

A project of the Expanded Public Works Support Programme



## Mid-Term Review of the Expanded Public Works Programme

# SYNTHESIS REPORT

---

Human Sciences Research Council



in partnership with



**RUTGERS**  
UNIVERSITY



---

Date: 26 October 2007

# CONTENTS

## *Table of Contents*

<b>CONTENTS.....</b>	<b>ii</b>
<i>Table of Contents.....</i>	<i>ii</i>
<i>List of Tables and Figures.....</i>	<i>iii</i>
<b>ACKNOWLEDGEMENTS.....</b>	<b>iv</b>
<b>LIST OF ACRONYMS AND ABBREVIATIONS.....</b>	<b>v</b>
<b>1. PREAMBLE.....</b>	<b>1</b>
1.1. <i>Background.....</i>	<i>1</i>
1.2. <i>Terms of Reference.....</i>	<i>2</i>
1.3. <i>Methodology.....</i>	<i>2</i>
1.4. <i>Structure of Report.....</i>	<i>5</i>
<b>2. FINDINGS.....</b>	<b>6</b>
2.1. <i>Context.....</i>	<i>6</i>
2.2. <i>Performance against GDS and Logframe.....</i>	<i>6</i>
2.3. <i>Relevance.....</i>	<i>12</i>
2.4. <i>Feasibility.....</i>	<i>23</i>
2.5. <i>Efficiency.....</i>	<i>27</i>
2.6. <i>Effectiveness, Outcomes and Impact.....</i>	<i>27</i>
2.7. <i>Sustainability.....</i>	<i>33</i>
<b>3. CONCLUSIONS.....</b>	<b>36</b>
3.1. <i>Policy.....</i>	<i>36</i>
3.2. <i>Design.....</i>	<i>36</i>
3.3. <i>Implementation.....</i>	<i>37</i>
<b>4. RECOMMENDATIONS.....</b>	<b>39</b>
4.1. <i>Policy:.....</i>	<i>39</i>
4.2. <i>Design:.....</i>	<i>39</i>
4.3. <i>Implementation.....</i>	<i>41</i>
4.4. <i>Way forward:.....</i>	<i>42</i>
4.5. <i>Areas for further research / investigation.....</i>	<i>42</i>
<b>5. REFERENCES.....</b>	<b>43</b>
<b>ANNEXURES.....</b>	<b>44</b>

## ***List of Tables and Figures***

Table 1.	Targets and indicators for EPWP.....	8
Table 2.	Report card, Progress against targets .....	10
Table 3.	Wage bill for all EPWP sectors .....	13
Table 4.	EPWP employment and unemployment 2006/07 .....	15
Table 5.	Training-days, 2004-2007 .....	18
Table 6.	Service delivery needs, number of households in 2006.....	21
Figure 1.	Wages received per work opportunity, 2004-07.....	15
Figure 2.	Training by sector, 2004-07 .....	19
Figure 3.	Multiple objectives .....	23
Figure 4.	Infrastructure: decline in proportion of wages in expenditure.....	24
Figure 5.	Spending the budget.....	28
Figure 6.	Wage and non-wage costs, 2004-07 .....	28
Figure 7.	Relationships between budget, expenditure and wages.....	31
Figure 8.	Average length of a Work Opportunity, 2006/07,days .....	32
Figure 9.	Impact of the EPWP on beneficiaries .....	34
Figure 10.	Impact on household savings and expenditure .....	34

## ACKNOWLEDGEMENTS

Human Sciences Research Council would want to acknowledge the partnership and support of SALDRU, Rutgers University, and ITT and in particular to Philip Harvey and Kirit Vaidya. We also wish to record our thanks to the EPWP Unit, the Department of Labour and other departments which have similarly given us assistance with essential data.

We would also want to acknowledge the input of Social Surveys which went considerably beyond that of the telephonic survey itself and assisted in identifying the key problem areas.

We also wish to acknowledge the dedicated support of the EPWSP Steering Committee in guiding the interaction between the research team and the EPWP and engaging in the search for concrete policy conclusions.

The members of the EPWP Unit who, from an internal perspective, often helped clarify important EPWP procedures and facts.

We wish to acknowledge the insights exchanged and the time provided by the 55 senior officials who acted as Key Informants and provided an authoritative view of the complex arrangements within the EPWP.

The project managers who provided information and passed on the experience of putting together the basic components of Programmes and EPWP provincial officials who assisted enormously in guiding visiting researchers between (often widely dispersed) projects.

Our other sources include participants from the ILO who offered insight from other country perspectives and comparative insights.

## LIST OF ACRONYMS AND ABBREVIATIONS

CBO	Community Based Organisation
DEAT	Department of Environmental Affairs and Tourism
DOL	Department of Labour
DPW	Department of Public Works
dti	Department of Trade and Industry
DSD	Department of Social Development
ECD	Early Childhood Development
EI	EPWP Indicator
EGDI	Employment, Growth and Development Initiative of the HSRC
EPWP	Expanded Public Works Programme
EPWSP	Expanded Public Works Support Programme
GDP	Gross Domestic Product
GDS	Growth and Development Summit, 2003
GEP	Government Employment Programme
HCBC	Home and Community-Based Care
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
HSRC	Human Sciences Research Council
ILO	International Labour Organisation
IT	Information Technology
ITT	A UK-based engineering consulting firm
LI	Labour Intensification
Logframe	Logical framework for the EPWP, 2004
M&E	Monitoring and evaluation
MER	Monitoring, Evaluation and Reporting
MIG	Municipal Infrastructure Grant
MTR	Mid-Term Review
NEDLAC	National Economic Development and Labour Council
NGO	Non-Governmental Organisation
PIG	Provincial Infrastructure Grant
PWP	Public Works Programme
SALDRU	Southern Africa Labour and Development Research Unit
SETA	Sector Education Training Authority
SMME	Small and Medium Enterprises
SOE	State-Owned Enterprises

# 1. PREAMBLE

## 1.1. *Background*

The national Expanded Public Works Programme (EPWP) was established in 2004/5 with the overarching objective of creating one million job opportunities in five years, and emphasising the creation of unskilled work opportunities for the unemployed. Such work opportunities would be created by:

- Increasing the labour intensity of government-infrastructure projects;
- Creating jobs in public environmental programmes (e.g. Working for Water);
- Creating jobs in public social programmes (e.g. community-based care in health and social welfare, and early childhood development); and
- Developing small businesses and cooperatives to provide the work experience component of small enterprise learnership programmes.

As such, the EPWP was designed with a set of five-year targets (2004/5 - 2008/9), and is coordinated under the auspices of the Department of Public Works. It comprises of four sectors: infrastructure, environmental, social and economic. The key objectives of the programme are to:

- Draw significant numbers of the unemployed into productive work to enable them to earn an income;
- Provide unemployed people with education and skills;
- Ensure that beneficiaries of the EPWP are either enabled to set up their own business/ service or become employed once they exit the programme; and
- Utilise public sector budgets to reduce and alleviate unemployment.

All of these are to be achieved through the creation of social and economic infrastructure and provision of social services as a means of meeting basic needs.

The year 2007 marking the half-way for the programme, the Expanded Public Works Support Programme (EPWSP) commissioned a mid-term review in order to assess the EPWP to date, and elicit recommendations on the future direction and structure of the programme.

The Human Sciences Research Council (HSRC), in partnership with experts from the Southern Africa Labour and Development Research Institute (SALDRU; University of Cape Town), Rutgers School of Law (State University of New Jersey, USA), and ITT (UK) was commissioned to conduct the mid-term review on behalf of the EPWSP. Additional fieldwork support was provided by Social Surveys Africa.

## 1.2. Terms of Reference

The objectives of the mid-term review (MTR) are to:

- Assess the relevance, efficiency, effectiveness, overall outcome and impact [current and potential] of the EPWP to date against the expected results;
- Assess the overall quality and sustainability of the programme; and
- Make recommendations as to the future direction of the EPWP and how it should be structured into the future.

The research towards the review was conducted in the following three components:

1. International Review: a study of other programmes internationally from which lessons for the re-development or improvement of the EPWP could be drawn.
2. Survey of EPWP Implementers: A telephonic survey of role-players involved in the implementation of the EPWP to determine their understanding, experiences and perceptions of the programme.
3. Assessment of EPWP outputs and management: Survey of EPWP managers, projects, and other key information sources about the experience and performance of the EPWP in respect of its design goals, implementation framework, and outcomes.

These research inputs were factored into a process of consolidation, analysis and review towards the formulation of Review recommendations.

## 1.3. Methodology

The criteria against which a review of the EPWP should be carried were considered at three levels:

- i) An assessment of the EPWP's implementation against the performance indicators reflected in the logical model that was established as part of its initial Monitoring and Evaluation Framework;
- ii) An assessment of the EPWP against criteria of relevance, efficiency, effectiveness, feasibility, quality, and sustainability<sup>1</sup>; and
- iii) An assessment of the EPWP's design and implementation against the context of local conditions and international experience.

The following sections discuss each of the major project components outlining their respective objectives, methodologies, research activities, and outputs. This being the initiation stage, revisions to the research activities may be required during the course of the project.

---

<sup>1</sup> Working definitions for these criteria will be drawn from: Swedish International Development Cooperation Agency – Sida (2005). *Sida at Work – A Manual on Contribution Management*. Stockholm, Sweden. [www.sida.se/publications](http://www.sida.se/publications)

### **1.3.1. Primary Research**

#### **a) Telephonic Survey**

Survey to assess Public Officials perceptions of the EPWP [300] across all spheres and sectors.

Three hundred structured telephonic interviews lasting 20 – 30 minutes were conducted, which included multiple response questions eliciting unprompted responses (captured with pre-coded lists) as well as a number of open-ended questions. The sample included implementation agents at different levels – national, provincial, municipals, NGOs and other implementing agents – and across all 4 EPWP sectors. Data from the telephonic interviews was captured using SPSS and comprehensive tables were run

#### **b) Key informant interviews**

Just under fifty interviews have been conducted with programme managers and other senior stakeholder – mainly at the Director level and above at national and provincial levels.

Quantitative and qualitative analysis has been conducted of perceptions and recommendations.

All sector lead departments at national level and in the provinces, key national stakeholders, and key members of the EPWP Unit have been interviewed.

#### **c) Project site visits**

Site visits have been made in all provinces. Altogether 33 sites were visited in the time available which do not constitute a scientifically representative sample but are useful in a qualitative sense. These do constitute, however, a fair proportion of EPWP sites which have been systematically researched. Some problems were encountered at the provincial level in working from a provincial list of projects to make more of an independent sampling. Generally the sites visited were those proposed by the EPWP officials. Analysis of a number of key indicators on project performance has been undertaken.

### **1.3.2. International Review**

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, interviews with national and international academics, practitioners and policy analysts 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 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.

### 1.3.3. Document and Data Analysis

An input paper on key aspects about the changing context of local conditions (i.e. poverty and unemployment in South Africa) and priorities (e.g. infrastructure, service delivery) has been commissioned from within the team. This input has been feed into the evaluation process and final Review reporting.

This activity will entail a review of a range of existing documentation about the EPWP and related developments. These are envisaged to include:

- EPWP's documentation, including its strategies, plans, reports, studies, and data reported etc. both at national / provincial and sectoral levels.
- Monitoring and evaluation studies that have been conducted by, for, or about the EPWP.
- Additional studies of various aspects / projects of the EPWP which have been carried out by academics and consultants. E.g. SALDRU's Public Works Research Project has been involved in an extensive range of survey, structural, conceptual and academic analysis of the EPWP since 2003 and produced and advised on a number of key research projects whose outputs would be drawn upon.

