Costs as % of GDP by Country**

![Figure 2: Case Study PWP Costs as % of GDP by Country](image)

Source: Various, see Appendix 2

All programmes reviewed, except the EPWP were funded through significant additional budget allocations, either domestically sourced or provided to a greater or lesser degree by external donors (the World Bank in the case of AGETIP, and Jefes, and a range of bilateral and multilateral donors in the case of the PSNP). It is clear that significant additional expenditure required for programmes to have significant coverage and impact (India, USA etc). The New Deal Programmes entailed a massive expansion of government expenditure exclusively on PWP activities, totaling between 2-3% of GDP, which compares to the increased allocation to ASGISA which represent an estimated increase of approximately 1% in GDP, and is allocated across all capital expenditure sectors, rather than just PWP activities (Davies and van Seventer, 2006). The extent of funds allocated to the EPWP is not however entirely clear, as there is some confusion

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13 EPWP as % GDP was calculated on the basis of the allocation of R4bn to both the social and environment sector over a three year period, or approximately R2.7bn per annum. The anticipated EPWP infrastructure expenditure of R15bn over the period was not additional, but represented a ‘labour intensification’ of existing budget allocations and so was not included. If included the EPWP cost would rise to 0.47% of GDP.
regarding this matter in the EPWP documentation (see MTR Component Three). It has been asserted by some senior government officials that the infrastructure component of the EPWP has ‘zero cost’, as it is funded through ‘EPWP compliant’ usage of existing budgetary allocations to the Municipal and Provincial Infrastructure Grants (MIG and PIG) activities, but the extent to which MIG and PIG are expended in compliance with EPWP conditionality is contested, so it is not possible to clarify spending on the EPWP in its totality. However, it is clear that the additional allocations to the EPWP are extremely limited (see table 2 above), and that the programme does not enjoy the level of state investment which is experienced by other programmes with similar objectives.

In Figure 3 the number of jobs created within the PWP is presented as a percentage of total labour force. This also indicates the relatively unambitious scale of the EPWP target given the programme’s policy objectives, in comparison to the other programmes. The EPWP target of 1.3% of the labour force is significantly below current performance of the NREGP (5%), and its scheduled target of 15% by 2008/9, and it is also well below Ethiopia’s PSNP (4.85%), and Argentina’s Jefes programme performance of 13% in its peak year.15

**Figure 3: Case Study PWP Jobs as a Percentage of the Labour Force**

These findings are interesting given the levels of unemployment in South Africa are higher than those experienced in any of the other programmes, with the possible exception of the USA during the 1930s, and so a larger scale EPWP response might have been anticipated. The comparative scale and limited fiscal allocation to the EPWP is also noteworthy given that the EPWP is intended to provide a significant social protection

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14 See for example comments by the Deputy Director General of the EPWP, Bongani Gxishile during a presentation on the EPWP at the Roads Out of Poverty Conference, 20-12 February 2007, BoE Conference Centre, Cape Town.

15 Actual Jefes performance was higher than the data suggest, as programme implementation stimulated a significant increase in labour market participation by women, and hence increased the size of the labour force.
impact as part of the government’s social security framework, and to functionally replace a social grant for the working age poor unemployed.16

7.3.4 Feasibility of Mass PWP Employment

The inability of programmes to identify, design, and execute sufficient numbers of service delivery programmes to absorb labour to the required scale is a key difficulty experienced internationally in the implementation of PWP s. In the larger programmes (eg PSNP), the quality and developmental value of assets created through PWP s has frequently been compromised in pursuit of the priority objective of large scale and rapid labour absorption, and where not even poor quality (low value added) employment could be provided on an adequate scale, the work component of programmes has been waived completely, leaving the PWP without the work requirement, essentially a form of unconditional cash transfer programme.

Only where sufficiently large numbers of labour absorbing projects have been identified, designed and pre-approved and are maintained ‘on the shelf’ at local level for implementation at the time of demand for PWP employment has the provision of sufficient employment to meet demand has been largely, although not universally, achieved. Examples of this approach are the MEGS programme in India (Maharashtra Employment Guarantee Scheme, implemented since 1967 and the forerunner to the NREGP), the New Deal programmes in the US, and also in the Swedish employment guarantee programme. However this has not been possible in all PWP s, and a more frequent scenario is that the quality of services/assets created through PWP s has been undermined by the need to identify and execute significant numbers of employment opportunities in a limited time period once a PWP is initiated. In these cases the constraint is not the lack of unmet needs, or of opportunities for productive employment, it is limited technical and administrative capacity to identify, design and execute projects. The New Deal, and to a lesser extent Jefes, programmes are interesting in that they managed to provide an adequate supply of high value added employment. The PWA and WPA New Deal programmes achieved this by explicitly introducing a capacity development component at the outset of implementation,17 while the Jefes programme was reliant on the capacity of local non-governmental organisations to administer micro projects. Here the fundamental constraint is the level of skills available to the programme, which would affect not only direct implementation capacity, but also skills development potential within the organs of state at all levels and also civil society (being contingent on an adequate base level of literacy, numeracy, core skills, institutional development etc). In the US recession workers across the skills spectrum were rendered

16 Social Transformation 2007, the ANC Policy Discussion Document, states that ‘to respond to the plight of the poor who do not qualify for social assistance, government has set up Public Works Programmes, to draft the unemployed in to productive and gainful employment while also delivering training to increase the capacity of participants to earn an income once they leave the programme.

17 Indeed, PWA capacity development initiatives resulted in the programme being able to expand its activities using stockpiled projects when the “recession with the depression” struck in 1938 (Harvey 2007, pers comm).
unemployed, creating a pool of skilled unemployed who could be deployed in both programme design and implementation, and also skills development. Such a cadre of educated and skilled unemployed, possessing the skills required for programme development do not exist in South Africa, limiting the potential for South Africa to adopt the New Deal response. Likewise, both civil society, and the NGO sector in general in South Africa is relatively weak, having suffered a collapse of funding and coordination since 1994, limiting the potential for this sector to step into the breach left by the state. As a consequence in South Africa, lack of capacity to identify projects which are consistent with local development and service delivery needs, to design them and have them ready ‘on the shelf’ for implementation, with adequate management capacity, remains a key constraint, which may ultimately undermine the feasibility of a mass employment based PWP response to social protection. Given the local capacity constraints which inhibit even basic service delivery in South Africa, it may be that this represents a binding constraint to EPWP implementation.

Recognising that state failure to provide adequate employment risks undermining PWPs’ mass employment objectives, PWPs facing these constraints (such as the NREGP and PSNP) have been designed and implemented in such a way that irrespective of whether it is possible to supply adequate PWP employment or not, the programme default is the provision of an ongoing (or repeated) cash transfer to those eligible, if they are not provided with PWP employment, in the form of an income support ‘back-up’ or unemployment insurance. Hence in these cases provision of an ongoing transfer is not dependent on the capacity of the state to deliver employment, a fundamental departure from the conceptual thinking underlying the EPWP.

7.3.5 Universality and EPWP Employment

In contrast with the EPWP which only offers coverage to the extent that it is able to offer employment, the four large scale programmes with explicit social protection objectives (the New Deal, Jefes, PSNP, and NREGP) have attempted to provide some form of universal coverage. The definition of universal is variously applied in the projects reviewed, and in the literature. The most generous definition calls for the provision of employment for all unemployed workers, but this is often mediated by inclusion of limiting eligibility criteria based on considerations such as poverty (as in the New Deal), spatial location of workers (NREGA, which is open only to the rural unemployed), or some form of household rationing, such as offering one job per household (also NREGA).

The extent to which programmes succeed in realizing their ‘universal’ aspirations varies considerably, for reasons of constrained budgets, institutional weaknesses, capacity constraints, corruption etc. In each case however, they have attempted to limit ‘demand’

\[18\] In the case of NREGP, function of the ‘back-up’ unemployment insurance guarantee is primarily to provide an incentive for local government to provide sufficient employment, since they are obliged to pay the unemployment insurance from their own resources, while PWP wages are funded by central government. However, this approach also has the implicit function of protecting workers from the inability of local government to provide adequate employment.
for PWP employment by establishing terms of employment which aim to deter all but the poor. Only in the Jefes programme was a low wage adopted to promote self-targeting of the poorest (the dominant form of rationing access to PWPs internationally), while in the other programmes the work requirement alone was the primary mechanism adopted to prevent inclusion of the non-poor in the programme. In addition all the programmes allowed only one member per household to participate, and in the Jefes programme two additional criteria were added; a demographic condition limiting participation to heads of households with children or disabled or pregnant spouses, and an exclusion relating to those receiving unemployment insurance or transfer benefits from the government. Interestingly a companion programme, the Programma de Emergencia Laboral (PEL), offering similar benefits, was implemented for unemployed adults who did not meet the demographic criterion for Jefes participation.

7.4 Policy, Institutional and Political Context

7.4.1 Policy Context

It is notable that the larger PWPs reviewed were all located within a broader social protection policy, and their function is explicitly articulated as part of a set of policy measures, with the PWP being the instrument for addressing the needs for a particular sub set of those in need of social protection (usually the working age poor unemployed).

This is true of the PSNP, which forms one part of the broader Ethiopian Food Security Strategy, the NREGP which was designed to integrate with a range of pre-existing development and anti-poverty interventions, and even the PK, which was one among a package of new programmes implemented in response to the financial crisis which were known collectively as the Jaring Pengaman Social (Social Safety Net). However imperfect the net in terms of comprehensiveness, the salient point is that the PWPs formed one part of a broader policy, a situation which differs significantly from the EPWP policy context, wherein the programme is implemented in institutional, design and conceptual isolation from other components of the social security system, despite its nominal role as the key policy intervention for the working age unemployed, who are not covered by the set of mainstream policy instruments developed and implemented Department of Social Development.

7.4.2 Institutional Arrangements

The institutional isolation of the EPWP from other components of the South African social safety net system is in large measure a consequence of the management of the programme within the Department of Public Works, a situation which is only paralleled in the Indonesian PK, with its exclusive focus on infrastructure creation. Most programmes were implemented either by the ministry with responsibility for labour and

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19 In the PSNP more than one member can work, but collectively household members are only permitted to work a total of 22 days, thereby earning a total of one month’s wage, per household
social welfare, or by a separate national agency with explicit and often exclusive responsibility for executing the PWP. The NREGP is a consolidating initiative, bringing together all existing rural-development/poverty-alleviation schemes under a single agency, the National Employment Guarantee Scheme Council, in order to promote synergy and efficiency.

In the case of the New Deal the programmes were implemented by a number of national agencies, each implementing discrete programmes relating to their own specific competencies but sharing a strong common vision and goal. If the New Deal institutional approach were applied to the EPWP, the implication would be for the Department of Public Works to refine its own programme based on its specific competence, while creating other programs with different administrative structures appropriate to their specific mandates, to fill in the gaps left by the EPWP’s institutional and capacity limitations.

Institutionally most of the large scale PWPs reviewed derived resources form a separate, centrally-administered fund which could be accessed by line departments at various levels and was associated with a central oversight and/or coordination function. In many instances projects were initiated and implemented at local level, either by governmental, or civil society (CBOs or NGOs), although in some instances projects were directly implemented, or contracted out by state or provincial authorities. Where programmes were not directly implemented by the state, measures to promote close scrutiny of private contractor employment performance were introduced (New Deal), to ensure compliance with legislated employment conditions and adoption of labour intensive approaches. In most cases there was a degree of cost sharing between the centre and the implementing agency (local government or NGO), and this was sometimes also matched with capacity building, with the New Deal programmes including local government capacity building within their auspices.

In the South African context limited administrative capacity, particularly at local level is a binding constraint which may limit possibilities for large scale PWP implementation through local government expenditure.

International experience indicates that PWPs are implemented using a range of institutional modalities. In his 1997 overview, Subbarao reviews the implementation of 23 PWPs, 13 of which are implemented by the state, four through social funds (somewhat similarly to AGETIP), one through a NGO, and one other, and based on this analysis he argues;

> the general presumption that public works necessarily encourage more governmental involvement is clearly wrong. In fact, in some countries, such as Tanzania, public works greatly encouraged private sector initiatives. The works financed by social funds in several counties (such as Bolivia) have employed private contractors during implementation (Subbarao et al, 1997:91)

In terms of the actual process of infrastructure delivery within PWPs, rather than overall programme coordination, which entails the management of more complex developmental
aspects of the programme, there are a wide range of delivery options, which have been summarised by the World Bank in table 3. From the case studies reviewed it seems that the means of contracting employment is not itself a critical determinant of programme performance, it is rather the capacity of the implementing agency to manage and monitor either direct employment or contractor performance effectively which is critical.
Table 3: Delivery mechanisms of PWP

<table>
<thead>
<tr>
<th>Production arrangement</th>
<th>Force account</th>
<th>Contracting</th>
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<tr>
<td></td>
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<td>Using established contractors</td>
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<td>Developing small-scale contractors</td>
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<tr>
<td>Approach</td>
<td>Force account</td>
<td></td>
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<tr>
<td>Delivery mechanism</td>
<td>Force account</td>
<td>Conventional</td>
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<td>Sub-contract</td>
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<td>Govt-run</td>
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<td>Dev't team</td>
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<td>Diagram</td>
<td>Employer</td>
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<td>Established contractor</td>
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<td>Established contractor</td>
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<td></td>
<td></td>
<td>Consulting firm</td>
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<td>Small contractors</td>
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<td>Established contractors or consulting firms</td>
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<td></td>
<td></td>
<td>Small contractors</td>
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<td>Small contractors</td>
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<td>Workers</td>
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<tr>
<td>Examples</td>
<td>Benin, Botswana, Burundi, Kenya, Rwanda, etc.</td>
<td>South Africa (1992)</td>
</tr>
</tbody>
</table>

Source: World Bank, citing "Expanding labour-based methods for road works in Africa" by Stock E. and de Veen J.
7.4.3 Political and Civil Context

It is interesting to note that while many PWP s examined in this study were initiated as a consequence of climatic disaster or economic crisis, political change or instability is also a common feature of PWP initiation (indeed economic crisis may often precipitate a political crises). At such times it is politically important to be seen to be addressing unemployment in order to secure electoral support; AGETIP, NREGP and PK all fall into this category. PWPs tend to be a high visibility intervention, something recognized in AGETIP, which measures its own success partly in terms of its ‘cost/visibility ratio’, and this visibility may in some instances be more important that the actual content or coverage of the programme. This is true at least for AGETIP, which never attained anything other than minimal coverage, at less than 0.5% of the labour force, yet is widely considered as a ‘public works success’, and may in part be true of the EPWP, given its high profile, despite its extremely limited impact and seemingly inappropriate conceptual design.

One of the reasons that the NREGP avoids this danger of form over substance, to which PWPs in particular are vulnerable, is to do with the close scrutiny to which anti-poverty interventions are subject in many Indian states. This scrutiny is the consequence of i) the highly organized role of civil society in India, ii) that fact that the NREGP was passed at the same time as a significant freedom of information act, and iii) the existence of the right to work in the Indian constitution. These three considerations mean that civil society is closely scrutinizing the performance of local and state governments and that they will be held to account for underperformance in their execution of the NREGP. No such civil society scrutiny can be expected in the South African context to ensure the EPWP performs adequately or meets its policy objectives.

7.5 Monitoring and Evaluation

The international literature is clear on the importance of monitoring both process and outcomes in terms of PWPs’ impact on poverty and employment in order to assess their value (ILO 1998). There is a consensus on measuring ALMP effectiveness, and in relation to PWPs in particular international practice is to measure i) the microeconomic impact of programme participation (on individual’s future earnings and/or re-employment prospects) and ii) the macroeconomic impact (measuring the net effects on aggregate employment and unemployment, by taking into account dead-weight, substitution and displacement effects) (Martin & Grubb 2001). These international norms are not adhered to in the EPWP, which focuses instead on two process indicators, (training days provided and work days created), and assesses programme success by comparing performance of these two indicators against targets, rather than any assessment of the micro or macroeconomic impact of programme implementation. In this regard EPWP monitoring and evaluation falls far short of international good practice, and for these reasons it is difficult to assess the impact of the programme empirically, and to compare EPWP performance with that of other PWPs, other than by adopting simple measures such as scale and likely impact, assessed on the basis of programme design analysis and the labour market context.
8 CONCLUSION: IMPLICATIONS FOR EPWP

In conclusion the EPWP is overloaded with diverse objectives, it is a complex hybrid programme, and utilizes a conceptual model at its heart which, in offering primarily a single short term episode of employment, is unlikely to have a significant impact on aggregate employment, poverty or social protection. The ‘employability’ concept underlying the skills development component of the programme is not appropriate in the South African context, and the terms of employment negotiated through NEDLAC further undermine the likelihood of the programme having a significant impact.

Coverage is limited by the EPWP’s ability to create employment, which is extremely constrained due to a combination of institutional and fiscal factors, primarily the lack of significant additional budgetary allocations for government employment, exacerbated by local capacity constraints.

The programme lacks the core feature shared by PWPs which likely to be successful in addressing poverty alleviation in context of structural poverty and unemployment; guaranteed ongoing or repeated episodes of employment on a massive scale. It is not clear whether it would be feasible for the EPWP to provide such a guarantee, even if significant institutional changes were introduced, given the capacity constraints, (compared for example to local government capacity in India) particularly at local government level, and this begs the question as to whether a public works approach is the most appropriate instrument to address the problem of the working age poor unemployed in South Africa.

While some argue that PWPs are a priori the most appropriate response to working age poverty, in an attempt to stimulate employment and economic growth, it can also be argued that in the context of chronic unemployment, PWPs may not be the most administratively or economically efficient instrument (for example World Bank 2001). Ultimately the adoption of public works over alternative instruments is a political choice. If it is decided to continue with a PWP approach, the programme’s objectives need to be revisited and clarified, and the programme redesigned to take into account the plentiful lessons in terms of programme conceptualisation and design from the international experience.

9 RECOMMENDATIONS

An analysis of international experience in implementing PWPs leads to a number of recommendations regarding the future conceptualisation, design and implementation of public works in South Africa. The key programmes offering conceptual and design insights with relevance to the South African context are the Indian NREGP, the Argentinian Jefes, the Ethiopian PSNP and the US New Deal programmes, each of
which, in different ways, and with varying degrees of success, have attempted to design programmes to provide some form of systematic mass social protection to the working age poor in contexts of chronic unemployment. In terms of the EPWP’s objective of attempting to increase the labour intensity of the construction sector, both AGETIP and the EIIP offer insights and approaches which could assist in galvanising change. Drawing on the international experience leads directly to a number of recommendations in terms of policy development, programme conceptualisation, and implementation.

1 The most fundamental issue arising is the need to review whether it remains politically, fiscally and administratively desirable, when taking into consideration the institutional constraints limiting PWP performance, to adopt a PWP response to chronic poverty in South Africa. An alternative approach would be the provision of social grants which could offer a cheaper, more efficient instrument with which it is easier to achieve higher levels of coverage.

If the decision is taken to retain a PWP based approach to social protection for the working age poor unemployed, then international experience would suggest a series of political, design and implementation revisions;

2 Locate the EPWP within a broader social protection policy framework and clarify its function(s). If the EPWP is intended to address income poverty of the working age poor, the programme needs to be integrated with the range of instruments addressing other aspects of social protection. If this is not the purpose of the EPWP, then rationale for the existence of the programme needs to be reconsidered, and its function clarified accordingly.

3 The diverse components included in the EPWP should be split into separate programmes in line with the key mandate and competence of implementing agencies; Labour Intensification should be split from government employment, and responsibility for LI should be retained within the Department of Public Works, while management of funds for Government Employment should be located in a central agency or line ministry. The two programmes should be conceptually and institutionally discrete.

4 In order to achieve policy and implementation coherence, management and financing of the Government Employment component of the EPWP should be located either within the relevant line ministry (Department of Social Development) or in an agency closely linked to this ministry.

5 The objectives of the Government Employment component of the EPWP should be simplified and focus on the core mandate of employment provision/income insurance, along the lines of the NREGA.

6 Programme design should be revised recognizing the chronic nature of the South African unemployment problem, following design elements form New Deal, NREGP and PSNP. The revised programme design should include increased duration of
employment/repeated employment episodes, and some form of income insurance if employment is not available.

7 Coverage should be improved by extending the programme, with the objective of providing some form of EGS.

8 Delink training for the unemployed from PWP employment. ‘(EPWP-linked training is too limited in duration and coverage, and is likely to result in substitution rather than an aggregate increase in employment). The conventional on the job training required for satisfactory completion of tasks should of course be retained.

9 Simple eligibility criteria should be established, related to both social protection objectives and fiscal sustainability (eg jobs for all who apply, one job per household etc).

10 Allocate significant additional funds for direct Government Employment, which should be accessible at provincial and local level, by both state and civil society actors, with an oversight function retained at the level of fund-holder. The need to address limited capacity to spend efficiently at local level would need to be addressed at the same time as additional funds are allocated.
10 SELECT REFERENCES

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India


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Government of India, 2007.  NREGA website http://nrega.nic.in/


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Ireland


Foras Aiseanna Saothair (FAS), 2007. Community Employment Website 
http://www.fas;


http://www.fas.ie/en/PubDocs/AnnualReports/ANNUAL_REPORT05/services_communities.htm

http://www.fas.ie/en/Communities/Sponsoring+Community+Employment/Eligibility+%E2%80%93+Projects.htm


http://www.fas.ie/en/Communities/Community+Employment/Eligibility+%E2%80%93+Participant/default.htm

http://www.fas.ie/en/PubDocs/AnnualReports/ANNUAL_REPORT05/services_communities.htm


Senegal


54
Urban No. OU-8 February 1993


USA


11 APPENDIX ONE: CASE STUDY SUMMARIES
11.1 CASE STUDY SUMMARY: Jefes de Hogar – Argentina

Political Origins and Labour Market Context

The programme was established in response to an economic and political crisis that began at end of 2001. The country’s decade-old “Convertibility plan” that had pegged the Argentine peso to the U.S. dollar collapsed, the peso was sharply devalued, the government defaulted on its foreign debt, GDP declined about 15 percent, unemployment rose from about 15 percent a year before the crisis to over 24 percent when the programme was implemented in the spring of 2002, and the poverty rate increased from 37 percent immediately prior to the crisis to 58 percent a year later.

Economic Context

The programme was established in the trough of a severe recession precipitated by unfavorable markets for the country’s agricultural exports and the government’s adherence to a decade-old ‘convertibility plan’ which pegged the peso to the US dollar while currencies in neighbouring countries were declining sharply in value. With the economy’s export sector collapsing, the government abandoned the ‘convertibility plan’, devalued the peso, defaulted on its foreign debt, and announced the establishment of the Jefes programme. The economy bottomed out in 2002 (the year the Jefes programme was instituted) and then rebounded, with real GDP growth averaging 8.9 percent over the next four years with the Jefes programme in place.

Start & End Date

The programme was established by Presidential Decree in January 2002 and went into effect in April 2002. It is still operating.

Objectives

Income support for families and a reduction in unemployment

Scale of Employment

Approximately 2 million persons were enrolled in the programme at its peak in late Spring 2003. Enrollment has gradually but steadily declined over time since no new enrollments have been permitted since the Spring of 2002. Approximately 1.3 million persons were still enrolled in April 2006, or about 8.7 percent of labor force. Approximately 13 percent of all households had a participating member at that time.

Geographical Specificity
Inclusion Criteria

Enrollment was limited to unemployed heads of households with dependent children (18 years of age and under) or a spouse/partner who was pregnant or disabled. No means test was required, but participants may not simultaneously receive other government-funded transfers. The Programme was promoted as universal but a strong self-selection bias existed because of the low level of the effective hourly wage paid. Approximately 70 percent of the programme’s original enrollees were women and this percentage has tended to increase over time as more men than women have left the programme. A survey conducted in October 2002 found that 38 percent of enrollees had not been in the labor force (i.e., employed or unemployed and seeking work) a year prior to the survey. Enrollment in the programme was officially closed on May 17, 2002 but a limited number of additional enrollments were permitted after that date on an ad hoc basis.

Benefits

All participants receive a stipend of 150 pesos per month in exchange for performing a minimum of 20 hours of work per week or for attending a school or training programme for at least 20 hours per week. This payment is below the statutory full-time minimum wage of 300-350 pesos per month but approximates the statutory minimum wage calculated on an hourly basis. The monthly stipend also is below the country’s poverty line for families.

Duration of Employment

No limit has been set on the amount of time a person may remain in the programme, but since enrollment has been officially closed since 2002, the number of participants has declined over time and continues to do so.

Full or Part Time

Part time (4 hours per day, 20 hours per week).

Training Offered

Informal training is offered to participants in many projects and participation in a formal educational or training programme (i.e., attending school) is counted towards satisfaction of the programme work requirement.

Assets Created

Micro enterprises (mainly in agriculture) account for 26 percent of all projects. Other project categories include social and community services (17 percent of all projects), maintenance and cleaning of public spaces (14 percent), public lunchrooms (11 percent),
educational activities (10 percent), construction and repair of homes and social infrastructure (8 percent), healthcare and sanitation (5 percent), administrative support (4 percent), child care (2 percent), elderly care (1 percent), and “other projects” (2 percent).

**Implementation Modalities**

The programme is administered by the Ministry of Work, Employment and Social Security, and stipends are distributed directly to participants by the Ministry. Project selection and supervision, on the other hand, has been delegated to municipalities under the supervision of the Ministry and with the advice of public/private/not-for-profit Municipal Consultative Councils (MCCs). Most programme projects have been proposed by local NGOs. The MCCs evaluate these proposals with final approval by the Municipality based on Ministry guidelines. Following approval of a project, the municipality contacts the executing organization and the individuals whose participation in the project has been approved. The MCCs monitor the implementation of approved projects. The federal government finance up to 80 percent of the non-labor costs of operating a project, with executing organizations (mostly NGOs) providing the balance of the funds. The projects are staffed by programme participants in satisfaction of their work requirement, so no outlay for wages is required at the local level. If no project assignment is available for a programme participant, they still receive their full programme benefits.

**Cost**

1.6 million pesos in 2005 (less than 1% of GDP).

**Sustainability**

A World Bank loan provided initial funding of $600 million for the programme. This was intended to cover 60 percent of the programme’s cost over the first two years of its operation. Since loan was paid in foreign exchange, however, while programme benefits were paid in pesos, commentators have asserted that the real function of the loan was to support the continued servicing of that portion of the country’s external debt on which default had not been declared. Annual expenditures on the programme were less than 0.9 percent of GDP during the first two years of the programme’s operation and have declined steadily since then, standing at about 0.5 percent of GDP in 2006.

**Evaluation Findings**

The programme is domestically popular, and external evaluations have generally been positive. The programme is recognized as having reduced poverty and unemployment, though the amount of the reduction attributable to the programme is disputed. The programme’s initial macroeconomic multiplier effect was estimated by the Argentine government at 2.57 – suggesting that it had a strong positive effect on the country’s
overall economy. Programme enrollment was and continues to be drawn almost entirely from the poor, despite the lack of means-testing, though restricting eligibility to heads of households containing children or other dependents, and closing the programme to new enrollment, has meant that a significant number of the poor are not covered by it.