Other relevant EPWP documents was also identified. A listing included as *Annexure 1* has been initiated between EPWSP and the HSRC team and serves as a record of the range of programme documentation that should be included in this process. Access to and acquisition of most of the identified documentation has been facilitated largely through the EPWP Unit and through the library resources available to the HSRC.<sup>2</sup>

In addition to EPWP documentation, the research team has had access to a range of relevant materials upon which they can draw to add depth to the study at no additional cost. This includes complementary reports and data e.g. from the 2005 and 2005 Labour Force Survey (despite some of its shortcomings) and the SALDRU 2003 survey into public works.

A range of other studies on related contextual issues such as labour markets and the poverty context in South Africa have also been made available through experts on the project team or within the HSRC and beyond.

---

<sup>2</sup> Unfortunately it was found that many of the key documents and reports in the transition from the CBPWP to the EPWP have not been carefully stored and appear to have been mislaid.

### **1.3.4. Synthesis**

Information from the above research processes was analysed and synthesised towards a final set of findings, conclusions and recommendations which would form the essence of the Review outputs. This process included an interactive series of engagements:

- A formal workshop between the various researchers who had participated in data collection and reporting towards the Review;
- A series of meetings and discussions between the research coordinators and various experts to further develop and test research findings and emerging ideas;
- A series of presentations and discussions of work in progress between the research team and the project Steering Committee which had been established by the EPWSP. There were also meetings in which there was extensive interaction directly with the EPWP Unit.

Inputs and questions raised from these engagements were used to further develop and strengthen Review outputs.

## **1.4. Structure of Report**

This report presents the findings of the EPWP Mid-Term Review study in the following structure:

- Section 1 gives a brief background on the Review and why it is being conducted; outlines the approach taken to the Review; and then describes the methodology used in conducting the elements of the Review.
- Section 2 presents a synthesis of the study findings based on a set of criteria that were established for the Review: performance, relevance, feasibility, efficiency, effectiveness, outcomes, and sustainability.
- Section 3 presents the main Review conclusions that have been drawn from the study, classifying these broadly in terms of policy, design, and implementation issues (which emanated from the study findings).
- Section 4 concludes the main of the report by offering a set of recommendations for the EPWP Mid-Term Review. The section also makes some specific proposals about next steps and identifying aspects that may require further investigation.

## 2. FINDINGS

### 2.1. Context

A number of social surveys have established that one of the greatest needs in present South Africa is that of reducing the high level of unemployment by improving the prospects for jobs. As its first theme the Growth and Development Summit (GDS) of 2003 set out “More jobs, better jobs, decent work for all”. Although it was the second of seven initiatives, the Expanded Public Works Programme (EPWP) was specified to be “large enough to have a substantial impact” in this regard. Since its launch the EPWP has come to be regarded as the flagship employment project of post-apartheid government as it sets out to provide temporary job opportunities supported by training to enable job seekers to access more permanent employment. The completion of the short term and achievement of the longer term objective would, in turn, serve to alleviate poverty. These objectives were situated in the GDS as “part of our collective efforts” to halve unemployment by 2014.

It is universally agreed there is a great need to meet the crisis of structural unemployment particularly as those who suffered most intensely under apartheid are also those who have benefited least in terms of greater employment in the recent past. According to the official definition the Labour Force Survey has established there are 4,4 million unemployed in September 2006, and of this African people constitute 3,9 million; in addition African people constitute the largest proportion of those classified as ‘discouraged’ work-seekers who number 3,2 million. In total there are thus at least 4,4 million people actively seeking work who could benefit from the Programme and another 3,2 million who are discouraged from seeking work who could also benefit; a total of 7,6 million people.

Such is the extent of the demand faced by the various strategies to create employment. This is a demanding context for the EPWP and if it is to be designed to serve as an effective instrument to contribute significantly to halving unemployment by 2014. A recent EPWP document identifies “5,8 million unskilled unemployed individuals” who lack secondary education as “the target group” for temporary work and skills training.<sup>3</sup> The most recent projection from the HSRC Employment Scenarios group is for EPWP employment on the scale of over 2 million public works jobs annually before 2014 at the current growth rate to halve unemployment in South Africa by that date.

### 2.2. Performance against GDS and Logframe

The Review has sought to assess the concept of the EPWP in the original language of the GDS and performance of the EPWP in terms of the Logframe’s detailed targets and

---

<sup>3</sup> DPW EPWP Unit (September 2006). *A Demand Driven approach to the EPWP: Discussion Document*

framework. In order to establish how the EPWP has performed against its performance targets, the Review sought to establish:

- i) What the programme's performance indicators and targets are;
- ii) Whether and how effectively these targets are being monitored; and
- iii) What the programme reports as its progress against the targets.

### 2.2.1. EPWP's Performance Indicators and Targets

The official performance monitoring framework that exists at present for the EPWP<sup>4</sup> is made up of the GDS, the formal logical framework (logframe) and M&E framework. These foundation documents combine a set of statements recognising the "structural" nature of unemployment and the immense scale of the social problem with an outline and plan for short term employment and training. It is acknowledged that this intervention needs to be "substantial" or "significant" in numbers and impact. Tensions between the necessary scale and the relatively modest targets<sup>5</sup> are inherent in the reading (and public presentation) of the EPWP. The language of "target" may, for instance, refer to the specific measures and indicators of progress set out in the Logframe or to the large group of unemployed and poorly educated in society. In part these intense controversies arise because of government adopting two objectives which have contradictory implications. The first is the EPWP target of 1 million workers over five years and the second; is the commitment to "halve unemployment" by 2014. The extent of the contribution of the first to the achievement of the second is much debated. This review attempts to work out these tensions by examining the EPWP in two contexts: within its original parameters (particularly the detailed targets of the Logframe) and (as the original framers) against the wider social background.

It is now argued by some that the Logframe particularly represents an ideal and should have been revised to reflect a more pragmatic approach. Possibly with the benefit of experience and the recognition of constraints (e.g. both institutionally and financially) there is now a more conservative reading of the foundation documents. A sole focus on work opportunities created is now often set against the broad statements that a public works programme should have a "significant" impact on unemployment. Officials are often keen to disclaim statements such as that the EPWP constitutes a "massive" intervention to redress unemployment. Although there is this debate, the GDS and Logframe are still the authoritative documents of the nature of unemployment, the design of the EPWP intervention, and targets to alleviate this problem.

Particular attention is, however, given to the EPWP's logframe as it presents a set of 6 key outputs:

- Work and income opportunities for participants
- Training, skills and information linked to exit strategies for participants
- Expanding engagement in labour-intensive programmes

---

<sup>4</sup> DPW EPWP Unit (June 2004). *Consolidated Programme Overview and Logical Framework*, Version 6.

<sup>5</sup> The text of the GDS provides for a "modicum of training and work experience" for EPWP beneficiaries.

- Developing public sector capacity to implement labour-intensive service delivery programmes
- Enhancing service delivery to communities, and
- Expanding labour-intensive delivery into additional / new areas

These outputs break down into 22 sub- or sector-outputs, which are further detailed into 73 indicators. About 55 of these are unique, and about 28 of those have quantitative targets specified. However, not all of these indicators are actually tracked<sup>6</sup>. The range of available indicators has been reviewed and six of these have been selected for analysis and discussion as these are widely regarded as the most important and are the most rigorously measured.

Documentation from the Monitoring & Evaluation unit indicates that EPWP monitoring largely comprises the collection of project-level data on a quarterly basis on the following 6 selected key indicators against the corresponding targets indicated:

**Table 1. Targets and indicators for EPWP**

EPWP Indicator	5-year Target
1. Number of work opportunities created	1 000 000 +
a. Infrastructure	750 000
b. Environment & Culture	200 000
c. Social	150 000
d. Economic	12 000
2. Person-years of employment created	650 000+
a. Infrastructure	250 000
b. Environment & Culture	200 000
c. Social	200 000+
d. Economic	18 000
3. Training (number of people + person days)	15 579 000
a. Infrastructure	9 000 000
b. Environment & Culture	2 005 000
c. Social	4 535 000
d. Economic	39 000
4. Project budget	
a. Infrastructure	R15 billion
b. Environment & Culture	R4 billion
c. Social	R2 billion
d. Economic	Unspecified
5. Actual expenditure	
6. Demographic characteristics of workers	
a. Youth	(40%) 400 000
b. Women	(30%) 300 000
c. Disabled	(2%) 20 000

<sup>6</sup> DPW EPWP Unit (2006). *Reporting on the Expanded Public Works Programme (EPWP) For The Financial Year 2006/07*

These six indicators constitute the primary fields in the standardized project reporting template that is used by all entities reporting on EPWP. While additional fields are included in the template, these are not treated as mandatory in the sense that they are currently not specifically analysed nor are they treated as exclusionary criteria (i.e. projects are included in official reporting whether or not they report on these fields). In relation to the important wage rate the following is specified: “The rate should be an appropriate wage to offer an incentive for work, to reward effort provided and to ensure a reasonable quality of work. It should not be more than the average local rate to ensure people are not recruited away from other employment and jobs with longer-term prospects” (EPWP Guidelines, 2006). The average wage rate on projects and in sectors is captured but not prescribed.<sup>7</sup>

In addition, the following evaluation tools for impact assessment were proposed as part of the EPWP’s overall comprehensive M&E framework:

- Cross-sectional Surveys
- Longitudinal Surveys
- Case Studies
- Poverty Impact Analysis
- Aggregate Impact Analysis
- Assessment of Quality of Assets and Services

Although the areas of measurement indicated for these tools do not specify any actual targets or deadlines, they all refer to various aspects of intended impact that should be assessed as part of the EPWP. It appears that Longitudinal Surveys and a set of Case Studies are either in progress or completed, only the Cross-sectional Survey (EPWP, 2007) was available to the research team.

---

<sup>7</sup> Apparently there are policy documents setting out the range of wages proposed in different sectors, but this was not made available to the research team.

## 2.2.2. EPWP Progress against Targets

Table 2. Report card, Progress against targets

EPWP Indicator	5-year Target	3-year Status	% Progress
1. Number of work opportunities created	1 000 000 +	716,399	72%
a. Infrastructure	750 000	362,257	48%
b. Environment & Culture	200 000	269,233	135%
c. Social	150 000	57,064	38%
d. Economic	12 000	10,003	83%
2. Person-years of employment created	650 000+	219,914	34%
a. Infrastructure	250 000	115,817	46%
b. Environment & Culture	200 000	66,484	33%
c. Social	200 000+	35,884	18%
d. Economic	18 000	1,730	10%
3. Training (number of person days)	15 579 000	2,861,153	19%
a. Infrastructure	9 000 000	1,124,840	12%
b. Environment & Culture	2 005 000	1,110,870	55%
c. Social	4 535 000	603,261	13%
d. Economic	39 000	22,182	57%
4. Project budget			
a. Infrastructure, Rbn	R15 billion	R17.4	116%
b. Environment & Culture, Rbn	R4 billion	R3.2	80%
c. Social, Rbn	R2 billion	R0.7	35%
d. Economic, Rbn	Unspecified	R0.3	--
5. Actual expenditure*, Rbn	R21.6 allocated	R12.8	59%
6. Demographic characteristics of workers			
a. Youth	(40%) 400 000	280,176	70%
b. Women	(30%) 300 000	332,187	111%
c. Disabled	(2%) 20 000	7,192	36%

Source: Data assembled from the Quarterly Reports of the EPWP Containing data and information for the period 1 April 2004 to 31 March 2007, or drawn by datasets provided by the EPWP Unit.

\*In "Actual expenditure" the R21.6 billion allocated is the total of all yearly budgetary allocations and not a target set in the original Logframe.

The performance of sectors is more closely examined in the Component 3 report. A brief summary of the report card indicates progress towards target on the key indicator of the number of work opportunities (here described as EPWP Indicator 1, E11); a total of 716,399 work opportunities have been created and it is likely the 1 million target will be reached or closely approached. In terms of the person-years created (E12), which indicates more of the quality of each work opportunity in terms of a full time equivalent, there is a somewhat different picture; overall just over a third of the target has been reached.

The indicators of training (EI3) show a serious lag in progress with 19% of the goal reached and only the Environment and Culture Sector and the small Economic Sector making a reasonable achievement. In the Component 3 report there is more extensive comment on training which lists the obstacles in terms of institutional coordination, problems with SETAs and practical problems with sufficient training providers being provided, etc. The Social Sector, which relies on the deployment of trained home-based care workers and other social practitioners lags the most.

The budgetary allocation for EPWP projects (EI4) shows that already more has been allocated in Infrastructure than planned for, with lesser amounts in other Sectors. There is some debate about whether this represents a real achievement or whether these figures indicate multi-year budgets rather than the annual budget required in reporting. The prime indicator of efficiency in financial management is indicated in the measure of Actual Expenditure (EI5); which shows that to date only 59% of the budgetary allocation over the period 2004/05-2006/07 of R21,6bn has been spent. This may indicate multi-year budgets (with exaggerated sum entered each year) or severe capacity problems leading to poor spending of the allocated funds.

The measures of the demographic characteristics of workers (EI6) show that the EPWP has succeeded in providing employment to poor women and has already reached this target. The provision of work opportunities for youth lags a little behind this success with 70% of the target reached for youth but only 36% of that for disabled reached.

Taken as a whole it appears that the key target of 1 million work opportunities will probably be reached although the quality of these work opportunities is indicated by just over a third of person-years target being attained. The reasons for these discrepancies need to be carefully examined. A key problem appears to be that of making actual expenditure of budgets. Training is lagging considerably particularly in the Social Sector. Despite these difficulties the Programme is making considerable provision for poor unemployed women and for youth.

### **2.2.3. Summary of findings on targets**

While the modest target of one million work opportunities is likely to be met on the current basis, funding is rising to the targeted levels and work opportunities are reaching the targeted proportion of women and youth (although not among the disabled) there are real difficulties in attaining the more demanding targets set. The projected number of person-years of employment created will not be reached and performance falls very far from target. This indicates a poorer quality work opportunity than planned for. The same situation is found in relation to the number of training days provided. These failings can possibly be explained by the most important indicator -- actually spending -- which marks the incapacity for a variety of reasons to spend the allocated budget.

While the most highly profiled work opportunity target is coming within range and providing important benefits to the women and youth, those that indicate quality of these opportunities fall far from the target. In particular the failure of training points to two elements which have been widely commented on; firstly the short term nature of employment which does not provide sufficient time for training and secondly training

opportunities seem to be impaired either by poor management, bureaucratic training regulations or a lack of training providers or all these factors.

There also appears a lack of resolve to promote and enforce labour intensive methods to these are more widely adopted. The achievement of greater labour intensity in construction is a foundation stone of the EPWP and yet there is not substantial evidence of its enforcement. The increase in Infrastructure in wage costs as projected in the Logframe as a measure of labour intensity has not occurred; indeed (as it is demonstrated below) the opposite is the case. There is evidence of insufficient coordination and championship to include the original five departments (particularly housing) in the work of the Infrastructure Sector.

While the data from the annual reports has been used, there is scepticism among senior officials about the precision, integrity, validity, and reliability of this data compiled on the basis of reporting. In part this is a reflection of open-ended definition of key terms such as a work opportunity when some officials measure and record work opportunities terms of a minimum number of days or months worked. Although progress is being made in excluding projects which are questionably compliant before the necessary validation, there are fears of the absorption of non-compliant projects in the EPWP figures.

## **2.3. Relevance**

Relevance is defined in terms of whether the objectives of the programme are appropriate in relation to problem to be solved. In order to establish the relevance of the EPWP, the Review sought to establish:

- i) What the objectives of the EPWP are;
- ii) What the problem to be solved is; and
- iii) Whether the objectives (as well as the targets and performance) of the EPWP are appropriate in relation to the problem

### **2.3.1. What are the objectives of EPWP?**

The overall policy goal behind EPWP is to reduce poverty and unemployment. Specifically, the programme seeks to alleviate unemployment for a minimum of one million people in South Africa, of which at least 40% will be women, 30% youth and 2% disabled, by 2009.

The EPWP Logframe further expatiates the purpose of the programme as:

- a) Creating temporary work opportunities and income for at least 1 million unemployed South Africans by 2009
- b) Providing “needed public goods and services, labour-intensively, at acceptable standards, through the use of mainly public sector budgets and public and private sector implementation capacity”
- c) Increasing the potential for at least 14% (Infrastructure 8%, environment 10%, social 40%, economic 30%) of EPWP participants “to earn future income by

providing work experience, training and information related to local work opportunities, further education and training and SMME development.”

Poverty reduction, addressing unemployment, skills development, and service delivery are all therefore the broad objectives of the EPWP although various documents and stakeholders articulate and emphasize these differently.

### 2.3.2. What is the problem to be solved?

The following sections comment briefly on the context within which the EPWP objective is seeking to impact:

#### i) Poverty

The EPWP was motivated and developed under the broad umbrella of government’s poverty reduction strategies. It is currently promoted as the high profile programme within the government’s “Second Economy intervention.” As such, it is relevant to reflect upon the EPWP in respect to its social protection function. To what extent does the provision of work opportunities through the EPWP provide poverty alleviation?

*Social protection* has been described as “...a response to vulnerability, which is a function of exposure to shocks or negative processes, mediated by a household’s resilience to those shocks. Social protection is the attempt to promote the protection and accumulation of assets in order to reduce vulnerability. 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.”<sup>8</sup>

In the EPWP foundation documents there is not explicit mention of social protection, rather it is projected that providing temporary employment and training will lead on to further gainful economic activities. This series of activities – short term employment, training, and successful exit strategies leading to more permanent employment – is designed to achieve the alleviation of poverty. A common assumption, not explicitly stated in EPWP documents which do not particularly explore poverty, is that halving unemployment will have the effect of halving poverty. Research by the EGDI of the HSRC has, however, concluded that because of low wages even if unemployment were halved, 35% of the population would still be living in poverty (Altman, 2007). The argument is thus for public works employment to be accompanied by added social protection.

**Table 3. Wage bill for all EPWP sectors**

	Wage bill	Real terms (R=2000)
2004/05	R 823,202,981	R 823,202,981
2005/06	R 635,652,856	R 608,955,436
2006/07	R 917,520,088	R 846,871,041

---

<sup>8</sup> Devereux and Sabates-Wheeler 2004, cited in McCord 2005

Although there may be some local effect in poverty alleviation in the communities involved, in the wider context the EPWP is not providing a very substantial transfer of wages to the unemployed. The wage bill as presented in above in nominal and real terms shows that the trend is static. In real terms there has been an increase of 2,8% in the total wage bill over the period 2004/05 to 2006/07.

The poverty alleviating effects of EPWP wages have to be set against other interventions. The total wages paid by the EPWP are minor in terms of the provision of social grants but somewhat more significant in terms of unemployment benefits: in 2005/06 the fund paid out R2,5 billion to the registered unemployed.<sup>9</sup> The R635 million paid out in EPWP wages in 2005/06 compares rather more favourably here, although the considerable overheads of the Programme also have to be taken into account.

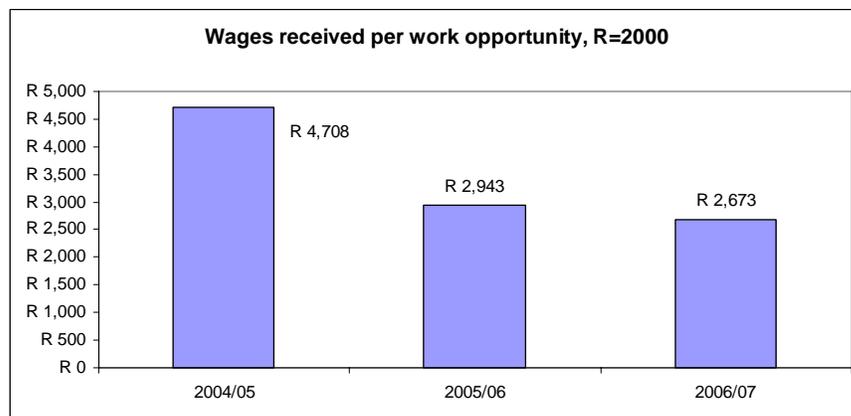
As discussed above work opportunities have been increasing annually while the wage bill remains the same; under these conditions the income received per work opportunity has declined.

---

<sup>9</sup> The Unemployment Insurance Fund experienced an increase in the amount paid out to beneficiaries than in the previous year with R2,475 billion paid out in 2005/06. Later figures are not immediately available.

<http://www.info.gov.za/speeches/2006/06032216151002.htm>

**Figure 1. Wages received per work opportunity, 2004-07**



Source: Data from Annual Reports summing expenditure over the period 2004/05 – 2006/07.

In Figure 1 above compiled from data in the annual annexures the wages received per work opportunity has declined from R4,708 in 2004/05 to R2,673 in 2006/07. These results could be anticipated from a reading of two other measures: firstly the increase in work opportunities each year and secondly the stagnation of the proportion of EPWP expenditure passing as wages to workers.

The subject of real poverty alleviation has been explored in relation to the World Bank’s Social Risk Management framework (McCord, 2005) who concludes that sustained social protection benefits and poverty reduction in the context of chronic poverty and unemployment (as is the case in South Africa) can only be achieved through PWPs if they were to offer sustained employment or employment guarantees, as well as creating productive assets. Given the fact that wage earners in poor households support about six people on average and that wages are low; in the absence of social grants the poverty target will not be achieved.

**ii) Unemployment: Scale of ‘Demand’ for EPWP Employment**

In the table below the broad picture of the EPWP’s performance is set against the challenge of unemployment as measured by the numbers in the “official” definition. Although the exercise is purely comparative, the juxtaposed figures display a measure of the potential against which the EPWP work opportunities can be ranked.

Altogether in 2006/07 the EPWP contributed some 317 000 work opportunities against the general challenge of 4,4 million unemployed according to the official definition.

**Table 4. EPWP employment and unemployment 2006/07**

	<b>EPWP work opportunities</b>	<b>No. unemployed "official" definition</b>	<b>Proportion of EPWP work opportunities as proportion to the no. of unemployed</b>
KwaZulu-Natal	115,628	882,000	13%
Eastern Cape	52,136	638,000	8%
Western Cape	44,080	326,000	14%
Gauteng	27,637	1,085,000	3%
Limpopo	20,133	365,000	6%
Free State	17,172	281,000	6%
Mpumalanga	16,739	352,000	5%
North West	13,891	339,000	4%
Northern Cape	9,399	123,000	8%
	<b>316,815</b>	<b>4,391,000</b>	<b>7%</b>

Source: 4<sup>th</sup> Quarterly Report 2006/07 and LFS 2006.

Although the number of work opportunities created by the EPWP amounts to 1% of the total labour force (which is the generally the measure used in international studies of public works), assessed against the number of unemployed there is greater (although still very meagre) impact. This measure could be useful in appraising what potential the EPWP could offer to the large numbers of unemployed and the extent to which it is performing against the background of the target data. In relation to the numbers captured in the broad definition of unemployment the EPWP amounts to some 4% of those in the "broad" definition and to 7% against the numbers in the "official" definition.