**Key Lessons for EPWP**

The EPWP programme provides one model for the decentralized administration of a job-creation programme, with community-based NGOs initiating and directing most projects. The programme’s possible long-term effect on community-based economic development is uncertain, but by supporting local initiatives the programme presumably is helping to build local economic capacity. On the other hand, while the programme’s loose administrative structure insures that projects respond to local needs, this structure also makes it harder both to maintain consistency in project quality and to coordinate different projects to promote economic development. Finally, it is not clear whether the model would work as well if benefits were paid in a form that looked and felt more like wages (as opposed to a social welfare transfer conditioned on the satisfaction of a work requirement) since both the government and project-administering agencies might have difficulty handling the necessary paper-work to link wage payments more directly to hours of work.

**Socio-Economic Reference Data for Argentina**

**At Time of Programme Inception (2002)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
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<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
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</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>7,288</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>37.2</td>
</tr>
<tr>
<td>Labour Force (‘000s)</td>
<td>16,733</td>
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<tr>
<td>Unemployment rate (%)</td>
<td>17.4 (urban)</td>
</tr>
<tr>
<td>No of unemployed (‘000s)</td>
<td>2,900</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>27.8*</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>3.3 (1990-2003)</td>
</tr>
</tbody>
</table>

All data 2001, unless indicated otherwise.

* Data calculated from other information obtained from the Human Development Indicators.

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<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>153.3</td>
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<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>3,988</td>
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<tr>
<td>Population size (m)</td>
<td>38.4</td>
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<tr>
<td>Labour Force ('000s)</td>
<td>17,935</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>15.6 (2003)</td>
</tr>
<tr>
<td>No. of unemployed ('000s)</td>
<td>2,700 (2003) a</td>
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<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>32.5 a</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>7.0 (2003)</td>
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aData calculated from other information obtained from the Human Development Indicators.
11.2 CASE STUDY SUMMARY: The Productive Safety Nets Programme (PSNP) – Ethiopia

Political Origins and Labour Market Context

Ethiopia’s Productive Safety Nets Programme (PSNP) initiated in 2005, was developed to respond to the chronic food security situation in parts of the country, with between five to up to twelve million people dependent on PWP transfers for their survival each year. PWPs offering short term employment have been implemented in the country for several decades and the PSNP represents a conceptual shift, recognizing that programmes offering exclusively work assistance, were not consistent with the objective of enabling workers to ‘graduated’ out of poverty, and had no significant impact on livelihoods or poverty.

The PSNP is attempting to make the PWP more appropriate for addressing chronic poverty, by offering repeated episodes of employment (for up to five years) and by implementing complementary livelihoods promotion initiatives as part of a broader strategy for graduation out of poverty. The intention underlying this approach is that at the end of five years of state employment, participants may be able to graduate out of ‘dependence’ on state assistance for their survival. While the programme is subject to significant criticism in terms of its potential to meet these objectives the insight underlying its design is significant to the EPWP.

Economic context

Ethiopia is chronically dependent on external assistance for the survival of a significant proportion of the population who live in arid areas of the country, and whose livelihood is severely compromised. Even in years with good rains, 4 million people require food aid, a figure which rises to 12 million in drought years (Devereux, 2005). In times of food crisis poor households sell assets to survive, rendering them less able to survive the next crisis. Given the ongoing and recurrent nature of the situation in the arid areas, livelihoods are being progressively undermined, rendering the impact of droughts more severe. Given the perceived failure of decades of PWPs to assist participants to graduate out of poverty, a new approach, focusing on ongoing periods of support, and a range of complementary livelihoods supporting initiatives was adopted in an attempt to promote a more sustained social protection benefit from PWP participation.

Start & End Date

The Programme started on 1 January 2005 and is set to continue for 5 years. Initial reviews have suggested that the programme design is not likely to have the desired impact of graduating significant numbers of participants out of food insecurity within 5 years, and an extension of the project is currently under discussion.

Objectives
The objective of the PSNP is to shift millions of chronically food-insecure rural people from recurrent emergency food aid to a more secure and predictable, and largely cash-based, form of social protection. In particular the objectives are:

- To provide households with enough income (cash/food) to meet their food gap and thereby protect their household assets from depletion
- To build community assets to contribute to addressing root causes of food insecurity (World Bank, 2006b).

**Scale of employment**

7.3 million household members benefited in 2006, which approximates to 2-3 million workers.

**Geographical Specificity**

Areas which have been food aid recipients repeatedly over the last three years and are located within eight of the country’s drought affected provinces (Tigray, Amhara, Oromiya, SNNP, Afar, Somali, rural Harari and Dire Dawa) are included in the programme.

**Inclusion Criteria**

To be eligible for the programme, a household must have required food aid within the last 3 years, or recently become more vulnerable (for example, due to the death of a breadwinner) or any household without any family or social means of support (Sharp, et al, 2006). Community gatherings rank households on perceived need.

**Benefits**

Each eligible household is entitled 5 days of public works per member, up to a maximum of 22 days employment, which may be carried out by any household member(s). Wages are paid in either cash or food, depending on the preference in the area, which is contingent primarily on food availability, and food cost inflation. Households that do not have an able-bodied adult are eligible for direct support without the need to perform public works. Examples of such people include orphans, pregnant women in the last trimester, the sick and lactating mothers (up to 10 months after birth). The average yearly wages from the project per household are US$ 103. The daily wage rate is 6 birr (US$ 0.66) and the direct support is 30 birr (US$ 3.34) per person per month (World Bank, 2006a: 77).

**Duration of Employment**

Most beneficiaries will work for a number of months during the dry season (January to June), and should be able to access employment each year for a maximum of five years.
Full or Part Time

Full time.

Training Offered

No training, although complementary programmes are intended to provide training and material support in order to promote sustainable livelihoods. It has not however been possible to muster the required training packages on the massive scale required.

Assets Created

Most of the works relate to soil and water conservation.

Implementation Modalities

The Department in charge of the works varies, depending on what the projects entail. Regions (Woreda) determine how much employment to allocate to particular villages (Kebele), and this is then matched up with the ranked list of the poor that is drawn up by the community.
Figure 1: Administrative - Community Targeting Process


**Cost**

<table>
<thead>
<tr>
<th></th>
<th>Birr(bn)</th>
<th>US $ (m)</th>
<th>PSNP Cost as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSNP Cost</td>
<td>2.7</td>
<td>305</td>
<td></td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>33.8</td>
<td>3,843</td>
<td>7.9%</td>
</tr>
<tr>
<td>GDP</td>
<td>132.0</td>
<td>15,011</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

All data for 2007
The total project cost is US$ 915 million for the years 2007 to 2009. Total transfers (wages plus direct support) are estimated to be US$ 148m, 16% of the project total.

Sustainability

Given the massive scale of the programme, it is not sustainable in terms of domestic funding, and will remain reliant on significant donor resources; the Ethiopian government is only contributing $2m to the project, leaving a funding gap of $913 million which is donor funded (World Bank, 2006a: 23). The programme was initially intended to be implemented for only 5 years, which was considered adequate to enable households to build up assets and graduate out of reliance on PWP support. However, it is increasingly recognised that this is unlikely to be the case, and ongoing support for this group will be necessary, implying ongoing budgetary allocations from the donor community beyond the initial five year period.

Evaluation Findings

Significant problems were experienced in the first year of implementation due to the exclusion of the poorest from the programme in order to encourage them to participate in a relocation scheme, moving farmers from the highlands to the lowlands. In the second and subsequent years, the programme has been revised and poorer households have not been excluded to the same extent (Bishop & Hilhorst, 2006). The programme has also been subject to major problems in terms of the identification and management of sufficient numbers of programmes to absorb the requisite amount of labour.

Key Lessons for EPWP

On the basis of more than thirty years of experience in implementing large scale PWP$s, the PSNP has recognised the limited impact of one-off episodes of PWP employment in the absence of complementary developmental initiatives, in terms of addressing social protection needs in the context of chronic poverty.

Any programme with the intention of having a sustained social protection impact needs to have wide coverage and be sustained over a period of time to facilitate accumulation.

The difficulties of providing mass employment opportunities in the context of constrained local government capacity is highlighted by the current performance difficulties of the programme, and this has undermined attempts to build higher quality assets of real and sustained developmental benefit to local communities.
Socio-Economic Reference Data for Ethiopia

At Time of Programme Inception (2004)*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>8</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>114</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>75.6</td>
</tr>
<tr>
<td>Labour Force (‘000s)</td>
<td>30,948</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>8.2 (1999)</td>
</tr>
<tr>
<td>No. of unemployed (‘000s)</td>
<td>2,200 (1999) *</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>25.5 (2003) *</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>23.0</td>
</tr>
</tbody>
</table>

*Data calculated from other information obtained from the Human Development Indicators.
* Programme started in 2006, but 2004 data most recent available.
11.3 CASE STUDY SUMMARY: The Nation Rural Employment Guarantee Programme (NREGP) – India

GUARANTEE EMPLOYMENT

Political Origins and Labour Market Context

The National Rural Employment Guarantee Act (NREGA) was passed in August 2005 by the New Congress Government. It was partly a response to the rural poor voting the Vajpayee government out of power in 2004 due to the lack of perceived benefits accruing to the poor from economic growth in the formal economy.

Economic context

India’s economy has been one of the quickest growing in the world over the last 10 years with growth averaging 6.8% between 1994 and 2004. However, most of this growth has been in services and manufacturing, largely bypassing the two-thirds of the population who still earn their livelihoods through activities linked to agriculture, resulting in an ongoing problem of inequality.

Start & End Date

The National Rural Unemployment Guarantee Act was passed in August 2005. The scheme started in February 2006, covering 200 of India’s 600 districts, with the objective of covering the whole country within 5 years.

Objectives

The scheme aims to provide 100 days of guaranteed employment per year to all households with at least one member willing to perform unskilled manual labour. The scheme is not a temporary measure to overcome a drought or disaster, but a medium term response to chronic poverty and underemployment. The stated purpose of the NREGA is ‘to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto (Government of India, 2005: 1).

Scale of employment

The scheme is open to any one who is willing to work for the minimum wage, performing manual labour. Data on the NREGA website (www.nrega.nic.in) indicates that in the 2006-7 financial year 904 million person days of labour were created under the scheme. 21.2 million jobs were created. This suggests that currently the average worker is only working less than half of the guaranteed 100 days (average 42 days).
Geographical Specificity

The scheme applies to rural areas throughout the whole of India. Initially it was implemented in only 200 districts, in 2007 it was enlarged to 330 districts and by 2009 it will be scaled up to the whole country (600 districts).

Inclusion Criteria

All rural households with at least one member willing to perform unskilled manual labour for the PWP wage rate are eligible. Participation is limited to one person per household.

Benefits

The wage varies by state but the law under which it is enacted states that the wage must be the minimum wage for that state. Most of the work involves physical labour, and workers are paid on a piece-work basis, according to the volume of earth they have moved. The objective is that the piece work rate is in accordance with the volume of earth the average worker could move in 7 hours, thus earning the minimum wage. The earth volume is standardised and problems are arising given the time required to achieve this task is longer in some areas than others depending on the nature of the terrain, resulting in different actual pay scales in different areas. The wage fluctuates considerably by state, ranging from R47 in Maharashtra to R95 in Haryana. One Indian Rupee is equal to 16c, thus Rs 80 = R 13.48 = US$ 1.96.

Duration of Employment

The work is full time for 100 days a year, with each work stretch being at least 14 days.

Full or Part Time

Full time

Training Offered

No training is offered as part of the programme.

Assets Created

The works created are ‘water conservation, land development, plantation and afforestation, roads… in that priority and any other work proposed by state governments that is labour intensive can be notified by the Centre’. (NREGA website, 2007)
The national government is responsible for planning and for informing workers about the scheme. The National Employment Guarantee Scheme Council is responsible for reporting to parliament the performance of the programme.

Each state is required to form a State Guaranteed Employment Council, and projects are approved at the state level. Local government is responsible for registering workers and allocating them to projects. Projects are designed and finalised at the village level.

The Central government contributes the majority of the funding. The Act commits the central government to pay all wages, three-quarters of material costs and some administration costs. The State government meets the rest of the material costs as well as paying for any unemployment benefit which is due if they are not able to provide sufficient employment for all those seeking it. Workers register with the municipality (Gram Panchayat) to participate in the programme and are given ‘job cards’, and when they require NREGP work they notify the municipality requesting work. If they are not given work within 15 days the State government must pay out the unemployment allowance, equal to the minimum wage (Government of India, 2007).

<table>
<thead>
<tr>
<th>Cost</th>
<th>Rs (bn)</th>
<th>US $ (bn)</th>
<th>NREGA Cost as % of</th>
</tr>
</thead>
<tbody>
<tr>
<td>NREGA Cost</td>
<td>117</td>
<td>2.6</td>
<td></td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>5,639</td>
<td>124.2</td>
<td>2.1%</td>
</tr>
<tr>
<td>GDP</td>
<td>38,762</td>
<td>854</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

All data for 2006.

The 2006-7 budget allocation was Rs 117 bn. Administrative costs were 4% of this. At the project level, 60% of the cost should be wages with 40% spent on materials.

**Sustainability**

The programme is funded from the central fiscus and is anticipated to have a recurrent cost of approximately 1% of GDP when operating nationally. Drawing on evidence from the Maharashtra Employment Guarantee programme, which has been operating along similar lines since 1967, it is not anticipated that this will be fiscally unsustainable nor that it will have negative implications for inflation or wage distortions. It is anticipated that drawing additional workers into productive activity will create economic multiplier effects and that once these are taken into account the net cost of the programme to the Indian fiscus will be significantly lower than 1%.