The final column in the table measures the number of EPWP work opportunities as a proportion of the total number of unemployed. KwaZulu-Natal has the highest level of EPWP work opportunities (115,628), and the second highest level of unemployed people (882,000). The Eastern Cape has the third highest number of unemployed (638,000) and provides the fourth highest number of EPWP work opportunities (52,136). Gauteng has the highest number of unemployed (1,085,000) and provides the fourth highest number of EPWP work opportunities (27,637) although this is only 24% of that achieved in KwaZulu-Natal.

There is extensive debate within the EPWP and beyond about the immediate Programme targets and the size of the group needing to be targeted by the EPWP to have an impact on overall unemployment. Within the total number of unemployed in South Africa, approximately 8 million, a strategic document identifies "5,8 million unskilled unemployed individuals" who lack secondary education as "the target group" for temporary work and skills training <sup>10</sup>, although it does not claim to be able to offer employment to all members of this group who seek it.

<sup>10</sup> DPW EPWP Unit (September 2006). *A Demand Driven approach to the EPWP: Discussion Document*

There are various perspectives that can be taken on the question of the scale of employment required in South Africa, and thereby the desired scale of the EPWP intervention into unemployment within that context. The following are some key perspectives and estimations on this question:

- In an attempt to quantify 'demand' for EPWP employment, (the labour supply response to potential EPWP employment) in order to estimate the fiscal implications of a programme scaled in line with labour supply, EPWP commissioned a study to model labour supply response to the EPWP at different wage levels<sup>11</sup>. The study suggested that at a wage of R30-R50, an estimated **2.4 to 3.7 million people** would seek EPWP employment, if restricted to one job per household. At the higher wage approximately 50% would be drawn from the unemployed, and 50% from those employed in less well paid or secure employment (Vaidya & Ahmed for EPWP, 2007).
- A rough estimate of the minimum desirable scale of EPWP employment can be made from looking at the size of population which is both poor and unemployed. It has been estimated that between 2.5 to 3 million households living under the poverty line have no members with employment or access to remittances (Meth 2007). If the EPWP to be were targeted to this particularly vulnerable sub-group of the unemployed, the minimum scale of employment required would be between **2.5 to 3 million**.
- The South African government has adopted a target of halving unemployment by 2014. Unemployment in South Africa currently stands at approximately 4 million, or 8 million if the broad definition is used. In order to meet the 2014 goal, South Africa would have to create a total of between **3.5 to 5 million** additional jobs by then (Altman 2006, Meth 2007), or an additional 500,000 to 800,000 jobs each year.
- Even if contestations that 'spontaneous' market driven job creation within the economy has been creating approximately 500,000 additional jobs each year over the last three years were true, and if it were assumed that such a trend could be projected to continue to 2015, this would still leave over **2 million** unemployed (or **4 million**, depending on the definition of unemployment used). Given the ongoing skills bias of new jobs created, the residual group of the unemployed would be concentrated among the low- and unskilled. Hence there would still be a major residual role for EPWP employment (or alternative state interventions).

---

<sup>11</sup> Confusingly, within the EPWP this has come to be known as a model of a 'demand driven EPWP', rather than a 'labour supply driven EPWP'. It is suggested that in future discussion conventional terminology is used.

The key question, however, is the extent to which the economy will grow and provide new jobs as the EPWP operates largely to provide for the “residual unemployed” i.e. those without immediate prospect of being absorbed into jobs even as employment expands.<sup>12</sup> A set of scenarios constructed by the HSRC Employment, Growth and Development Initiative (EGDI) set out differing demand for public works employment according to economic growth rate in GDP. Assuming that government is committed to halving unemployment by 2014, a rate of 3% growth will require public works employment of 2,9m, at 4,5% a requirement for 1,5m job opportunities, and at 6% a smaller requirement.<sup>13</sup>

By all perspectives offered here, employment on the scale of over 2 million public works more jobs will be needed annually before 2014 to halve unemployment in South Africa by that date.

### iii) Skills Development

Compared to other international case studies of public works, one of the most unusual features of the EPWP is the commitment to training, particularly accredited training. This provides the leverage for the further commitment to an exit strategy into more sustained employment, further training or other economic activity. The Code guides the EPWP and provides for a training entitlement of at least 2 days per month of service for workers in this programme. Although this does not state whether the training should be accredited or not the Logframe states: “As far as possible, all training must result in NQF-accredited certification.” Among poor people non-accredited training is regarded as inferior and the EPWP makes an attempt to place trainees on a bottom rung of a ladder leading to further education.

**Table 5. Training-days, 2004-2007**

Sector	Accredited	Non-Accredited	Total
Infrastructure	746,975	377,865	1,124,840
Economic	6,261	15,921	22,182
Environment	251,506	859,364	1,110,870
Social	547,118	168,807	715,925
	1,551,860	1,421,957	2,973,817

Source: Dataset provided by EPWP Unit

Table 5 presents the data on training across the past three years broken down in accredited and non-accredited programmes. The largest number of training days is generated by the traditional Infrastructure Sector, followed by Environment and then the Social Sector with the Economic Sector of no real significance. Although the Logframe states that accredited training should be the “preferred” form and the norm the proportion of

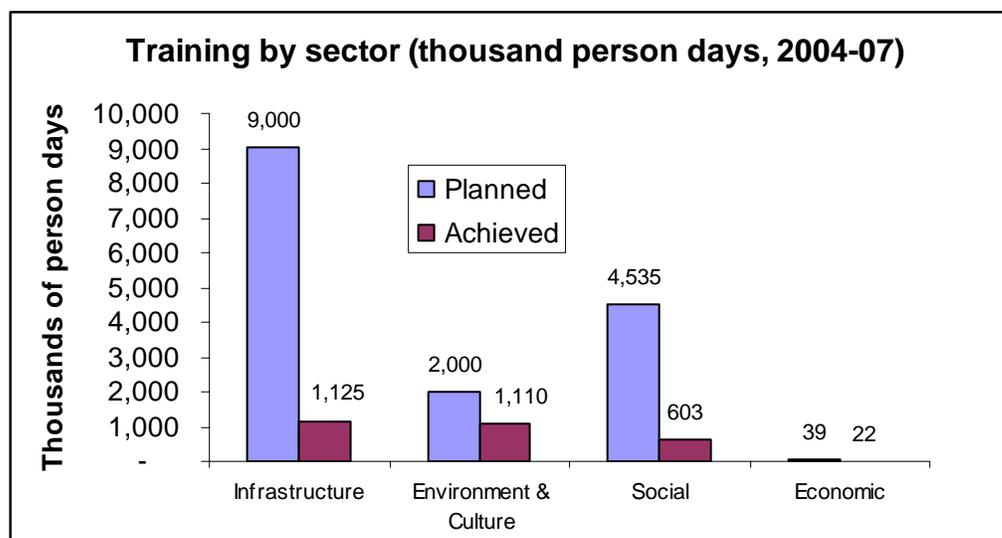
<sup>12</sup> This is the definition adopted here, “residual unemployment” generally refers to unemployment remaining during times of full employment.

<sup>13</sup> See Miriam Altman, “Employment Scenarios to 2024” at [www.hsrc.ac.za/egdi.html](http://www.hsrc.ac.za/egdi.html).

training days is roughly evenly divided: training days of accredited training is 52% and that of non-accredited training 48%. There are wide variations between sectors.

In the Report Card table the statistics of training undertaken are set against the targets and established that the 2,97 million training days accumulated over the past three years amounted to a mere 19% of the target of 15,579,000 training days for the five year period.

**Figure 2. Training by sector, 2004-07**



From Figure 2 it is clear that in some sectors there has been an astonishingly low level of training: in Infrastructure and the Social sector, for instance, 12% and 13% respectively of their target. In those sectors where less has been demanded somewhat more has been delivered with Environment and Economic Sector providing 55% and 57% respectively of their target. The figures for the Economic Sector are too small to appear in the columns.

South Africa faces an ongoing skills mismatch problem where a very large proportion of the unemployed do not have the kinds of skills needed in a middle-income economy. Given the country's critical mismatch between an economy that is becoming more capital and skill biased, and a rapidly expanding low-skill labour force, a PWP that focuses on skills development seems like a sensible response. Given that construction is currently among the fastest growing sectors of the economy on the back of massive infrastructure investment by public and private sectors (growing at an average annual rate of over 9% over the past 10 years), as well as considering the potential capacity of the industry to absorb labour at various skill levels, it also seems reasonable to assume that this is a sector that should be targeted by skills development programmes. Unfortunately the EPWP is failing in precisely this sector.

The scale of education and training required is however massive. Of the unemployed, 5.8 million have incomplete Secondary School and are generally unprepared for the increasingly skilled work available. Basic literacy and numeracy are also a challenge among a significant portion of these unemployed. Any skills development programme seeking to

make a meaningful contribution to this scenario would need to be massive, and also targeted to providing the kinds of skills for which there is demand. Broad trends in formal and informal employment over the past decade show that the majority of new formal jobs were created in construction, finance, insurance and IT-related industries, retail and wholesale, and community and social services. However, skills development initiatives must be targeted on the specific demand opportunities and gaps in these sectors. In the construction industry, for example, the industry needs to increase contracting capacity, technical, supervisory and artisan skills. Supply-side interventions therefore need to focus on creating these higher-level skills which can hardly be addressed through arbitrary, short-term interventions.

Furthermore, the international experience indicates that skills training through active labour market programmes and work placements has a poor record and has only been shown to be effective if unemployment is frictional (i.e. there are unfilled jobs available for which workers are trained) otherwise training is shown to have extremely limited net impact on unemployment. At best, what it might achieve is labour substitution.

#### iv) Service Delivery

There is undoubtedly on-going demand for the services and products associated with the EPWP. South Africa continues to face critical service delivery challenges that include severe backlogs in infrastructure provision (across sectors, but most publicly in key areas like housing, water, sanitation, electrification, education and roads), maintenance, and quality. The capacity of the state as well as that of the corresponding industries to effectively meet service delivery challenges have been raised as obstacles.

The demand for accelerated service delivery providing good quality products and services continues unabated as evidenced by on-going protests and agreement in government expressed in izimbizo and elsewhere that service delivery needs to be improved. The challenge is considerable and in a number of sectors the demand for delivery is increasing.

The data on backlogs in the table indicates the extent of the challenge of service delivery and the demand for labour to build infrastructure and extend services.

**Table 6. Service delivery needs, number of households in 2006**

Item	Households
Housing type: informal	1,881,000
Sanitation bucket toilet, unimproved, or none	3,315,000
Requiring water piped in the dwelling or on site	3,723,000
Requiring electricity supply connected to the mains	2,569,000
Energy sources cooking: paraffin/wood	4,916,000
Requiring refuse removal by municipality	7,861,000

Derived from General Household Survey, July 2006, Summary of key findings and Table 7.11.

The 1,9 million households in shack settlements represent a major part of the backlog but not the entire backlog for housing; the houses required are greater than the total number of houses built since 1994. While there has been appreciable improvement in water services, about 3,7 million households still require improved sanitation and clean water. The roll-out of electricity is needed by 2,5 million households. All this adds up to a considerable demand for housing and improved service delivery and the obstacle is no longer stated to be funds for this as there is substantial capital investment available.

The scale of service delivery demand suggests an opportunity for a PWP to harness a latent workforce towards accelerating service delivery. However, the issue of capacity in the delivery agencies (particularly provincial and municipal spheres of government) to effectively deploy and manage this expanded workforce is one that must also be ensured as was explicitly stated as an assumption in the design of the EPWP. Given a track record of poor evidence of capacity to deliver on existing mandates and programmes illustrated by these delivery agencies however (e.g. budget underspending and poor planning capacity), it is impossible to simply assume that increased labour injection would easily be focused to meaningfully addressing South Africa's service delivery challenges.