**Evaluation Findings**

Impact varies from state to state as implementation is highly variable, depending on levels of political buy in and also state administrative capacity. There are concerns about
corruption (high numbers of ghost workers, officials selling application forms etc) and states not paying the full wage. Jain (2007) argues that the budget allocation may not be adequate to fund for the scheme, suggesting that either workers will be excluded or the scheme will overspend, although this assertion is contested. The labour market is highly segmented, and many poor workers have not previously received the legislated minimum wage, and as a result the scheme has had the effect of raising wages among the poorest in rural areas, which is generally perceived as a positive impact. The proportion of the budget spent on administrative costs has been doubled from 2 to 4% because it initially set unsustainably low. According the figures provided on the NREGA website, 98% of households who demanded work were provided with work (Jain, 2007).

A survey of the implementation of NREGA in 6 states (Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Maharashtra) found that performance varied very widely across different states (PACS, 2007). Key problems identified were:

- Registration for the scheme was a problem in Bihar and Maharashtra, with less than half of all the eligible households receiving job cards.
- There were widespread stories of civil servants selling job cards which should be available for free.
- Across states, over 70% of the cost of projects was spent on labour.
- Many workers were paid less than minimum wage and paid late.
- Despite the Act stipulates that workers should have facilities such as crèches and first aid, frequently these were not available.
- Two state governments have been too slow to pay out funds for the projects and thus some funds have been sent directly to the district level from central government.\(^{20}\)

**Key Lessons for EPWP**

The programme is mainly run by state and local governments but the majority of funding comes from central government. However, if there are no projects available for workers to work on, state governments have to pay an unemployment allowance. This both incentivises state governments to be full partners in the programme, and prevents limited governmental capacity undermining social protection for the poor.

If rural workers are generally not paid the minimum wage, then enrolment is likely to include not only the under and un-employed, but also those in low paid formal or informal employment, which could result higher than expected demand for participation. This could have inflationary consequences in terms of wages in the lowest segments of the rural labour market and contribute to a reduction in rural poverty and worker exploitation, in terms of a reduction in the payment of illegally low wages.

\(^{20}\)This indicates that the effectiveness of administration and monitoring including the role of civil society is not as effective as is sometimes asserted.
Socio-Economic Reference Data for India

At Time of Programme Inception (2004 – 2006 data not yet available)

<table>
<thead>
<tr>
<th>GDP (US$ bn)</th>
<th>691</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (US$)</td>
<td>640</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>1.087</td>
</tr>
<tr>
<td>Labour Force (’000s)</td>
<td>427,166</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4.3 (2000)</td>
</tr>
<tr>
<td>No. of unemployed (’000s)</td>
<td>17,000 (2000)*</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>15.9*</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>34.7</td>
</tr>
</tbody>
</table>

*Data calculated from other information obtained from the Human Development Indicators.
Suharto’s autocratic regime had been coming under increasing political pressure from 1996 onwards. These political pressures, compounded by the economic pressures of the Asian crisis of 1997-1998, led to massive rioting in Jakarta in May 1998 and Suharto was forced to resign. One of the reasons for the severe rioting was that the effects of the catastrophe were much greater in Indonesia than in the other affected countries, partly because of the slow response of government. A caretaker regime took over and elections followed in 1999 (Setiawan, 2000).

Prior to this there was no political will or urgency for employment creation programmes (during the 1965 to 1997 ‘New Order’ government). The financial and economic crisis led to economic dislocation, civil unrest, and a need for Social Safety Net Programmes. Before the crisis, the country experienced low recorded unemployment and rapidly falling poverty because of fast growing economy. During the crisis, the country faced a rise in unemployment and a sharp fall in wages (see ‘Economic context’ below).

Political Origins and Labour Market Context

Economic context

Between 1967 and 1997 GDP growth was 7.3% per year, but suffered from lax lending, poor regulation of banks and inward portfolio investment in later years, resulting in a currency and financial sector crisis which hit Indonesia in August 1997 when government was forced to first widen the trading band of the rupiah and then allow it to float. Speculative attacks led to a massive depreciation of the currency which caused widespread bankruptcy as many Indonesian firms had US dollar-denominated debt. This also led to a crisis in the financial sector. In 1998, economic growth was -13.7% with some labour-intensive industries, such as construction (-39.8%) being particularly hard hit. Inflation increased from less than 10% to 78% but prices of some basic foodstuffs, such as rice, doubled. Income per capita in dollar terms fell from US$ 1,055 to US$ 460. Thus, the poor were subject to declining income and rapidly increasing food prices. Open recorded unemployment increased by about 2 percentage points between 1997 and 1999, but from a low base (about 5%). Real wages in the formal sector fell by one-third between August 1997 and August 1998. There is evidence that the unemployed migrated from the cities back to their villages as unemployment in the urban areas did not increase as much as one would expect and labour force growth was slower in cities than in rural areas in the years following 1998, which had not been the case before.

Start & End Date

A small ‘crash’ programme for urban and rural drought stricken areas started in December 1997. The main Padat Karya (PK) programme was launched in 1998/1999. This is referred to as PK I here. The programme was reduced in scale and scope in 1999/2000 (PK II). There was no actual expenditure because of budget cuts during 1999/2000 and programme was formally closed in 2001. The rural Kecamatan
Development Programme (KDP) with a labour-intensive component, which was not formally part of the PK, started in 1997, and is still implemented.

Objectives

The PK was part of an emergency Social Safety Net Programme. It had as its stated objective supporting poor households (both those affected by the crisis and the long-term poor) through employment creation. It also had as an objective a Keynesian economic stimulus function.

Scale of employment

There is no definitive statement of employment created, in terms of workyears or number of workers employed on an annual basis in the PK. Approximately 400,000 workers and 58 million days of labour were created between 1998 and 2000 on the programme (Atinc, 2000). Total employment created was equivalent to 7% of the unemployed, with approximately 4% of all households participating over this period. These numbers should be used cautiously as the PK was only a loose grouping of as many as 16 different schemes, at least in 1998 and 1999. Later versions were more streamlined (BAPPENAS, 2005).

Geographical Specificity

On the ‘crash’ programme before the establishment of PK, coverage was focused on urban areas on Java and drought-stricken rural areas. On PK, other rural areas were included on the basis of geographical targeting restricted by location of existing and planned projects. Allocations between provinces were primarily based on administrative criteria and province level administration was left to target within provinces based on local knowledge.

Inclusion Criteria

Programme participation was on the basis of self-selection, the scheme paid below labour market rates in order to target the poorest of the poor. This principle was widely accepted and generally implemented but there were some infringements (see below). Local government at the village level was also heavily involved in order to target effectively.

Benefits

PK offered short term employment, and benefits varied, depending on the various schemes through which the project was implemented. As a rule, projects paid below market rates, although there was considerable variance with too high wages paid in some areas and other abuses which resulted in mis-targeting. In some regions the wage rate was above the equilibrium wage for the region, leading to widespread substitution. In drought-ridden areas, wages were paid in food. The programme was not well targeted at the poorest but better targeted at those affected by the crisis. There is no convincing
evidence on value of assets created or cost savings resulting from labour intensive operations, although this does not hold true of the KDP which offers more sustained periods of employment and lower costs of asset preservation and creation than more equipment intensive approaches.

**Duration of Employment**

Average participation equivalent to about 2.5 months per participating household. However, there was a wide variation around this mean. Project objectives on employment duration varied between 10 days to 9 months with 2 to 3 months most common.

**Full or Part Time**

Employment was mostly full time with weekly payment of wages. There was a lack of flexibility which may have limited participation by women. The more flexible small Special Initiative for Unemployed Women was intended to overcome this problem.

**Training Offered**

None for participants. On the job learning by contractors, supervisors and project managers.

**Assets Created**

Based on a sample survey of participants, most of the work (70%) appeared to be maintenance, repairing and rehabilitation of existing roads and irrigation works. According to Daly and Fane (2002), approximately 2/3 of workers were employed in repairing roads. The remainder included a wide variety of small civil works and land reclamation activities. The early phase of the scheme involved the labour-intensification of already planned works while in later phases, specifically designed assets were created with village/local government level participation in project identification (Suryahadi et al, 1999; Setiawan, 2000).

**Implementation Modalities**

During the ‘crash’ programme phase pre-PK I, effort was mainly directed at delivering work and funds to the poor. Thus, central government focused on the worst hit areas and encouraged local government in these areas to design projects, often community work. This phase was characterised by rapid disbursement of funds by central government. Planning and implementing of projects and funds disbursement were carried out by provincial and local administrative and technical staff. As a result funds were distributed quite rapidly (sometimes in less than a week).

In PK I, there was more concern with greater emphasis on selecting projects of ongoing benefit and targeting within each province to areas in greater need. More elaborate
planning procedures were adopted involving central government and local staff to adapt or develop asset creating or preserving labour intensive projects. This resulted in slower planning and implementation. In this phase implementation was by contractors (some small scale chosen) on Ministry of Public Works programmes. Less formal processes were adopted on programmes implemented by other ministries.

The programme was negatively affected by lack of expertise in planning and implementation of labour intensive projects (again with the exception of the KDP).

### Cost

<table>
<thead>
<tr>
<th></th>
<th>Rp (b)</th>
<th>US $ (bn)</th>
<th>PK Cost as % of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Expenditure</td>
<td>2,000</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>GDP</td>
<td>263,888</td>
<td>26.3</td>
<td>0.2</td>
</tr>
</tbody>
</table>

All data for the year 1998/9.

Programme budget Rp 2,076 billion (US$ 202 million) in 1998/9. In the following year, 1999/2000, the budget was Rp 1,000 billion (US$ 127 million) but no actual spending because of budget cuts. (Note: FY 1999/2000 was 9 months because of change in FY to calendar year from 2001.)

### Sustainability

The PK was not financially sustainable in its original form; the emergency allocation from the state budget in 1998/9 could not be sustained. Subsequently the need was identified for two types of sustainable programmes; one for longer term poor and underemployed, and another for emergency relief in future crises.

The KDP provides a model for programmes for the longer term poor, but is dependent on World Bank loan, and not domestically sustainable.

The proposed National Employment Guarantee Programme would include support for both the long term poor and those affected by emergencies. Financing and targeting issues are not yet resolved, and the proposal is still on drawing board.

### Evaluation Findings

AusAID commissioned review of PK (Curtain, 1999) found that the “crash programme” was a model scheme for delivering income support to the poor in a crisis since central government worked closely with local government and disbursed funds very quickly.

PK I was subject to greater involvement by the bureaucracy, due to donor’s desire for greater transparency. This led to the programme becoming significantly slower in
implementation. Political pressures led to the extension of the scheme to all provinces, reducing the effectiveness of targeting (Curtain, 1999).

Both the programmes suffered from six weaknesses: 1) failing to reach women, 2) community consultation minimal, 3) no NGO involvement, 4) no transparent mechanism, 5) no long term positive impacts, and 6) no capacity building component.

Suryahadi, et al. (1999) used the so-called 100 Village Survey and found that the Padat Karya scheme provided poor coverage and targeting. In general, the scheme was not available in all areas and in those regions where it was available, between 64% and 100% of the participants were non-poor. This suggests that the wage was set too high. Of the ten regions surveyed, only one covered more than a third of the poor (48% coverage) while 5 covered less than 10%. Using the same survey, Sumarto et al. (1999) found that the Padat Karya scheme was mainly taken up by those who had suffered a major fall in income. The other aspects of the Social Safety Net were mainly focused on the poor.

Daly & Fine (2002) also note that PK was not successful in targeting the poorest. Only 5% of participants were from the poorest quintile in their sample of 22 hamlets in Java. They also noted that corruption was a problem. For instance, one scheme was to rehabilitate the road that led to the headman’s house.

**Key Lessons for EPWP**

In summary the key lesson are:

- Difficulty of managing multiple objectives in large scale employment creation programmes (eg employment creation, productive use of labour and provision of training). Also see AusAID review summary of findings on multiple objectives below.
- Need for wage rate flexibility to target effectively and control costs.
- Importance of community participation in project selection, planning and implementation (eg KDP).
- Importance of transparency and civil society participation to improve management and monitoring (eg KDP).

The findings of the AusAID review offer the following insights into the problems caused by multiple objectives which are relevant for EPWP.

- Implementers at different levels pursue different objectives. These objectives need to be made explicit.
- The more objectives a programme has, the higher the probability that some objectives will conflict.
- The more objectives conflict, the less likely it is that these objectives can be carried out.
- More objectives lead to higher staffing levels in administration and longer delays in implementation.
An additional insight from the PK is the recognition on the part of the Indonesian government of the limitations of a programme offering short term employment in relation to the problem of the chronically poor. This led initially to the development of the KDP offering longer term employment, and subsequently led to tabling of a national Indonesian employment guarantee programme, for detail see Bappenas and ILO, 2005.

**Socio-Economic Reference Data for Indonesia**

**At Time of Programme Inception (1998/9)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>156</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>777</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>200.1</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>91,770</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>5.5</td>
</tr>
<tr>
<td>No of unemployed ('000s)</td>
<td>5,000</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>N/A</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>14.5</td>
</tr>
</tbody>
</table>

All data 1998, unless indicated otherwise.

**Latest available (2004)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>257.6</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>1,184</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>220</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>105,134</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>9.9</td>
</tr>
<tr>
<td>No. of unemployed ('000s)</td>
<td>10,400</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>20.0</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>7.5 (2002)</td>
</tr>
</tbody>
</table>

* Data calculated from other information obtained from the Human Development Indicators.
11.5 CASE STUDY SUMMARY: Community Employment Programme (CEP) – Ireland

Political Origins and Labour Market Context

The scheme was started in 1994 in response to high long term unemployment rates in Ireland prior to its economic take off during the mid 1990s.