### 2.3.3. Summary of findings

In aspiration, the EPWP is a relevant response to the four priority challenges it is seeking to address. However, there are some important caveats to the programme's appropriateness to addressing these challenges in reality:

- **Poverty:** EPWP would have to be designed with explicit social protection considerations in mind. The international literature suggests that PWP employment is generally effective as a temporary safety net, however it is also indicated that alternative forms of intervention might be more effective in a context of chronic poverty. For PWPs to be at all effective in poverty reduction, they would have to offer sustained employment or

employment guarantees, and create productive assets. EPWP's design does not effectively meet these criteria.

- **Unemployment:** Currently the EPWP creates 200,000 temporary jobs at any one time. Relative to even the more modest estimations of the scale of its target population, EPWP is creating between 4 to 6% of the total employment required to meet the objective of contributing significantly to addressing unemployment. This is equivalent to one tenth of the scale required. The EPWP is therefore too small in scale to make a significant contribution to alleviating unemployment in South Africa.
- **Skills development:** EPWP based on principle of increasing employability of workers through skills development and work experience. However the international experience indicates that this is likely to be an ineffective approach, and furthermore the training aspect of the EPWP – while improving – is not as targeted and developed as would be required to be an effective response to the skills gaps in the country. Furthermore, it is considered to be a burdensome addition of uncertain benefit to what is essentially viewed as a job creation programme. In general, it would appear from the research that the training offered is too brief (duration), too general (there has been a focus on life skills and other very basic skills), and not linked to any deliberate strategy for qualification and placement.
- **Service delivery:** The relevance of EPWP in contributing to service delivery is dependent on its ability to transcend the very same limitations that have been constraining effective delivery – particularly public sector capacity to plan, implement and manage delivery programmes. EPWPs contribution to service delivery is to inject huge numbers of workers (unskilled and semi-skilled) into the workforce available for public programmes. This approach would only be relevant in a context where the programme also effectively addressed the capacity of the delivery agencies to effectively deploy these resources, while also minimalising additional management burden on the same agencies. It is not apparent that the EPWP has been able to achieve either.

The EPWP is therefore a programme with multiple objectives which does not appear to be adequately addressing any of those objectives. An argument has been made that this multiplicity of objectives is itself reducing the programme's likelihood of success, and that the programme might be more relevant if it was designed to effectively address a more modest set of objectives and then interface with other (existing or new) government strategies that would be better placed to address other aspects.

**Figure 3. Multiple objectives**

	<b>Alleviate Poverty</b>		<b>Skills Development</b>	<b>Employment</b>				<b>Service Provision</b>
	Income relief through temporary employment (SHORT TERM)	Increased capacity to earn an income after exiting (LONG TERM)	Skills training and work experience increase capacity of participants to earn an income after exiting	'Alleviate unemployment' through short term work opportunities (TEMPORARY JOBS)	Increase capacity of those exiting programme to take up existing work opportunities (REDUCE FRICTIONAL UNEMPLOYMENT)	Increase in aggregate demand for labour through labour intensification or increased government expenditure (LONG TERM INCREASE IN EMPLOYMENT)	SMME Development (CHANGE STRUCTURE OF LABOUR)	Improve service delivery
<b>EPWP</b>								
<b>INDONESIA: PK</b>								
<b>INDIA: NREGP</b>								
<b>ETHIOPIA: PSNP</b>								
<b>SENEGAL: AGETIP</b>								
<b>ILO EIIP</b>								
<b>USA: NEW DEAL PROGRAMMES*</b>								
<b>ARGENTINA: JEFES</b>								
<b>OECD: ALMP</b>								
<b>ZIMBABWE: RED CROSS HBC PROGRAMME**</b>								

## 2.4. Feasibility

Feasibility refers to whether practical conditions exist for the programme's implementation. The feasibility of the EPWP is interrogated in terms of:

- i) Whether the assumptions made during programme design have been met; and
- ii) Whether there is, more generally, an enabling environment for programme implementation.

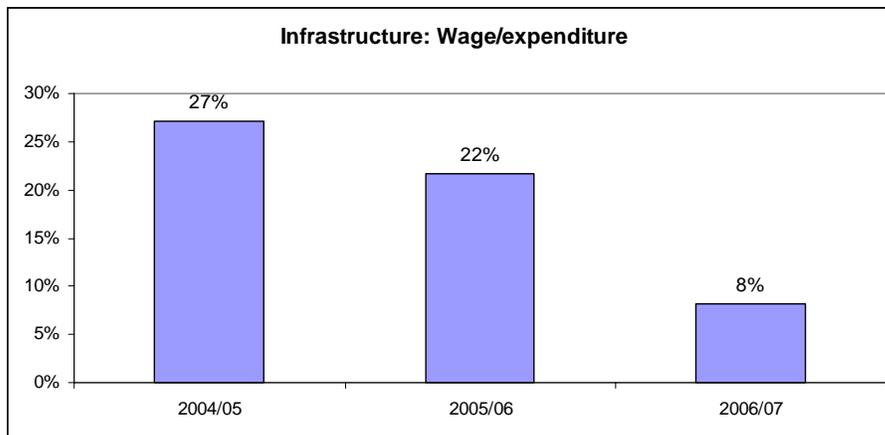
### 2.4.1. EPWP Design Assumptions

According to the EPWP's inception documents, the following are critical assumptions that were factored into the programme's design, and a brief summary of the Study findings in each regard:

- a) **Capacity:** Contrary to the assumption that “the public and private sector stakeholders have the management, technical and financial capacity to implement the programme in a reasonably short period of time”<sup>14</sup>, the research has found that there has in fact been weak capacity particularly at municipal and provincial levels to implement the EPWP. Of the senior managers interviewed 69% indicate that capacity to implement EPWP in relation to capacity of staff and their skills is inadequate. This in part has led to low-level staff and minimal attention being given to driving programme.
- b) **Uptake of labour-intensive methods:** The assumption that “labour-intensive methods and approaches will be adopted by the private sector and not-for-profit organisations... and that they will take up opportunities to implement the labour-intensive approaches on a sufficient scale” has also largely not been met.

It is difficult to measure precisely the number of labour-intensive contracts in EPWP as these are not separately analysed, but the trend in terms of proportion of expenditure being allocated to wages is in an unanticipated direction.

**Figure 4. Infrastructure: decline in proportion of wages in expenditure**



Source: Data from Annual Reports summing expenditure over the period 2004/05 – 2006/07.

In Figure 4 the tendency to greater labour intensity in infrastructure is reviewed and wages as a proportion of expenditure are presented over the years. Although this is not the final measure of labour intensity it does provide a view of the basic trend. While the Logframe argued for a benchmark of 30% of wages to expenditure, the ratio has declined from 27% in 2004/05 to a mere 8% in 2006/07. This indicates that

<sup>14</sup> Consolidated Programme Overview and Logical Framework, Version 6. June 2004, [www.epwp.gov.za/Downloads/logframe.doc](http://www.epwp.gov.za/Downloads/logframe.doc)

despite the growing numbers of EPWP workers employed in infrastructure, the advocacy and enforcement of greater labour intensive methods has moved in the opposite direction. This trend is not unique to Infrastructure but the radical decline over time is more pronounced.

The research found that there has continued to be a high level of resistance to the use of labour-intensive methods in construction, or at least to implementing the EPWP contracts as currently designed. Some of the contractors who were interviewed complained that there were unreasonable burdens placed upon them on EPWP projects in terms of worker selection, training requirements, and strenuous reporting. They did not feel it was sustainable or particularly lucrative to undertake such projects. Secondary studies<sup>15</sup> also suggest that the attitudes of professionals and major construction industry roleplayers are still sceptical about labour intensive construction. Other contractors disagreed and were committed to labour-intensive methods. There is a need to “sell” EPWP, and specifically the labour intensification agenda, more effectively to key stakeholders if EPWP projects are to be successful and if the programme’s longer-range objectives of mainstreaming are to be achieved.

- c) **Labour market and exit:** The range of assumptions herein including that the market will be able to absorb at least 14% of the new job-seekers, that the skills and experience gained by participation in the programme are relevant to labour demand in the economy, work-seekers better placed to secure employment on exit due to various interventions, and that further training opportunities will be availed and funding by external entities have largely been untested. Indications however from key stakeholders interviewed and from the analysis of case studies are that this is a critical area of weakness in the current programme with inadequate attention paid to exit strategies for beneficiaries.
- d) **Funding:** Although the EPWP is predicated upon the assumption of steady funding committed by departments through the MTEF. However, the issue of funding is raised by management and implementation roleplayers as a significant challenge (64% of the telephonic survey) and the suggestion is that the achievement of EPWP’s objectives is being limited in some sectors by a lack of dedicated, ring-fenced funds. In many cases, departments also delay as far as possible their commitment of funding to EPWP projects.
- e) **Training environment:** The assumption that “the relevant SETAs have the capacity and competence to deliver, and that adequate capacity exists in NQF-accredited service providers” in particular has proven to be greatly overestimated as many of the SETAs have proved to be very weakly able to shoulder their role, and there are inadequate numbers of accredited service providers to meet training demand which in part has led to high proportions of unaccredited training being delivered within the EPWP in the first 3 programme years.
- f) **Enabling environment:** This assumption has to do with the required “existence of a raised awareness of the benefits of labour-intensive approaches and an enabling environment for the adoption of such approaches” in order to mainstream labour

---

<sup>15</sup> E.g. Mabilo, Gopane (2003) *Exploring stakeholder perspectives on the impact of government regulation on the cost-effectiveness of increasing labour intensity in the construction industry*, UCT Honours thesis; McCord, Anna (2006) *The Current Status of the EPWP (Infrastructure) in the Western Cape*.

intensification. The study found implementation, compliance and monitoring of projects in accordance with EPWP contracting criteria was uneven. There are indications from national and provincial roleplayers that more could be done through regulation to enforce LI, however these options have not been pursued.

- g) **Corruption risk:** Although the study has not found any evidence of corruption per se, the assumption that “strong management, good systems and auditing capacity within each of the project management units” are necessary in order to mitigate the risk of corruption is largely not met as evidenced by Attorney General reports about the internal systems of most departments (particularly at municipal and provincial levels) as well as impressions from interview respondents that the EPWP functions as an essentially “accountability free” zone.

#### **2.4.2. Other feasibility Issues – Implementation**

Other aspects of the EPWP implementing environment that present challenges for EPWP feasibility are:

- **Lack of clarity of objectives** among all stakeholders: The study found that there is uneven political will, buy in and drive for the EPWP which hampers commitment to programme implementation. This is perhaps in part because the objectives of the EPWP do not, in many cases, match those of politicians / beneficiaries (who typically refer to the programme as a poverty reduction programme in a manner that does not correspond with the reality of the programme’s design – i.e. short-term, low-wage employment with no guarantee of future employment),.
- **Lack of accountability:** Many officials perceive EPWP as an “add-on” to their workload with no recognition or penalty one way or the other. The major issue here appears to be the fact that EPWP is not fully linked to existing systems of administration, accountability and performance management.
- **Problematic institutional arrangements:** The EPWP has rather complex coordination structures and institutional arrangements. It is designed as a highly decentralised programme involving over a dozen national stakeholder groups, as well as potentially all corresponding departments at provincial and municipal levels, and a range of implementing agencies including CBOs, NGOs and other private sector service providers. The funding sources and reporting lines vary significantly (e.g. an environment project could be funded directly from provincial level and be reporting directly to a general EPWP provincial coordinator, while a similar environment project in the same province could be funded by national DEAT and reported via the national department directly to the EPWP national sector coordinator), and the logic and value of a central EPWP coordination unit which is based in the DPW is still questioned by many. Therefore implementation is hampered by poor horizontal and vertical coordination, it is apparent that different sectors do not fit comfortably under one management structure, and DPW does not have the authority to facilitate government employment across line departments.
- **Wage rates** have been a source of beneficiary dissatisfaction and labour disputes. The rationale of earning a lower wage in return for training has been widely questioned, not the least of all by beneficiaries themselves, particularly in a context where the benefits of training and linkage to exit strategies are so uncertain.
- **Project-level communication and monitoring:** There are two consequences of the lack of understanding about EPWP and the nature of its employment which was expressed by many beneficiaries interviewed. Firstly, a number of the projects have experienced labour problems because of worker dissatisfaction about wages due to

their poor understanding, and this has sometimes delayed progress and increased the cost of contracts. Secondly, the most efficient and direct form of accountability for the implementation and impact of EPWP should be fostered from the report of beneficiaries themselves.