Economic context

Ireland had a long history of high unemployment and low growth. Ireland’s unemployment rate was greater than 15% throughout the late-1980s. In 1990 the rate fell to 12.9%, only to increase in 1993 to 15.7%. The scheme was implemented in 1994, just as the economy began to grow significantly quicker than before. In 1994, economic growth was nearly 6%, after growth of only 2.3% in 1993. In 1995 growth nearly reached 10% and stayed above 8% growth for the next 6 years.

Start & End Date

When it started in 1994 the programme was planned to be implemented for 5 years, but was subsequently extended and is ongoing.

Objectives

The objectives of CEP are to:

- provide temporary opportunities for long-term unemployed and socially excluded persons
- provide opportunities for individual training and personal development
- provide clear economic and social benefits to communities
- contribute to the local strategies contained in the Local, Urban and Rural Development Operational Programme
- increase participants subsequent job/income prospects (Deloitte & Touche, 1999: 63).

CEP projects are also used to re-integrate former drug addicts into the labour market.

Scale of employment

In the 1990s the scheme had 41,000 participants but that has now been reduced to about 22,000. This number equates to a quarter of total unemployment.

Geographical Specificity

Nationwide.
Inclusion Criteria

There are 2 options; the part-time ‘integration option’ is for people over 25 who have received social welfare payments for over a year (or those over 18 on disability), while the part-time work option is for those over 35 who have been on social welfare for 3 years or more.

Benefits

For 19.5 hours of work a week, workers are paid € 210, depending on the number of dependents that the worker has. This translates to about 40% of the GDP per capita, a wage below the minimum wage.

Duration of Employment

The part time ‘integration option’ offers ongoing employment, while the part time work option is limited to 6 years.

Full or Part Time

Part time

Training Offered

Subsidised training is offered, along with apprenticeships.

Assets Created

Projects are determined by local communities, those which are eligible are those which:

- Respond to an identified community need
- Provide development for participants in areas involving heritage, arts, culture, tourism, sport and the environment
- Have the agreement of relevant trade unions
- Do not displace or replace existing jobs, and
- Offer valuable work experience for participants.

Projects which are excluded are those which:

- Are politically or commercially orientated
- Involve a substantial trading element
- Enhance private property
- Result in private gain.
Implementation Modalities

Local communities decide on the projects and then approach the FAS to provide the funding and the workers.

Cost

|                     | Euros (m) | US $ (m) | CE cost as % of |
|---------------------|-----------|----------|----------------|----------------|
| CE Cost             | 295       | 367      |                |                |
| Government Expenditure | 40,492   | 50,443   | 0.73%          |                |
| GDP                 | 161,163   | 200,770  | 0.18%          |                |

All data for 1995

The CEP budget for 2005 was €295 million.

Sustainability

The programme is fiscally sustainable because it is mainly funded out of the Irish Exchequer, with some assistance from the European Union, although the European Union had some reservations about the sustainability of the scheme given its limited impact (see below).

Evaluation Findings

The OECD Irish Review says, “By far the largest ALMP is the Community Employment (CE) programme, which focuses on re-integrating the long-term unemployed into the labour market and had 43,000 participants in 1998. Participants are paid an average of £7,500 per year to work in the public and community/voluntary sectors. There have been two recent evaluations of the CE scheme. A firm of private consultants (Deloitte and Touche, 1998) concluded that, although CE was largely meeting its assigned objectives, it was the least effective of all FAS programmes. Thus, it recommended that, because of improved labour market conditions, CE should be shrunk by 6,000 to 8,000 places and that the minimum age be raised from 21 to 25, since it is both too generous and too part-time for younger workers. Furthermore, participants should be obliged to get more training with certification outside of working hours and should not stay on the programme indefinitely, as some have done in the past. The European Social Fund Evaluation Unit raised a concern that it was the programme that has the worst record in terms of progression to employment and training certification and yet it has the highest pay, secondary benefits and flexibility. The implication of this findings is that if PWP are considered as supply-side measures designed to move workers into regular employment, CEP has been unsuccessful, whereas if they are considered as demand-side measures designed to create aggregate employment, the programme can be considered a success. The programme suffers from having the dual goals of improving the employment outcomes of its participants and of supporting the not-for-profit sector; and the Evaluation unit argued that normal public services should probably not be
provided by such labour-market schemes. This represents an interesting dilemma for LICs and MICs for whom PWP also have a service delivery function.

**Key Lessons for EPWP**

1. Where programmes have multiple objectives, there is likely to be a tension between achieving all simultaneously with the result that none are likely to be adequately fulfilled.

2. The training offered in the programme was not linked to labour market skills demand, undermining the programme’s performance.

**Socio-Economic Reference Data for Ireland**

**At Time of Programme Inception (1994)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>54</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>15,201</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>3.6</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>1,419</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>14.8</td>
</tr>
<tr>
<td>No of unemployed ('000s)</td>
<td>210</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>15.2 (1992)&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>n/a</td>
</tr>
</tbody>
</table>

All data 1994, unless indicated otherwise.

<sup>c</sup> Sourced from World Bank World Development Indicators

**Latest Available (2004)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>181.6</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>44,644</td>
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<tr>
<td>Population size (m)</td>
<td>4.1</td>
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<tr>
<td>Labour Force ('000s)</td>
<td>2,006</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>4.3</td>
</tr>
<tr>
<td>No. of unemployed ('000s)</td>
<td>86.4&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>37.2&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<sup>a</sup>Data calculated from other information obtained from the Human Development Indicators.
Data calculated from other information obtained from the Human Development Indicators and Ireland Department of Finance (2004).
11.6 CASE STUDY SUMMARY: The Agence d’Exécution des Travaux d’Intérêt Public (AGETIP) – Senegal

Political Origins and Labour Market Context

Senegal’s seminal AGETIP (Agence d’Exécution des Travaux d’Intérêt Public) was developed in an attempt to quell urban dissent and political instability following the contested election victory of the government of Abdou Diouf in 1988, and launched in 1990. Being confronted by serious social and political unrest, the Government of Senegal worked with the World Bank, drawing on the experience in Bolivia to put together an innovative employment programme that would come to be known as AGETIP, which consisted in delegating the delivery of public works construction activities to a new non-government entity.

Economic context

Once considered a model economy in Africa, gradual economic improvement in Senegal came to a halt after the 1988 presidential election, which ushered in a period of political and economic policy changes which resulted in an economic slow down, which was most severe from 1989 to 1993.

In August 1993, the National Assembly voted in an emergency plan which limited government expenditures and public employee salaries as a remedy to the crisis, a measure which provoked two general strikes and urban unrest. The combined effects of structural adjustment and devaluation had significant economic repercussions which led to an increase in the rate of poverty from 33% in the mid-1990s to 58% by the end of the decade.

Urban unemployment has been increasing since the beginning of the 1980s, and was exacerbated by the political and economic crisis following 1988, affecting a quarter of the working age population by the early 2000s.

AGETIP was developed in response to this crisis, and continued to be implemented after the crisis period passed, since high and increasing levels of urban employment still represent a political and developmental problem.

Start & End Date

Pilot projects were carried out in 1989 and full implementation began in March 1990. The project is ongoing.

Objectives

The two main objectives of AGETIP were to alleviate urban unemployment and to improve living conditions of the poor in urban areas through infrastructure development. Subsidiary objectives included increasing the share of construction work done by
SMMEs, increasing the labour-intensity of construction in Senegal, increasing the popularity of government and increasing public-private partnerships (PPPs)

In detail the objectives were:

• To generate a significant number of jobs, even if only temporary, for the growing unemployed by guaranteeing that an average of 40% of sub-project funds would be allocated for the salaries of day-laborers.

• To improve living conditions in poor urban neighborhoods by selecting investment projects with the greatest positive externalities, (e.g. improving road maintenance, creating garbage collection services, and clearing sewers and drains) and therefore satisfy certain basic needs that had been neglected as a result of economic adjustment and lack of public funding.

Other indirect but important objectives were:

• To strengthen the population of Small and Medium Enterprises, facilitate their access to the public works market, and improve their competitiveness by (a) building skills and improving the know-know of managers, foremen and workers through training and “learning by doing”, (b) paying them on a timely basis, so that they could, given their limited access to credit, meet payroll and materials costs, and (c) dramatically simplifying bidding procedures and publicizing bids.

• To extend the scope of high labor-intensive works (HIMO) implemented by locally-managed small-scale enterprises, demonstrate that they could perform effectively and efficiently, while having a substantial impact on employment, and thereby show that public works contracts need not systematically be awarded to large international or national firms whose capital-intensive techniques contributed only marginally to the reduction of unemployment and had limited capacity-building impact on the Senegalese economy.

• To restore some confidence in the relation between government and the general population through the implementation of economically and socially justified sub-projects with high impact/cost and visibility/cost ratios.

• To promote public-private-partnerships (PPP) and help to raise Corporate Social Responsibility Contributions to improve the social well-being of populations (mainly in Education and Health).

(Wade 2004: 3).

Mead summarises the project as one which is ‘aimed at helping small enterprises supply an identified national market. It combines production and management training to the suppliers with a simplified system of contracting to expand the feasibility for small producers to link up with dynamic segments of the local market that had previously been outside their reach.’ (Mead 1994: 20).
Scale of employment

Between 1989 and 2004 AGETIP created a total of 450,000 temporary jobs, with 21,000 being created in 2004, this represents 0.5% of the total labour force.

Geographical Specificity

AGETIP is essentially an urban programme. It is confined to 12 municipalities which represent the 8 major cities in Senegal and the 4 municipalities which cover metropolitan Dakar, with a total population of approximately 3.5 million people.

Inclusion Criteria

Jobs are available to anyone willing to work. However, coverage is extremely limited, and there are generally more applicants for jobs than there are jobs available. Those who get AGETIP employment work for only 2 months in order to ensure a wide distribution of the employment available.

Benefits

Wages are paid in a combination of cash and food, totalling 50 kg of millet, 3 kg of canned fish, 1.5 kg of vegetable oil plus 10,000 CFA francs (1998). In 1998 the monetary equivalent of the package was $51, approximately two-thirds of the minimum guaranteed salary.

AGETIP has been extended to include a programme on nutrition and a loan facility for SMMEs.

Duration of Employment

Employment is limited to two months.

Full or Part Time

Workers are employed full time during the two months of employment.

Training Offered

No training.

Assets Created

AGETIP focuses exclusively on the provision of physical infrastructure. “By 2003, 325 kilometers of urban roads had been rehabilitated, over 200 km roads paved, 565 km of drainage canals cleaned, 500 km of water pipes installed, 220 km of public lightings fixed, 300 standpipes installed, more than 170 commercial buildings built for municipalities, 5,300 classrooms and 400 health posts built (Wade, 2004: 5).”
Implementation Modalities

According to Wage (2004) ‘none of the existing public enterprises or government ministries could come up with a rapid and efficient solution and implement a high impact public works program. As thinking evolved, the solution was seen to delegate project responsibility to a specific non-public entity which would be in charge of the implementation of public works through smaller, more labour-intensive contracts. Clearly, the idea was to remove government from project execution while maintaining its involvement in project planning and budgeting. AGETIP was therefore based on the concept of “Delegated Contract Management” that can also apply to other sectors, a form of operation which is intermediate between the full government-owned-and-operated systems, and complete privatisation’ (Wade 2004).

AGETIP is a publicly financed, privately managed public works executing agency which enters into a contractual arrangement with the central government for sub-project execution, with the objectives of increasing labour intensity and SMME activity in order to increase aggregate employment per unit of spending, while also promoting institutional efficiency and the production of assets. Although AGETIP is a government entity, it has exemptions from government procurement procedures and staffing requirements. This allows AGETIP to carry out projects significantly quicker than the traditional public service. AGETIP has a special legal status with its own charter. The structure of AGETIP is summarised in the diagram below:

![Diagram of AGETIP structure](source: Bentall et al 1999.)
Projects are usually initiated by municipalities who are responsible for 10% of participants’ wages. Initially this co-payment was set at 50%, but this figure was not affordable to the municipalities, so few projects were implemented and employment was seriously compromised. AGETIP does not act on the proposal until they receive this co-payment. Once this is received, AGETIP contracts out for the initial engineering. A tender for the remainder of the project is then issued. AGETIP takes all responsibility for carrying out the work. Only once the work is completed does the local authority take control of the assets produced.

### Cost

<table>
<thead>
<tr>
<th></th>
<th>CFA Francs (bn)</th>
<th>US $ (m)</th>
<th>AGETIP cost as % of</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGETIP Cost</td>
<td>30</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>987</td>
<td>1,904</td>
<td>3.0%</td>
</tr>
<tr>
<td>GDP</td>
<td>4,029</td>
<td>7,775</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

All data for 2004

In 2004, the AGETIP budget was CFA 30 bn (R 457m), with labour costs comprising between 23% and 28% of total costs, (the initial AGETIP target was 33%). Total AGETIP expenditure was 0.8% of GDP.

### Sustainability

AGETIP is primarily donor funded, and has been since its inception in 1989. The state government is responsible for 7.6% of costs, with municipalities contributing another 8.4%. The World Bank provides 62% of the budget, with the other major donors being the European Union, Germany, France, Norway and Canada. Given the programme’s popularity with international donors, it is likely that it will continue as a primarily externally funded initiative.

### Evaluation Findings

AGETIP is generally viewed as a highly successful project and, as such, the AGETIP approach has been extended to other countries in Francophone Africa including, Benin, Chad, Burkina Faso, Gambia, Madagascar, Mali, Mauritania, Niger, Togo, Burundi, Djibouti, Cape Verde, Guinea Bissau, Republic of Guinea, and Central African Republic, supported by the AFRICATIP association (Association Régionale des Agences d’Exécution des Travaux d’Intérêt Public).