#### **2.4.3. Summary of findings on feasibility**

As a consequence to all of the above implementation issues, EPWP had faced delayed implementation and in many ways is just starting in many Provinces and Municipalities. It has not been mainstreamed in many departments (i.e. EPWP projects run as parallel special projects, or existing projects are in some cases arbitrarily relabelled as EPWP whether or not they meet necessary criteria), and not all EPWP sectors are active in all Provinces.

It can therefore be concluded that EPWP's implementation is only feasible in a context where a number of binding constraints as identified by the study are carefully considered and addressed. In many cases, these are not constraints that are unique to EPWP, but are challenges to public sector delivery in general, and for all cross-cutting government programmes in particular.

### **2.5. Efficiency**

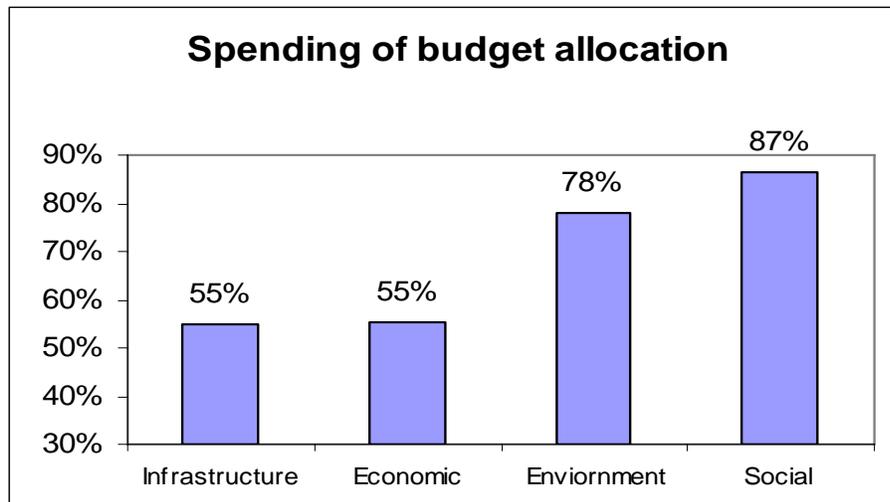
Efficiency is a measure of the extent to which a programme is achieving its objectives optimally and within budget and programme.

Efficiency is assessed in the following terms:

- The capacity to allocate funds to EPWP projects and spend budgetary allocations;
- Specifically in the Infrastructure Sector it is the achievement of the EPWP in bringing about more labour intensive methods in construction and infrastructure generally;
- The verifiable monitoring and reporting of EPWP performance in terms of the primary objectives of the EPWP.

Spending the budget. On the first measure there are considerable differences between sectors in spending the allocated budget. From Figure 5 it can be seen that in Infrastructure and the Economic Sectors 55% of the budgetary allocation was spent, in Environment 78% and in the Social Sector 87%. Unless there is a compelling explanation, this appears to indicate considerable inefficiencies in the Infrastructure and the Economic Sectors and room for improvement in the other sectors.

**Figure 5. Spending the budget**

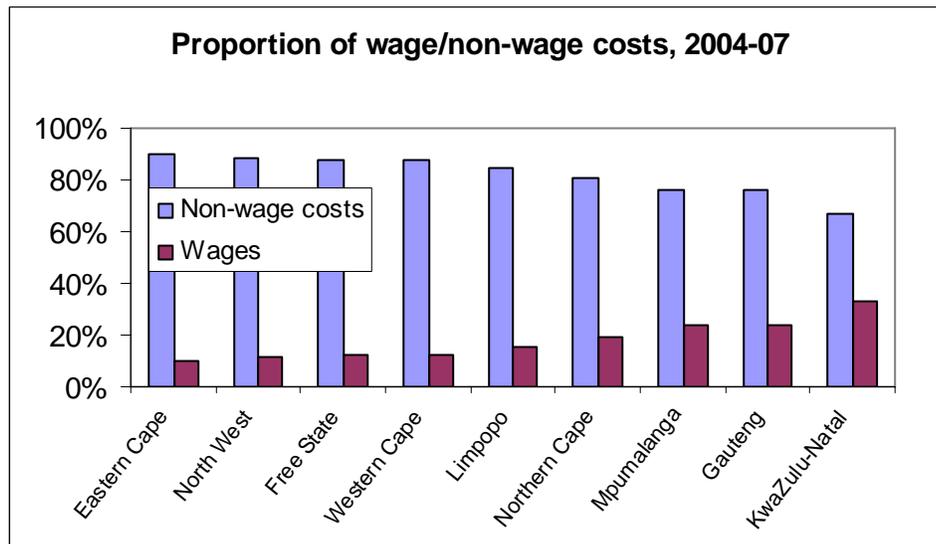


Source: Data from Annual Reports summing expenditure over the period 2004/05 – 2006/07.

Taken as a whole the capacity to spend efficiently towards reaching the objectives of EPWP has declined from 71% in the first year of operation to 56% in the past year.

There are also substantial differences by provinces in the proportion of wages in the total cost structure of projects. Although it could be anticipated that the proportion of wages would be more or less constant there is a wide range of variance as evidenced in Figure 6.

**Figure 6. Wage and non-wage costs, 2004-07**



What of the performance of provinces in terms of efficiency? The usefulness of pursuing the analysis by province is indicated in Figure 6 which presents the proportion of wages to the non-wage costs. This is a good indicator of the efficiency of managers of the EPWP in terms of two criteria; firstly that of the achievement of labour intensity (most obviously in the infrastructure sector) and secondly whether the largest proportion of costs goes towards wages – towards the intended beneficiaries. The two issues are not identical but will be assessed together in the analysis of the proportion of wage and non-wage costs.

### 2.5.1. Monitoring, Evaluation and Reporting (MER) in EPWP

In relation to EPWP:

- Budgetary allocations and expenditure not adequately monitored
- EPWP performance in terms of primary objective is not adequately monitored
- As a result assessment of efficiency is problematic

The immediate challenge identifiable in respect of the MER of EPWP is the drastic reduction in its original scope as set out in the Logframe. As discussed in the previous section, only 6 key indicators out of many more initially proposed are routinely being reported. Of the evaluation processes envisaged, only the first three appear to have been actually embarked upon (cross-sectional surveys, case studies, and longitudinal surveys) and in all cases are severely behind schedule (completed or underway for the first time in 2006/7 whereas these were originally to be annual assessments).

The point has been made during the research that the MER for the programme appears to have been whittled down in public statements to the million-job output target, using work opportunity (person days of waged work) plus training as the minimum criteria. More comprehensive outcome and impact indicators would appear to have been demoted or even abandoned in the process. This affects the understanding of key issues among senior officials; there is widespread misunderstanding about the underperformance in training.

It is also apparent from the study that there is extremely limited capacity for MER of the EPWP. At the time of this study, the Monitoring and Evaluation section of the national EPWP unit had posts filled for a quarter of the required staffing profile. Additional systems of capacity envisaged for EPWP such as the assumed capacity in national, provincial and municipal departments, as well as supplementary capacity that was to be established according to the M&E framework e.g. departmental audit teams were overestimated or simply have not been established.

A range of challenges in aspects such as capacity, communication, management, and clarity of definitions, have been identified as impairing the quality of reported data. A review of EPWP data identifies complexities of definitions, informal data validation and verification, and irregular site visits as issues in data validity. It concluded that there was a “high risk” in data quality from ongoing problems about the precision, integrity, validity, and reliability of data that is reported about the EPWP<sup>16</sup>. The legitimacy of the EPWP, particularly when it is definitively associated with one overriding and highly publicized target, is closely related to

---

<sup>16</sup> DBSA (2007) *EPWP Data Quality Checking Study*. Unpublished report.

its ability to report accurately against that target. Constraints and limitations that have been identified in this area of MER are therefore highly problematic.

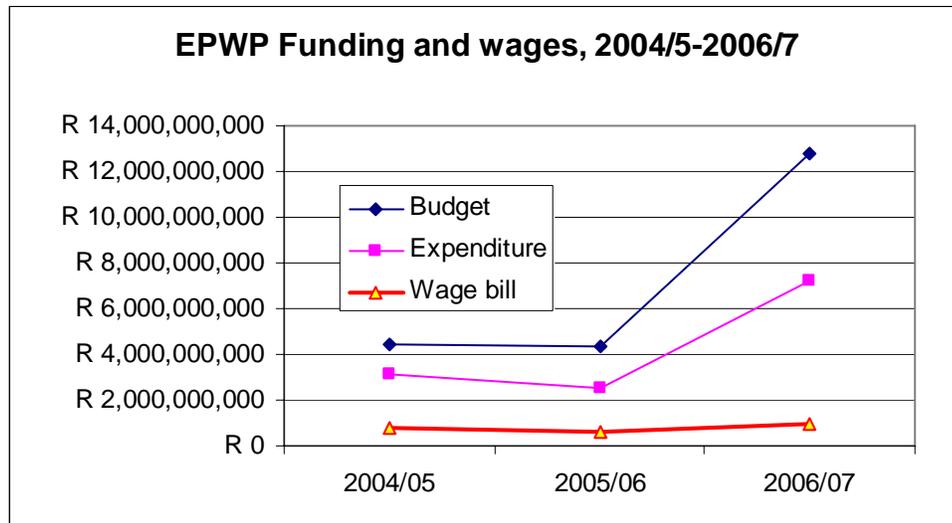
Although there have been improvements, the more rigorous monitoring through the visits of 10% of projects to verify project level data and a focus on data flow processes from the project level upwards appear at an early stage.

## **2.6. Effectiveness, Outcomes and Impact**

The criteria of effectiveness seeks to answer whether the purpose or agreed objectives of the programme are being achieved. Outcomes and impact measures interrogate performance in relation to outcome and impact result areas. These aspects are simultaneously examined due to the close correlation between them.

- **EPWP** is reporting **reasonable progress against its key quantitative indicator of work opportunities** according to its performance reports– the view from stakeholders is that it will meet its overall target by following current course. The data indicates that in three out of the six key indicators this will be achieved; in work opportunities, budgets, and in employment of women and youth. The failure to reach targets in person-years of employment, training, and actual expenditure of budgets substantially diminishes these achievements.
- The problem of reaching these targets is a function of the difficulties the EPWP is experiencing at a more general level. **Ineffectiveness in spending budgets and directing expenditure particularly to wages is identified.** Analysis of the figures on budgets, expenditure and wages indicates major difficulties in spending the budgetary allocations and a decided lag in the spending of EPWP funds on wages.