It is argued that AGETIP has had an impact on the construction sector in Senegal; in 1991 there were 80 engineering firms and 350 construction firms in Senegal, and this had subsequently risen to 350 engineering firms and nearly 2,000 construction firms by 2004, although it is not clear to what extent this is attributable to AGETIP.
AGETIP has been particularly successful in terms of promoting the efficiency of public works construction and processes, for example AGETIP procurement takes less than 2 months on average, accounts are usually paid within 3 days and 90% of projects are completed on schedule.

The caveats associated with the programme relate less to procedural efficiency, and more to the nature and impact of the employment and assets created;

- The programme’s success in contracting out road construction using SMMEs has been limited, since contractors need to own heavy equipment to construct roads and this militates against small firms.
- The requirement that 10% of costs had to be wages was found in some instances to be ineffective in terms of promoting labour intensification, as contractors would merely hire additional watchmen in order to meet the employment targets.
- Limited programme involvement by communities led to the construction of assets which were not necessarily community priorities.
- Lack of resources at municipal level led to poor maintenance of the facilities created through AGETIP.
- AGETIP focuses exclusively on urban projects and thus does not offer employment in rural areas.

**Key Lessons for EPWP**

AGETIP does not have a mandate to address poverty directly. It attempts to address this indirectly through the provision of assets, and temporary wage payments. The programme does not attempt to address chronic unemployment, beyond a limited expansion of aggregate employment through an increase in short term construction employment opportunities, it is an example of a PWP which is not focused on the issue of providing social protection, and is notably similar to the way the EPWP has redefined itself over the first phase of implementation.

As in many other PWPs, lack of community participation in asset and project selection has the potential to undermine the developmental impact of the programme.

Despite its limitations in relation to job creation (small scale) and asset creation (not priority assets) AGETIP is highly successful in terms of project execution, rapid implementation, transparency, promotion of SMMEs etc. This aspect of the AGETIP approach may be appropriate for consideration in South Africa, given the capacity constraints and implementation bottlenecks experienced by the Department of Public Works.

The key weakness in the AGETIP model appears to be reliance on local government for project identification and co-funding, a problem which would apply equally in South Africa, due to capacity constraints at that level of government.
Socio-Economic Reference Data for Senegal

**At Time of Programme Inception (1989)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>3.1</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>408</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>7.7</td>
</tr>
<tr>
<td>Labour Force (‘000s)</td>
<td>3,027</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>N/A</td>
</tr>
<tr>
<td>No of unemployed</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>N/A</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>N/A</td>
</tr>
</tbody>
</table>

All data 1989, unless indicated otherwise.

**Latest Available (2004)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>7.8</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>683</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>11.4</td>
</tr>
<tr>
<td>Labour Force (‘000s)</td>
<td>4,477</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>N/A</td>
</tr>
<tr>
<td>No. of unemployed (‘000s)</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>24.9°</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>22.3</td>
</tr>
</tbody>
</table>

° Data calculated from other information obtained from the Human Development Indicators and from IMF (2006:21).
11.7 CASE STUDY SUMMARY: USA

New Deal 1: Civil Conservation Corp (CCC)

Political Origins and Labour Market Context

The CCC was the first employment programme proposed and enacted by the Roosevelt Administration when it entered office in the spring of 1933. The country had suffered the most severe economic contraction in its history during the preceding four years, and the CCC was intended to address the unemployment crisis facing young male workers – many of whom had never had a regular job.

Economic Context

During the 4 years preceding the Roosevelt administration’s entry into office, real per capita GDP fell 29 percent in the U.S. and unemployment rose from 3.2 percent to 25.2 percent of the labor force. There were over 13 million unemployed workers in a labor force of just over 50 million, and since government revenues had shrunk along with GDP, the resource base available to meet the nation’s mushrooming social needs was shrinking rather than growing. In fiscal year 1932, the last complete fiscal year before the Roosevelt administration entered office, federal government revenues covered only 55 percent of federal government expenditures and the nation’s public relief system – which was funded and administered at the state and local rather than the federal level – had effectively collapsed. In other words, the U.S. economy was facing an economic crises every bit as serious as the one facing South Africa today with a substantially more limited resource base at its disposal. Measured in terms of purchasing power parity exchange rates, per capita GDP in the United States in 1933 was only 43 percent of per capita GDP in South Africa in 2006.

Start & End Date

Legislation enabling the establishment of the CCC was enacted on March 31, 1933. It was fully operational with a full complement of participants by June of the same year. The programme was terminated in July 1942 after the United States had entered World War II and a massive expansion of the military effectively replaced the CCC as a source of employment for young male workers.

Objectives

The stated legislative goals of the programme were to restore the nation’s natural resources and provide unemployed male youth with work, but it was widely accepted that the programme was also intended to provide both basic education and skills training for its participants, restore and build up their physical health, cultivate their personal discipline and maturity, provide them the means and incentives to help support their families, and prepare them to enter the private economy as jobs became available. Since
the programme operated exclusively from residential CCC camps, it also performed socialization functions analogous to those performed by residential colleges and the military. No one at the time believed that skills training would be sufficient to help CCC enrollees escape poverty. What was needed were more jobs; but basic education and vocational skills training was viewed as important to their personal development and the future health of the economy.

**Scale of Employment**

After the programme became fully operational, employment in it averaged 309,000 per month for the next 7 years, ranging from a low of 222,000 in October 1933 to a high of 480,000 in November 1935. On average the CCC provided jobs for 3.7 percent of the unemployed, but the percentage obviously was much higher among its target population of young male workers, and the percentage of young males who went through the CCC at some point in its history (3 million in all) was still higher. The program’s indirect employment effects probably were considerably larger, since only about one third of programme expenditures were devoted to cash wage payments. Purchases of tools and materials and of food and supplies necessary for the operation of CCC camps accounted for the other two-thirds of programme expenditures. Finally, all of these expenditures would have produced a Keynesian multiplier effect that would have added to the programme’s overall employment effect.

**Geographical Specificity**

Eligibility for the programme was national, but CCC camps and work projects were located only in rural or quasi-rural areas.

**Inclusion Criteria**

Male youths aged 18-25, 17-28, or 17-23 (depending on the year) who were either receiving relief themselves or whose families were receiving relief.

**Benefits**

Except for a small number of participants hired as assistant foremen, all participants received a cash wage of $30 per month and room and board estimated to be worth another $30 per month. Wages remained the same throughout the 9 years the programme operated, and because consumer prices rose less than 1 percent per year during this period, the program’s real wage also remained reasonably constant. The $60 cash and in-kind earnings equaled 160 percent of per capita GDP in 1933 and 94 percent of per capita GDP in 1940, while the subsistence provided in CCC camps insured a standard of living above the poverty level.

**Duration of Employment**

Up to 24 months in renewable (at the option of the enrollee) 6 month stints.
### Full or Part Time

Full time (40 hours per week)

### Training Offered

General education was supposed to be provided in evenings and on weekends but often was not. On the job training was provided in the skills necessary to perform program work, but no formal skills training was provided.

### Assets Created

A wide range of conservation projects were completed by the CCC, including National Park and forest improvements, insect and disease control measures, soil-erosion prevention, the development of recreational areas, flood control measures, and wildlife conservation.

### Implementation Modalities

The CCC was a free standing agency of the federal government (until all economic security programmes were consolidated into one agency in 1939). Participants lived in residential camps housing up to 200 participants. The camps were operated by the Department of War. All work projects were planned and supervised by the Departments of Agriculture and Interior. All staff and enrollees were employed by the federal government.

### Cost

The programme cost a total of $2.5 billion from 1933 through 1940 with expenditures averaging 0.4 percent of GDP per year. Between 29% to 36% of the programme budget was spent on direct wage costs, a similar amount on camp maintenance and subsistence costs, and the rest on project tools and materials.

### Sustainability

The sustainability of all New Deal employment programs depended on a combination of political and economic factors.

Economically, the sustainability of these programs depended on their macroeconomic impact on the private sector. In that regard their sustainability was never in doubt. Although federal government expenditures more than doubled between 1933 and 1940, from $4.7 billion to $9.6 billion, deficits trended downwards measured as a percent of GDP from an average of 6.0 percent in 1933/34 to an average of 3.8% in 1939/40. Since the funding of government employment programs was the primary fiscal stimulus provided by the federal government during this period, it is reasonable to conclude that
the programmes effectively paid for themselves through their beneficial macroeconomic impact. Indeed, the one time the Roosevelt Administration tried seriously to balance the federal budget (in 1938 when the deficit was virtually eliminated) it precipitated a serious recession, a setback that required a rapid expansion of government employment programs (once again using deficit spending).

Politically, the sustainability of the New Deal’s employment programs depended on public support. This tended to be divided but was adequate to continue the programs into World War II when they were effectively replaced by an expansion of the military as a source of employment and by military spending as a source of fiscal stimulation.

**Evaluation Findings**

The CCC was the most popular of all New Deal programme and it is generally regarded as having met its goals. An organization of former CCC participants is still active in the United States, and the programme has been consciously emulated in the design of other youth employment programs – particularly the Jobs Corps which was established in the 1960s and still operates today.

**Key Lessons for EPWP**

The CCC provides a replicable model for combating youth unemployment in virtually all countries, including South Africa. The model also is easily extendable to include young women as well as young men. It is important to recognize, though, that the training function of programs modeled on the CCC is subsidiary to their employment function. The CCC worked because it provided unemployed youths meaningful work when other jobs were unavailable, not because it helped them to find jobs after they left the program. If the programme had been judged according to the latter criteria it probably would have been deemed a minor success at best – like all other programs that attempt to combat endemic joblessness through training. Unless additional jobs are created, a successful training program (one that succeeds in placing its graduates in jobs) will merely change the identity of those individuals who suffer unemployment. The virtue of the CCC model is that it provides the needed jobs while enriching society with the products of its work.
SUMMARY CASE STUDY - USA
New Deal: 2 Public Works Administration (PWA)

Political Origins and Labour Market Context

The PWA was the second employment programme proposed and enacted by Roosevelt Administration when it entered office (after the CCC). Originally it was conceived as the administration’s principal job creation and fiscal response to the depression.

Economic context

The economic context in which the PWA was established was the same as for the Civilian Conservation Corps (see above).

Start & End Date

The PWA was established in June 1933, was relocated into the Federal Works Agency in July 1939. Programme-funded employment tapered off to relatively low levels after January 1940, and the program was officially terminated on July 1, 1943.

Objectives

The program’s stated statutory objectives were to “[I]ncrease the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources” (National Industrial Recovery Act of 1933, 49 Stat. 195, Sec. 1). The theoretical rationale offered for the program was that it would “prime the pump” of economic activity both by increasing consumption and through purchases of construction equipment and materials.

Scale of Employment

After the program became fully operational, direct employment on PWA projects ranged from a low of 102,000 in August 1938 to a high of 738,000 in July 1936. Direct program employment averaged 348,000 per month from November 1933 to January 1940, and a careful analysis of materials expenditures for PWA projects concluded that approximately 2.5 jobs were created producing those materials for every job created on the projects themselves – and this does not include the indirect employment effects of consumer purchases supported by PWA wage payments or the Keynesian multiplier effect of all these expenditures.

Geographical Specificity

The PWA funded projects in virtually every county in the nation.
Inclusion criteria

A statutorily-mandated preference for the unemployed in project hiring was enforced, but otherwise there were no restrictions.

Benefits

Prevailing wages were paid for all PWA-funded jobs, subject to minimums established by programme administrators. Minimums for unskilled labor ranged from $.40 to $.50 per hour depending on the region. Minimums for skilled labor ranged from $1.00 to $1.20 per hour depending on the region. A 30 hour maximum work week was observed, so minimum earnings for unskilled workers ranged from $12 to $15 per week depending on the region, which equaled between 140 percent and 174 percent of per capita GDP in 1933 and between 81 and 102 percent of per capita GDP in 1940. The poverty line for an urban family of 4 was estimated at $903 per year in 1935. Minimum PWA earnings equaled between 69 and 86 percent of that figure. Overall, program wages averaged $.70 per hour between mid 1933 and mid 1939, which would have generated average earnings of $1092 per year.

Duration of Employment

No limit was set on PWA employment, but hiring was by project and ended with the completion of the project (as was conventional in the construction industry in general). Since most PWA projects involved large-scale construction, program employment typically lasted for years rather than months.

Full or Part Time

A 30 hour maximum work week was observed.

Training Offered

No training was provided as part of the program, and hiring was based on qualification, with a preference for the unemployed if qualified.

Assets Created

An extensive list of large scale public works were produced, including major hydro-electric dams, suspension bridges spanning major rivers, tunnels under major rivers, and large public buildings such as post offices, train stations, and thousands of high schools. Most of these assets are still in use

Implementation Modalities
The PWA was a federal agency that provided funding for large-scale public works projects proposed by state and local governments and by other federal agencies. All work was performed by private contractors who did their own hiring, subject to the program’s preference for the unemployed. All contracts were awarded by competitive bid, and the PWA supervised contract compliance by private contractors and sponsoring government entities.

More noteworthy is the active role played by the PWA in developing local government capacity to plan construction projects, obtain funding to pay for them, and to supervise contract performance. Local government funding contributions were required for all local PWA projects (by far the bulk of all projects), but because many local governments lacked the fiscal resources necessary to meet their matching requirement, the PWA used project funds to purchase bonds from those local governments that could not sell bonds at competitive rates in private securities markets. This assistance played a major role in helping local governments to rehabilitate their credit. The PWA also assisted local governments in establishing the legal entities (and often in gaining the legal authority) needed to sell bonds either to the PWA or in the private market. Finally, the PWA actively supported the development of local government capacity in project planning and supervision. The contribution made by the PWA to increasing the competence and sophistication of local governments in undertaking construction projects is often overlooked in descriptions of the programme, but it was a major benefit of the programme’s operation.

Cost

Programme expenditures totaled $5.9 billion from 1933 through March 1, 1939, an average of 1.2 percent of GDP per year. Direct wage costs accounted for only $1.2 billion (20.3%) of this total.

Sustainability

See the discussion of sustainability in the summary description of the U.S. Civilian Conservation Corps (CCC) above.

Evaluation Findings

The PWA was an exemplary programme of its type. The public works it produced still comprise some of the most valuable structures in the nation. Although its direct employment effect was small, there is good reason to believe its indirect employment effect was large. Indeed, we cannot say for sure whether its overall employment effect was smaller or larger per dollar of spending than that of the CCC, CWA, WPA and NYA. We do know, however, that the PWA was relatively slow to produce its beneficial employment effects, and while that slowness could be reduced (and over time was reduced) through advanced planning, the use of contracted public works as an employment generating device is inherently less flexible than the use of direct job creation programmes.
The indirect job-creation effects of a programme like the PWA also depend on the existence of substantial excess capacity in industries that furnish capital equipment and materials to it. If sufficient excess capacity does not exist in the relevant industries, the indirect job-creation effect of the programme would be dramatically reduced. For these reasons, the use of programmes like the PWA to create jobs is best suited for periods when the requisite excess capacity already exists.

**Key Lessons for EPWP**

The first lesson the PWA teaches that is relevant to the EPWP is that the employment effect of a public works programme may not depend as much on how capital or labor intensive it is as on the way its indirect employment effects ripple through the economy. This clearly is an issue for the EPWP that warrants careful consideration. Simply replicating the EPWP on a larger scale may not be the best way to increase its beneficial employment effects, since supply constraints in the domestic South African economy appear to limit the programme's indirect employment effects.

The second lesson the PWA teaches that is potentially relevant to the EPWP is the importance of advance planning in the design of a public works programme designed to combat unemployment. Although the timing problems encountered by the PWA caused distress mainly because the Great Depression created social needs that required immediate attention, timing also is an issue if you want to respond to structural dislocations in a rapidly changing economy like South Africa’s. Having a stockpile of projects ready for implementation was important in the United States during the Great Depression so that the federal government could respond quickly to changing macroeconomic conditions. Having a stockpile of projects ready for implementation may be equally important for a programme like the EPWP but for different reasons. An economy subject to rapid structural change is likely to create spikes in regional unemployment levels that are just as hard to predict as future macroeconomic conditions. Developing a programme like the PWA that is prepared to implement new projects quickly wherever they are needed could be invaluable not only as a means of responding to social needs but in helping to stabilize regional economic conditions that have been adversely affected by structural dislocations. On the other hand, since much of the beneficial employment effect of a programme like the PWA is indirect, it would not be as useful in reducing regional unemployment rates as job-creation programmes whose job-creation effects are mostly direct.

Finally, the PWA example provides important lessons for the development of local government capacity to carry out public works construction. Rather than either assuming total responsibility for the operation of the program or serving merely as a passive funder of local initiatives, the PWA worked to develop a partnership with local governments and devoted considerable energy and resources to helping them develop the capacities they lacked to fulfill their responsibilities in the partnership.
SUMMARY CASE STUDY - USA
New Deal 3: Civil Works Administration (CWA)

Political Origins and Labour Market Context

The CWA was proposed in the late fall of 1934 by Harry Hopkins, the Director of the recently-established Federal Emergency Relief Administration (FERA). Hopkins goal was to establish a program capable of replacing means-tested public assistance for the unemployed with emergency employment provided by the federal government under terms and conditions approximating regular employment. The programme was established by President Roosevelt by executive order using PWA funds (see above) but not for the reasons that motivated Hopkins’ proposal. The President’s more limited goal was to provide emergency employment to a large number of the unemployed through the upcoming winter months as a stop-gap measure needed because of the slow start-up of the PWA and concern over increasing unrest among the unemployed.

Economic Context

The economic context in which the CWA was established was the same as for the PWA and CCC (see above). The only special factor was the approach of winter, the season when hardship was greatest among the unemployed.

Start & End Date

The CWA was formally established on Nov. 15, 1933 and officially terminated in July 1934. The programme’s operations lasted just over 4 months, from late November 1933 until early April 1934.

Objectives

Accepting that they were unlikely to be able to persuade the President and Congress to extend the program’s life beyond the spring, the programme’s staff nonetheless hoped it would demonstrate both the feasibility and advantages of the public assistance model they advocated – a programme that would replace means-tested public assistance for the unemployed with a promise of work for any unemployed person who wanted it on terms comparable to those available in the private market.

Scale of Employment

The CWA was the largest of all the New Deal’s employment programmes despite the fact that it was established and expanded to accommodate a full complement of close to 4 million workers in only 6 weeks. Programme employment was 1.5 million in November 1933, 3.6 million in December 1933, 4.3 million in January 1934, and 3.9 million in February 1934 when the programme began to terminate its operations. Programme employment fell to 2.6 million in March 1934, 1.1 million in April 1934 and was
negligible thereafter. During its 3 months of peak operation, the CWA provided employment for about 34 percent of all unemployed workers.

**Geographical Specificity**

The program operated national, including both urban and rural areas.

**Inclusion Criteria**

Employment in the CWA was limited to persons over age 16 with the first 2 million positions reserved for persons on relief. The other half of the programme’s workforce consisted of unemployed workers who were hired based on their experience and qualifications and without means-testing. The CWA was the only New Deal employment programme that hired workers without some form of means-testing, a key characteristic of the conceptual model Hopkins and his associates advocated.

**Benefits**

The PWA wage scale was used for all construction work during the program’s first two months of operation – except for road work which generally paid $.30 per hour based on prevailing wage paid by state governments for that type of work. Non-construction work was paid at the rate of $.30 per hour for unskilled labor and at higher, prevailing wage rates for skilled labor. The hourly wage rate was reduced to $.30 per hour for all unskilled workers beginning in February 1934 in order to conserve funds and make the employment last longer. A 30 hour maximum work week was initially adopted, but this was reduced to 24 hours per week in February 1934 in another attempt to conserve funds and make the employment last longer. Programme earnings averaged just under $15 per week in early weeks of the programme’s operation and $11.30 per week towards its end. See data for PWA benefits for relevant per capita GDP and poverty line.

**Duration of Employment**

No administrative limit was established for participation in the program but given its short-life the practical limit was 4 months.

**Full or Part Time**

A 30 hour work week was followed at first, but this was reduced to 24 hours as economy measure in mid-February 1934.

**Training Offered**

The program had no training component.

**Assets Created**
Most CWA projects consisted of small-scale public works. These included road construction and improvement, the construction and repair of public buildings (particularly schools) and the construction and improvement of other public facilities (e.g. parks and playgrounds). The public works projects undertaken by the CWA were smaller in scale than the much larger projects undertaken by the PWA. The CWA also produced a range of public services in the fields of education, health, and culture, and consumer goods (mainly clothing) for direct distribution to relief recipients.

Implementation Modalities

The CWA was a free-standing federal agency that hired and supervised its own workforce, but the projects it undertook were all sponsored by other government agencies – mostly state and local governments but including federal agencies. The programme also took over direct administrative control of work relief projects formerly operated with federal funding by local relief agencies. The first 2 million programme positions were filled by persons on local relief rolls by referral from local relief agencies. The balance of programme positions were filled through the U.S. employment service without the involvement of relief agencies or the use of any means test. All direct labor costs were paid by the PWA, but state and local government project sponsors were required to contribute the cost of materials and supplies for the projects unless they could show that they lacked the resources to do so. These non-labor costs averaged about 20 percent of total project cost.

Cost

Spending on the program totaled about $1.0 billion (1.5 percent of 1934 GDP), with $750 million of that figure (79% of the total budget) spent on direct wage costs. Since the program effectively operated for only 4 months, this was equivalent to an expenditure stream of 4.5 percent of GDP on an annualized basis.

Sustainability

See the discussion of sustainability in the summary description of the U.S. Civilian Conservation Corps (CCC) above.

Evaluation Findings

The New Deal’s employment programmes pursued multiple goals – to provide public assistance to the unemployed without the stigma traditionally associated with the receipt of relief, reduce unemployment both directly (through programme hiring) and indirectly (by stimulating private sector expansion), preserve and improve the nation’s natural resource base and public infrastructure, expand the availability of needed (or merely desirable) public services, boost the morale and preserve the skills of unemployed workers waiting for reemployment in the private sector, and in the case of young adults, provide the work experience, skills training and opportunities for both self and familial support that employment normally provides persons at that stage in their life cycle.
In other words, the New Dealers understood that employment serves multiple functions in the lives of workers, and the goal they pursued in the operation of their employment programs was to provide as many of the unemployed as possible with jobs that would serve those same functions. To that end, New Deal social welfare planners developed and were guided by a conceptual model of the role of work in the provision of public assistance that departed dramatically from that embodied in the policy regime they inherited (which assumed the able-bodied poor were responsible for their own condition). Interestingly, the New Deal vision also departs quite dramatically from the prevailing policy regime in most market economies today (which assumes the remedy for poverty among the able-bodied unemployed is to furnish them with marketable skills and employability-enhancing support services while encouraging them to seek work by limiting the availability of public aid).

The New Dealers always assumed that the reason people were unemployed was because there weren’t enough jobs to go around – not because the jobless poor were lazy or lacked skills and necessary support services, and they understood that encouraging workers to compete for scarce jobs (by focusing on skills training or encouraging more vigorous job search) was neither in the workers’ interest nor society’s interest. That does not mean they opposed job training and encouraging workers to accept private sector employment when it became available. It simply means they saw government’s primary duty to the unemployed as the provision of jobs to fill the economy’s job gap until the private sector was able to once again assume that responsibility. Ideally these jobs should be provided without requiring applicants to submit to a means test, and if resource limitations dictated that the jobs be rationed to those who needed them most, every effort should be made to insure that the means-testing employed to ration the jobs should be non-stigmatizing. Way. The jobs provided should pay wages and furnish working conditions as close as possible to those associated with regular employment, subject of course to the maintenance of minimum norms of decency. Quality standards for completed work also should accord with standards observed in regular employment. Finally, the employment thus furnished should not be limited in duration except to the extent regular employment opportunities became available to replace the deliberately-created jobs.

The New Dealers assumed that these jobs could be provided best by having the government serve as its own contractor rather than engaging private contractors to undertake designated projects, but this view was driven by practical rather than ideological considerations. The slow start-up of the PWA, and the fact that the sub-contracting model it employed had always been limited to the production of traditional public works, led New Deal social welfare planners to conclude that a government agency was better-suited to performing the job-creation function they contemplated.

The New Dealers who advocated this model never had the political support needed to fully implement it, but the CWA was the programme that came closest during its short life. It provided more jobs than any other New Deal employment programme. It was the only one that filled a substantial number of positions without means-testing. The hourly cash wages it paid were the highest of any New Deal program. And it pioneered in undertaking projects in the fields of education, health, statistical data collection, and the
arts in order to provide more varied employment opportunities. Indeed, the program was so popular among participants that one argument for shutting it down offered (privately) by more conservative members of the Roosevelt administration was that if it were not terminated quickly, it would be impossible to do so at all, because workers would come to feel entitled to the jobs the government was providing them.

Understanding the conception of public employment that underlay the CWA’s design is essential to understanding other New Deal employment programs – particularly the Works Progress Administration (WPA) which was intentionally designed as a kind of “CWA Lite” in the hope that it would prove more sustainable politically than the CWA because it appeared less ambitious.

Key Lessons for EPWP

The most important lesson the CWA holds for the EPWP lies in the alternative vision of the function of job creation programmes that it embodied. This vision is particularly relevant for South Africa since it was conceived specifically to respond to the problem of mass unemployment.

The only important question concerning the applicability of this model to South Africa concerns its financing, which in turn depends on its macroeconomic effects. Unlike the United States in the 1930s, South Africa’s high levels of unemployment are not the result of a cyclical downturn, so it cannot be presumed that there is excess capacity in the economy that could be brought on line quickly in response to the kind of expansionary fiscal policy used to finance the New Deal’s employment programmes. On the other hand, a large-scale employment program might perform similar functions in promoting economic development that the New Deal programs did in promoting economic recovery. If it did, even a large scale employment program could be self-financing in much the same way the New Deal programmes were.

The key question that needs to be answered to decide whether this beneficial outcome is achievable is how well the indirect job-creation and fiscal multiplier effects of a large-scale job-creation programme could be absorbed by the South African economy. In other words, to what extent would the program generate additional growth within the domestic economy as opposed to an increase in imports and inflation? Fortunately, this is a question susceptible to study using input-output analysis or social accounting matrices, and since an employment programme’s effects in this regard would depend in part on the location and nature of the type of projects undertaken by the programme, it may be possible to design a program based on the New Deal model that would optimize its beneficial impacts on the economic development process.
SUMMARY CASE STUDY - USA
New Deal 4: Works Progress Administration WPA

Political Origins and Labour Market Context

The WPA was established as part of a major legislative initiative in the spring of 1935 to restructure the nation’s social welfare system. The overall goal of this restructuring was to establish a two-legged social-welfare system that would provide economic security to the entire population by providing non-stigmatizing income transfers to needy persons who could not work or were not expected to (e.g., the elderly and mothers of dependent children) and emergency employment to needy persons who were suffering unemployment. The WPA was conceived as the principle instrument for performing the latter function. It was implemented by the same persons who had proposed and organized the CWA, and it was designed to embody as much of the vision reflected in the CWA experiment as was deemed politically sustainable.