**Figure 7. Relationships between budget, expenditure and wages**

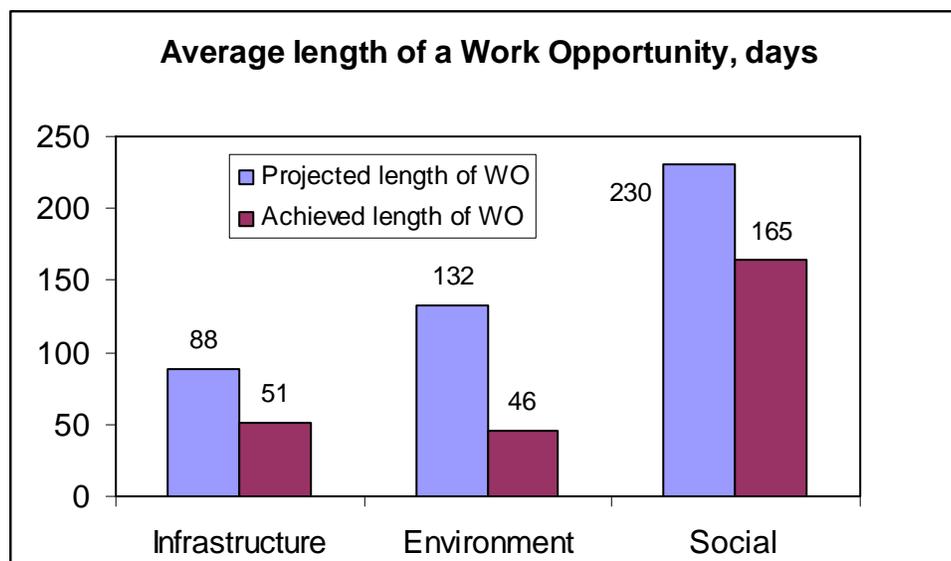


*Source: Data from Annual Reports summing expenditure over the period 2004/05 – 2006/07.*

A measure of the impact of the EPWP in alleviating poverty could be taken as the proportion of project expenditure and the total amount of EPWP funds which directly benefit poor households through the employment of an individual within a household. Figure 7 indicates that the EPWP has experienced the most rapid increases in Budgetary Allocations, then in Expenditure and least in relation to Wages. The total amount transferred from the EPWP in 2006/07 to beneficiaries was R 0,9 bn out of a total expenditure of R7,2 bn. There appear to be major difficulties in achieving greater effectiveness as measured by the capacity to direct the greatest expenditure of the EPWP towards beneficiaries.

- **These problems in the use of the resources available are reflected in the outputs.** If there were greater spending of the allocated budgets this would be reflected in the greater length of work opportunities and more substantial wage packets.

**Figure 8. Average length of a Work Opportunity, 2006/07, days**



*Projected number of days derived from Hirsh, 2006 and Annual Report of DPW, 2005/06, p43; months have been converted into days at the proportion of 22 working days per month; for the projected person year (as in the case of the Social sector) there are 230 days (please see definition of the person year). The average length of days worked has been calculated by dividing the total number of days worked by the number of work opportunities in each sector.*

- In Figure 8 the data on the average length of a work opportunity are presented for the year 2006/07 across the different sectors. In Infrastructure there is a difference 37 days between the projected length of work opportunity and the average achieved, in Environment a difference of 86 days, and in the Social Sector a difference of 99 days. There are further “knock-on” effects; the figures not only have an impact on the derived person years but also on the total wage bill as a proportion of expenditure. The low level of achieved full time equivalent is a factor of the number of days worked. The failure to approach the target in person-years can be explained by the number of days worked per work opportunity; the higher this figure, the more likely the target is to being reached. 0
- However the indicators of EPWP performance are measured on an **output level** and **not clearly linked to outcomes**.
- Evidence is that the outputs on their own are not likely to have a significant impact on poverty/unemployment. EPWP not being measured in terms of its **impact on individuals future earnings and employment and on effect on unemployment**. i.e. In current form, not perceived as making a significant contribution to alleviating poverty for working age able bodied unemployed i.e. meeting its overarching goal.
- Key problems identified in terms of meeting objectives include:
  - Inadequate focus on exit strategies.
  - Quality and type of training widely questioned. Duration of jobs and training **does not allow for significant skills development**.
- EPWP has potential to contribute many more jobs. However needs to be redesigned to **fit into a suite of poverty reduction strategies**, and also **align to mandates of**

**appropriate sectors/departments** coupled with **stronger compliance incentives and disincentives**.

## **2.7. Sustainability**

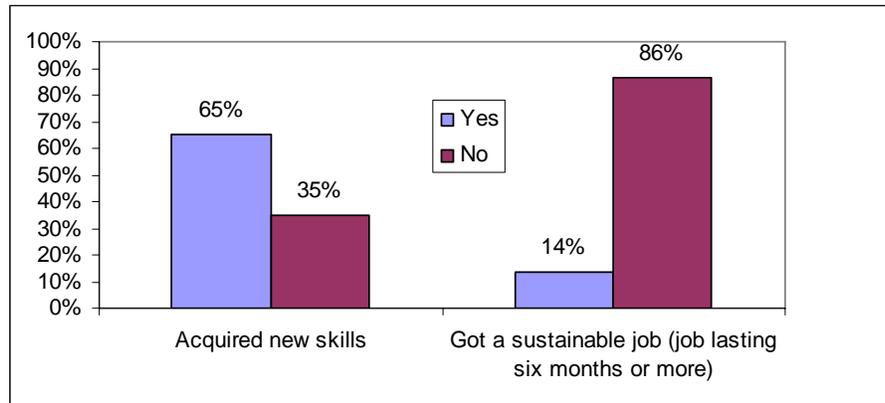
Sustainability is defined here in terms of whether intended positive effects of the programme persist beyond cessation of the intervention. This is assessed at three levels; firstly in terms of the viability of the Programme in terms of its key objective of increasing labour-intensive methods, secondly in terms of the ability of the Programme to effect a lasting improvement in beneficiaries' lives, and finally in relation to the political commitment to promote and continue with a public works programme.

- In discussion above the problems in respect of the ownership and mainstreaming the core mandate (LI) have been discussed and the declining proportion of expenditure going to wages examined.
- The argument for increased employment within existing budgets appears weakened by poor controls – e.g. LI in MIG and PIG expenditure not rigorously managed / enforced.

Despite these very evident weaknesses, there is evidence from studies of Working for Water and from the Labour Force Survey of 2006 that there is an impact on beneficiaries. Among the beneficiaries reporting about the ways in which they personally benefited from the programme; a range of 60-80% respondents reported a positive impact in work experience, skills for other employment, greater self-confidence, and felt confident about being prepared for future employment.

The study did not, however, measure whether further employment had been achieved. The LFS of 2005 in Figure 9 provides some evidence that there is some sustained impact. In a question asking if the respondent knew of the expanded public works, 65% responded that those involved in such employment had gained new skills and 14% stated that those involved had been able to get a sustainable job.

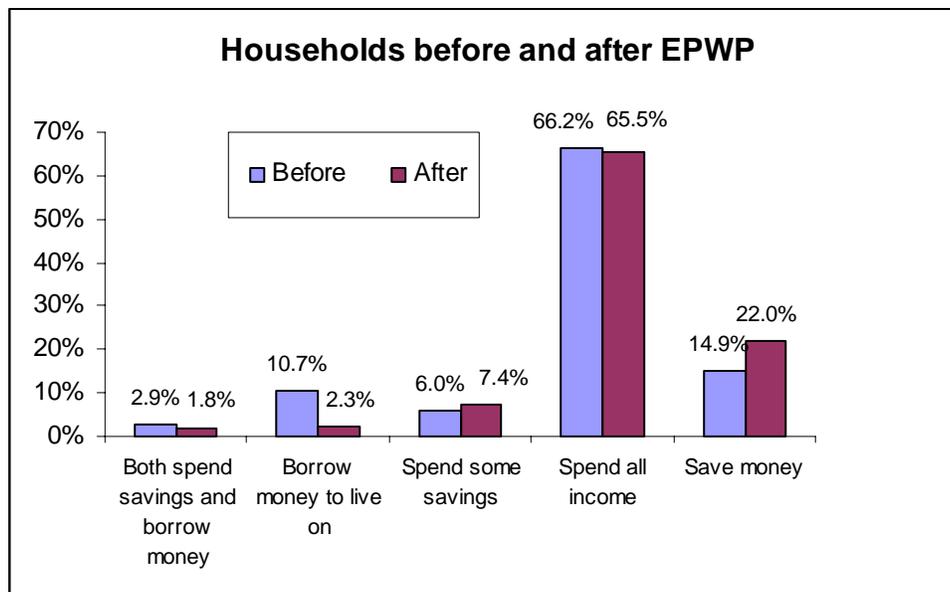
**Figure 9. Impact of the EPWP on beneficiaries**



*LFS March 2005; Table 8.2, Job creation or expanded public works programme activities among population of working age (15-65 years), Among those involved, the benefits of such involvement.*

This survey is not necessarily conclusive as it does not necessarily measure the impact on those directly involved and appears to include respondents who had heard of the Programme and its likely benefits. Despite these reservations, the survey does indicate that new skills are likely to be acquired and that the significant number of 14% had got further employment. Although this is the target, it is also true that only quite a small minority move on to further employment which is a key objective of the Programme.

**Figure 10. Impact on household savings and expenditure**



*Source: Figure 2 in Cross-sectional study, EPWP 2007*

Possibly more conclusive evidence on the effects on beneficiaries and their households is provided by the Cross-sectional study (EPWP, 2007) where the impact of EPWP employment is measured in terms of borrowing, savings, and expenditure. In Figure 10 the effect of EPWP is shown to be marginal in terms of expenditure as about 62% of participants reported that households spent all income. There was, however, an effect at two levels; on saving and borrowing. Firstly there was a decline in the household having to borrow money to “live on” and secondly there was an almost equal effect on the ability to save money. The fact that there is more or less a change of 8% change in both directions (i.e. a decline in borrowing is more or less matched by an increase in saving) indicates that employment has improved the cash flow in the household.

The Cross-sectional study unfortunately does not provide detailed analysis of the levels of household income and expenditure but the effect of EPWP employment is not likely to be substantial or long lasting as wages are generally equal or lower than wages in the locality and employment is short lived.

- To sum up, it is likely that there is a positive impact from the employment with the EPWP (as reflected in the attitudes of those knowing of it) but this does not necessarily mean that the impact in terms of the objectives of poverty alleviation and further employment are being achieved. There are limitations of design in terms of impact on beneficiaries: the target is only for 14% to continue into further gainful economic activities. Of the projects visited 75% did not have a thought-through exit strategy and, as has been explained above, training falls considerably short of original expectations. The evidence from the site visits and from interviews with senior officials is that there is weakness in exit strategies in general.
- Again there is a need for more rigorous research with longitudinal surveys and other methods to gauge the impact of the EPWP not only at the national level but also at the local levels in terms of possible multipliers, support within households, and individual capacity.

Finally the EPWP needs to be assessed in terms of on-going high level promotion, ownership and oversight. After its launch in 2004 it appears the EPWP has not sustained the political priority it originally assumed and in six out of seven of the Economic Cluster parliamentary briefings which refer to the Second Economy interventions it has not been mentioned. Although the DPW reports annually, a number of lead departments in important programmes provide only cursory mention of their participation if at all. Improved reporting and increased parliamentary oversight would sustain the Programme.