Economic Context

While still depressed, the U.S. economy had begun a vigorous recovery by 1935. Real GDP grew at an average annual rate of 9.8 percent (9.1 percent per capita) in the two years between Roosevelt’s inauguration as President and the spring of 1935. The average unemployment rate had declined from 25.2 percent to 20.3 percent. Average wages in manufacturing had increased from $.44 per hour to $.54 per hour and from $16.65 per week to $19.91 per week. The increase in real hourly wages over the two-year period had been 17.6 percent. The increase in real weekly earnings had been 12.6 percent.

Start & End Date

Established on May 6, 1935 by Executive Order, the WPA was officially terminated in July 1943, but programme enrollment was very low by that time.

Objectives

Viewed narrowly, the programme’s goal was to federalize the provision of work relief for the able-bodied poor. Viewed broadly, the programme’s goal was to provide “employment assurance” to unemployed persons on public relief by providing them work in publicly-funded jobs in accord with the vision described above under the heading of “Evaluation Findings” for the Civil Works Administration (CWA).

Scale of Employment

After becoming fully operational, WPA employment ranged from a low of 1.5 million in September 1937 to a high of 3.3 million in November 1938. Programme employment averaged 2.4 million from December 1935 through June 1940. As percentage of the civilian labor force, programme employment ranged from a low of 2.7 percent in August
and September of 1937 to a high of 6.1 percent in November 1938. As a percentage of civilian unemployment, programme employment ranged from a low of 17.4 percent in January 1938 to a high of 39.1 percent in October 1936.

Geographical Specificity
The programme operated nationally in both urban and rural areas.

Inclusion Criteria
WPA employment was limited to persons 18 years of age and over who were eligible for local relief and were referred to the programme by local relief agencies. An annual recertification of need was required following employment. Only one person per family was eligible for employment. Up to 5 percent of programme participants could be hired without a means test to fill positions for which no relief recipients qualified.

Benefits
The program paid a monthly “security wage” which provided an income above the relief level but below the average earnings of unskilled private sector employees. The first year the programme operated it applied a uniform 40 hour workweek which resulted in the payment of hourly wages below the level prevailing in the regular labor market. From 1937 through 1939 programme hours adjusted so prevailing hourly wages were paid for all work. Since the program’s monthly security wage remained the same, this meant the programme workweek varied for individual workers depending on the hourly pay rate applicable to the position they occupied. After 1939 a uniform workweek of 30 hours was established resulting in a decline in hourly rates below the prevailing level but not as low as they had been in 1936. Between August 1935 and June 1940 programme wages averaged $.50 per hour for all workers and about $54 per month. This equaled 99 percent of per capita GDP in 1936 and 84 percent of per capita GDP in 1940. It provided about 72 percent of the poverty line budget for a family of 4 in larger cities.

Duration of Employment
No limit was imposed on the duration of program employment until 1939, when an 18 month limit was statutorily imposed with a 30 day break in employment before reemployment. Employees were required to accept private sector job offers that paid as much or more than WPA employment but were guaranteed reemployment in the programme if they were laid off from those jobs.

Full or Part Time
The programme had an 8 hour work day and a 40 hour maximum workweek, but actual hours worked were limited by the participant’s maximum assigned monthly wage and
wage rate. After August 31, 1939 a uniform 30 hour workweek was established for all programme employees.

**Training Offered**

No training was offered as part of the program.

**Assets Created**

The assets produced by the WPA were similar to those produced by the CWA but with a larger range of activities and a larger average capital content in building projects.

**Implementation Modalities**

The administrative structure of the WPA was similar to that of the CWA, except all programme enrollees were hired from among persons referred by local relief agencies.

**Cost**

Programme expenditures totaled $9.9 billion through 1940, an average of 2.2 percent of GDP per year. 74.7% of programme expenditures were spent on direct wage costs.

**Sustainability**

See the discussion of sustainability in the summary description of the U.S. Civilian Conservation Corps (CCC) above.

**Evaluation Findings**

The WPA represented a sustainable political compromise, with the programme’s administrators incorporating in it as much of their vision of the purposes of direct job creation initiatives as they could. As the largest sustained New Deal employment program it symbolized the Roosevelt administration’s job creation efforts in the minds of most people, and it generally was viewed as successful in achieving its goals. The employment it provided secured the livelihood and maintained the morale of millions of families, and the public goods and services it produced made a large and lasting contribution to the wealth of the nation.

**Key Lessons for EPWP**

The WPA example shows that a large public employment program targeting the lowest stratum of the work force – those among the unemployed who are eligible for and willing to apply for public relief – can produce high quality public goods and services on a sustained basis over time. As with the CWA, one secret of the programme’s success is that it successfully combined local sponsorship of work projects with federal administration of the sponsored projects. Since local governments shared the cost of the
projects, they took care to propose genuinely useful undertakings, and the federal administration of the projects insured that they were honestly and competently carried out. Capacity limitations at both the local and federal level were addressed as opportunities for learning, and the quality of project planning and project execution at both the local and federal level improved steadily over time. Indeed, one benefit of the operation of the WPA is that it served as a training ground for large numbers of public sector supervisors, managers, and professional employees. While they were not part of the programme’s target population, both they and the nation benefited from the experience they gained.
SUMMARY CASE STUDY - USA
New Deal 5: National Youth Administration NYA

Political Origins and Labour Market Context

The NYA was established at the same time as the WPA to serve the needs of students and unemployed youths not eligible for the CCC.

Economic Context

See the discussion above under this heading for the Works Progress Administration (WPA).

Start & End Date

The NYA was established June 1935 by executive order. It was placed under the War Manpower Commission in 1942 and formally ended in late 1943.

Objectives

The NYA in-school programme provided part-time employment in secondary and post-secondary schools so needy youths could continue their education. The NYA out-of-school programme provided part-time employment to needy unemployed youths who were not attending school.

Scale of Employment

After becoming fully operational, NYA employment ranged from a low of 102,000 in August 1938 to a high of 738,000 in July 1936. Overall, it averaged 567,000 per month from March 1936 to January 1940, with considerable variation over the course of the year because of small in-school employment during summer. During the school year NYA employment ranged from .7 percent to 1.4 percent of the nation’s labor force and between 4.4 percent and 10.9 percent of total unemployment.

Geographical Specificity

The NYA operated nationally, including both urban and rural areas.

Inclusion Criteria

Eligibility for the in-school programme was limited to persons aged 16 to 24 who were enrolled and attending day sessions of a school, colleges or university, were carrying at least a three quarters course load, and needed financial assistance to continue their schooling. Eligibility for the out-of-school programme was limited to needy persons aged 18 to 24 years who were not in school and were in need of employment or training.
During the program’s first two years of operation at least 90 percent of enrollees had to come from families that were receiving or eligible to receive relief. Thereafter a less stringent means-test was applied.

**Benefits**

In 1940, programme enrollees who were attending an elementary or secondary school were paid between $3 and $6 per month., enrollees attending college were paid between $10 and $20 per month, and graduate students were paid between $20 and $30 per month. Hourly rates for the in-school programme were set at prevailing local levels for similar work. Out-of-school programme enrollees originally worked 1/3 the hours of WPA workers and received 1/3 of the Security Wage paid WPA workers, but the out-of-school wage scale was simplified over time until it consisted of only two wage classes – one for “junior foremen” and “crew leaders” and second one that paid $6 less per month for all other workers. In 1940, average monthly earnings for enrollees in the out-of-school programme were $15.15 per month.

**Duration of Employment**

No time limit was set on programme participation.

**Full or Part Time**

All employment was part time.

**Training Offered**

The work performed by in-school enrollees was provided by their schools and was supposed to be useful to their education. The out-of-school programme provided voluntary training courses related to the work being performed, and most enrollees attended these courses.

**Assets Created**

The in-school programme provided the same kind of services to schools, colleges and universities that normally are provided by student employees. The out-of-school programme undertook projects similar to those undertaken by the WPA.

**Implementation Modalities**

The NYA was a federal agency that was housed within the WPA until 1938, when it became free-standing. The NYA contracted with schools to screen applicants for the in-school program and furnish them with work, but individual paychecks were issued by the NYA rather than the schools. The out-of-School programme was administered in a manner similar to that of the CWA and WPA, but with a higher level of involvement in project supervision by sponsoring agencies due to educational component of the projects.
Cost

Programme expenditures totaled $356 million through 1940, an average of 0.08 percent of GDP per year. No estimate is available of direct wage costs, but virtually 100 percent of in-school programme expenditures went to pay wages since the educational institutions provided all supervision and materials. The proportion of wage costs to total expenditures for the out-of-school programme probably was similar to WPA (see above).

Sustainability

See the discussion of sustainability in the summary description of the U.S. Civilian Conservation Corps (CCC) above.

Evaluation Findings

Both the in-school and the out-of-school programs were considered successful, but evaluations of the out-of-school program were critical of the extent and quality of the skills training it provided.

Key Lessons for EPWP

In conjunction with the better-known CCC, the NYA illustrates the varied ways in which the problem of youth unemployment can be addressed using job creation programmes. It also is worth noting that the New Deal’s youth employment programs were designed mainly to provide jobs rather than training. They included a training component, but the purpose of that component was more to facilitate the personal development of the participants than to increase their employability. It was never promoted as a strategy for overcoming their joblessness. The New Dealers assumed the solution to the problem of youth unemployment, like the problem of adult unemployment, lay in an expansion of employment opportunities rather than in helping or encouraging unemployed youth to compete more intensely for scarce jobs.
**Socio-Economic Reference Data for USA**

**At Time of Programme Inception (1933)**

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<tr>
<td>% of population living on less than $1 a day</td>
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12 APPENDIX TWO: SOCIO-ECONOMIC REFERENCE DATA FOR CASE STUDY COUNTRIES

Argentina

At Time of Programme Inception (2002)

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<th>Measure</th>
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All data 2001, unless indicated otherwise.

aData calculated from other information obtained from the Human Development Indicators.


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aData calculated from other information obtained from the Human Development Indicators.
Ethiopia

At Time of Programme Inception (2004)*

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*a Data calculated from other information obtained from the Human Development Indicators.

* Programme started in 2006, but 2004 data most recent available.
India

At Time of Programme Inception (2004 – 2006 data not yet available)

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<td>% of population living on less than $1 a day</td>
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a Data calculated from other information obtained from the Human Development Indicators.
Indonesia

At Time of Programme Inception (1998/9)

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<table>
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<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>156</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>777</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>200.1</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>91,770</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>5.5</td>
</tr>
<tr>
<td>No of unemployed ('000s)</td>
<td>5,000</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>N/A</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>14.5</td>
</tr>
</tbody>
</table>

All data 1998, unless indicated otherwise.


<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>257.6</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>1,184</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>220</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>105,134</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>9.9</td>
</tr>
<tr>
<td>No. of unemployed ('000s)</td>
<td>10,400</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>20.0a</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>7.5 (2002)</td>
</tr>
</tbody>
</table>

* Data calculated from other information obtained from the Human Development Indicators.
Ireland

At Time of Programme Inception (1994)

<table>
<thead>
<tr>
<th>GPA (US$ bn, 2000 prices)</th>
<th>54</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>15,201</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>3.6</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>1,419</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>14.8</td>
</tr>
<tr>
<td>No of unemployed ('000s)</td>
<td>210</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>15.2 (1992)(^c)</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>n/a</td>
</tr>
</tbody>
</table>

All data 1994, unless indicated otherwise.
\(^c\) Sourced from World Bank World Development Indicators


<table>
<thead>
<tr>
<th>GDP (US$ bn, 2000 prices)</th>
<th>181.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>44,644</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>4.1</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>2,006</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>4.3</td>
</tr>
<tr>
<td>No. of unemployed ('000s)</td>
<td>86.4(^a)</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>37.2(^b)</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>N/A</td>
</tr>
</tbody>
</table>

\(^a\) Data calculated from other information obtained from the Human Development Indicators.
\(^b\) Data calculated from other information obtained from the Human Development Indicators and Ireland Department of Finance (2004).
## Senegal

**At Time of Programme Inception (1989)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>3.1</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>408</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>7.7</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>3.027</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>N/A</td>
</tr>
<tr>
<td>No of unemployed</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>N/A</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>N/A</td>
</tr>
</tbody>
</table>

All data 1989, unless indicated otherwise.

**Latest Available (2004)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>7.8</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>683</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>11.4</td>
</tr>
<tr>
<td>Labour Force ('000s)</td>
<td>4,477</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>N/A</td>
</tr>
<tr>
<td>No. of unemployed ('000s)</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>24.9*</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>22.3</td>
</tr>
</tbody>
</table>

*Data calculated from other information obtained from the Human Development Indicators and from IMF (2006:21).
USA

**At Time of Programme Inception (1933)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>GDP (US$ bn, 2000 prices)</td>
<td>635.5</td>
</tr>
<tr>
<td>GDP per capita (US$, 2000 prices)</td>
<td>5,061</td>
</tr>
<tr>
<td>Population size (m)</td>
<td>125.6</td>
</tr>
<tr>
<td>Labour Force (‘000s)</td>
<td>51,590</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>24.9</td>
</tr>
<tr>
<td>No of unemployed (‘000s)</td>
<td>12,830</td>
</tr>
<tr>
<td>Total Government expenditure on health and education (% of govt spending)</td>
<td>n/a</td>
</tr>
<tr>
<td>% of population living on less than $1 a day</td>
<td>n/a</td>
</tr>
</tbody>
</table>
13 APPENDIX THREE: KEY INFORMANTS

Dr Stephen Devereux (Institute of Development Studies)
Dr David Everatt (Consultant to CBPWP, South Africa)
Dr Charles Meth (Member of Taylor Commission, South Africa)
Dr Guy Standing (Former ILO Head of Social Protection)
Professor Vivienne Taylor (Chair of Taylor Commission, South Africa)