## 3. CONCLUSIONS

### 3.1. Policy

- The overall policy goal behind the EPWP is to reduce poverty and unemployment. International research shows that public works programmes have the potential to achieve this and programmes have been implemented in other countries with some success. However policies and programmes need to be designed specifically for this purpose. EPWP could be relevant for this, but there is the need to consolidate objectives.
- If a decision has been made to pursue an active labour market policy approach to social protection, a PWP can be a relevant response, but this has to be developed to meet specific and coherent social protection objectives (EPWP has too many) and to have a relevant scale of impact (EPWP is too small).
- EPWP is a Second Economy initiative, but is not coherently aligned to other anti-poverty interventions which overlap in intent and target group. This applies particularly to the strategy to increase labour absorption in the formal economy, both by stimulating economic growth and investing in the development of human resources.
- EPWP does not match South Africa's economic context -it offers once off short term work opportunities when the problem is structural unemployment.
- EPWP is a **hybrid programme** encapsulating multiple models and objectives and this is **reducing likelihood of success** in terms of its overall goal of poverty alleviation.
- EPWP has more objectives than other comparator programmes:
  - Poverty alleviation
  - Skills development
  - Short & long term work opportunities
  - SME creation
  - Improved service delivery
- The four sectors are implementing different kinds of public works programmes and it appears that different paradigms have been collapsed into one programme with a co-ordinating department which does not carry responsibility for most of the outputs.
- The **scale is too small** (in terms of the percentage of labour force included in programme, the scale of unemployment and the percentage of GDP allocated) when measured against international norms and current context. Providing work opportunities at about 4% of the existing demand EPWP currently operating between 1/10th - 1/20th of **the scale required**.

### 3.2. Design

- The current design of the EPWP is not optimal. EPWP has the potential to contribute many more jobs. However needs to be redesigned: to fit into a suite of poverty

reduction strategies; align programmes to the mandates of appropriate sectors/departments; and to apply stronger compliance incentives / disincentives.

- As the focus is on poverty alleviation, the programme design should include social protection considerations. Social protection in employment is not consistent with the NEDLAC agreement; the wage level is too low to take households out of poverty, and the duration of work opportunities too short. Training is minimal and not linked through exit strategies to existing employment opportunities.
- PWPs with social protection objectives in the context of structural unemployment would guarantee an ongoing income to all who are eligible and apply for work at the given rate, even if the state does not have the capacity to provide work opportunities for all (Argentina, India). In the EPWP the failure to create sufficient jobs means coverage of the unemployed is extremely limited.
- The current approach to training and “exit strategies” has **extremely limited net impact on unemployment**. The EPWP is based on the principle of increasing the employability of workers through skills development and work experience. The evidence, however, is that skills training through active labour market programmes and work placements has a poor record and is only effective if unemployment is frictional (i.e. unfilled jobs are available for which workers are trained). In the context of generally temporary work at the lower levels of employment, training otherwise becomes, at best, substitution of workers by those exiting from public works programmes.
- Internationally, large-scale successful programmes have had significant injections of additional, dedicated funds over which there was central oversight. The EPWP has **limited dedicated funds**.
- There is presently a **lack of incentives** in EPWP design; departments are required to allocate existing budgets to EPWP projects without gaining additional resources.

### **3.3. Implementation**

- There are many implementation challenges facing EPWP, some general to government. But EPWP understanding, mobilisation and uptake have also increased over time and implementation capacity improving.
- There is uneven political/administrative will, buy in and drive: it is widely reported that junior officials without decision-making power are delegated to attend provincial EPWP meetings. Many officials perceive EPWP as an “add-on” (up to 40% in the telephonic survey) and EPWP performance in terms of primary objective of poverty reduction is neither evident (72% of senior managers view EPWP as not fully effective in addressing unemployment) nor is poverty reduction adequately monitored.
- Delayed implementation: EPWP just starting in many Provinces and Municipalities and has not been mainstreamed; Not all EPWP sectors adequately active in all Provinces (2/9 provinces indicate satisfactory) and a small proportion of municipalities participation (only 33% have attempted reporting at all).
- Problematic institutional arrangements: there are poor horizontal (across departments) and vertical coordination (across spheres of government) and often an unclear division of roles and responsibilities. Different sectors do not necessarily fit

comfortably under one management structure and the DPW does not have authority to facilitate programmes across all line departments (except for its responsibilities for LIC).

- Acceptance of LIC: There is limited acceptance of labour intensive methodology; and uncertain implementation of existing policies in contracts.
- **Accountability:** The EPWP not fully linked to existing systems of administration and accountability (68% of senior managers believe there is inadequate accountability in relation to EPWP).
- **Capacity among implementers and in Provinces:** Low-level staff are given prime responsibility and among senior staff there is insufficient attention to driving programme. Senior managers in turn state there is inadequate capacity (65% of senior managers).
- **Dedicated funding:** Achievement of objectives being limited in some sectors by lack of dedicated funds (only 36% of respondents in the telephonic survey say budgets to implement EPWP are adequate).
- **Monitoring & evaluation:** Many logframe indicators are not tracked, analysis of budget and expenditure issues which are difficult to verify, the quality of data is challenged, lack of adequate capacity in M&E (at all levels).
- **Wage rates** are a source of beneficiary dissatisfaction and labour disputes – low wage in return for training widely questioned.
- **Training** : With current approach difficult to achieve meaningful training and a disincentive to implementers. Very low levels of training are achieved.

## 4. RECOMMENDATIONS

### 4.1. Policy:

1. The desirability and feasibility (fiscal and administrative) of using PWP in place of alternative social protection options for the working age poor unemployed needs to be agreed prior to decision to extend the EPWP beyond 2009;
2. EPWP objectives towards addressing the needs of working age poor unemployed need to be clearly defined and located within Government's emerging comprehensive social security system;
3. To significantly increase impact the current configuration of the EPWP needs to be redesigned. EPWP should be split out into four distinct components.

### 4.2. Design:

1) To significantly increase impact the current configuration of the EPWP needs to be redesigned. EPWP should be split out into four distinct components (based on a thorough review of the feasibility and desirability of each):

#### i) Mainstream labour intensification of infrastructure spending (DPW)

- Labour intensive approaches should be mainstreamed in all government infrastructure contracts where economically efficient to increase net employment;
- EPWP would cease to be a separate programme and become a way of working in the infrastructure sector, thus significantly increasing in scale;
- Additional research, owned by the industry, is needed on the cost and quality implications of using labour intensive approaches in South Africa in order to address skepticism and lack of buy-in in industry;
- On the basis of research findings, policy for economically efficient labour intensification should be developed and communicated to the industry to achieve buy in;
- Legislative and contractual incentives to promote labour intensification need to be developed, implemented and monitored;
- As per overall recommendation, training should be removed as a conditional component and transferred to the responsibility of the National Skills Development Framework;
- If labour intensification were mainstreamed, there would be no rationale for different terms and conditions for 'EPWP' workers, and wages and employment conditions would be normalized;
- A critical component is the development of the research, legislative package and communication strategies required to promote labour intensification and ensure industry buy-in.

ii) **Direct government employment** in a variety of line departments (including infrastructure, social, environment, and any other relevant sectors/departments)

- Government employment would entail expanding public employment in order to fulfill core mandate in appropriate departments and sectors, matching unmet service and infrastructure provision needs with using the excess labour supply;
- Additional funds would be used to increase government employment in a variety of line departments (including infrastructure, social and environment);
- Line ministries should be consulted about the design approach;
- Dedicated funding must be made available – there is a need for a separate, centrally administered fund which can be accessed by line departments at various levels;
- Horizontal and vertical buy in – across line ministries and the three spheres of government is required;
- Incentives and penalties to promote engagement need to be developed and implemented;
- As per overall recommendation, training should be removed as a conditional component;
- Effective exit strategies need to be identified and made available;
- Options for sustained government employment should be designed.

**iii) Mainstream enterprise development** in appropriate line departments and SOEs with dti support.

**iv) Training** for the unemployed should be separated out from EPWP design and addressed within National Skills Development Framework.

2) Institutional arrangements: Since the DPW does not have the authority to facilitate all of the different programmes across departments there is the need to:

- Assess how to:
  - locate responsibility for programmes within the relevant line ministries
  - Establish independent oversight function
- Taking into account:
  - the progress made in developing momentum around the current EPWP programmes, and
  - the current issues around its identity and objectives, advantages and disadvantages of **retaining the 'EPWP' brand** need to be assessed and a decision taken on how to go forward with labeling redesigned version.

**Figure: Objectives of EPWP I and Proposed EPWP II***(Labour Intensification and Government Employment Components):*

Objective	Detailed Objective	EPWP I	MAINSTREAM LIC	GEP
<b>Alleviate Poverty</b>	Income relief through temporary employment (Short Term)	*	*	(*)
	Increased capacity to earn an income after exiting (Long Term)	*		
<b>Skills Development</b>	Skills training and work experience increase capacity of participants to earn an income after exiting	*		
<b>Employment</b>	'Alleviate unemployment' through short term work opportunities TEMPORARY JOBS	*		
	Increase capacity of those exiting EPWP to take up existing work opportunities REDUCE FRICTIONAL UNEMPLOYMENT	*		
	Increase in aggregate demand for labour through labour intensification of production or increased government expenditure LONG TERM INCREASE IN EMPLOYMENT	*	*	*
	SMME Development CHANGE STRUCTURE OF LABOUR	*	(*)	
<b>Service Provision</b>	Improve service delivery	*		*

- LIC: SMME development could be part of LI programme or complementary programme within DoPW
- GEP: Poverty alleviation impact is through employment provision through a Government Employment Programme - outside the infrastructure sector, most jobs likely to be of medium term duration

### 4.3. Implementation

1. **Resolve identified implementation issues at the design level** – e.g. by addressing issues of funding regimes, improving coordination, and capacitating staff.
2. **Mainstreaming of the programme elements into departmental core mandates and business processes** to provide accountability, improve reporting, and increase coherence and manageability.
3. **Consider change management issues in implementing recommendations:**
  - Need to manage changes to EPWP in such a way as to have productive output and minimizing creation of confusion. Careful planning is needed.
  - Second half of programme should maintain the momentum to meet existing targets (unless a determination is made otherwise), while at the same time energetically undertaking redesign process per recommendations to be adequately prepared for implementation by 2009.

#### **4.4. Way forward:**

A task team comprising of Department of Public Works, Treasury, Presidency, Department of Social Development, and other line departments as appropriate should take forward the recommendations of the Mid-Term Review with a view to implementing EPWP redesign as soon as possible.

#### **4.5. Areas for further research / investigation**

The following should ideally be conducted over the next period:

- Research to establish efficacy and efficiency of LI; with in cooperation with industry to secure buy-in;
- Further analysis of trends in labour-intensity to provide reasons for the substantial decline in the proportion of wages as a proportion of expenditure in Infrastructure;
- Studies as to desirability of GEP approach to social protection in SA (should be taken into consideration within context of other government programmes, and other alternative strategic options);
- Deeper analysis of EPWP performance information, including more detailed tracking of expenditure, outputs and outcomes;
- Impact analysis of EPWP, requiring more substantial beneficiary impact studies and on aggregate and local employment and poverty;
- Review of M&E framework to establish a more practical framework. An improved quarterly "Report card" to provide headline information on key indicators to be developed. Evaluation could be conducted on both short-term recommendations (i.e. adapted version for last 2 years of current EPW course) and also longer-term recommendations (towards programme beyond 2009)

## 5. REFERENCES

Altman, M (2006) Wage Determination in South Africa: what do we know? Transformation: critical perspectives in Southern Africa, 60.

Altman, M, (2007) "Employment Scenarios to 2024" at [www.hsrc.ac.za/egdi.html](http://www.hsrc.ac.za/egdi.html).

EPWP. (July 2006) Guidelines for the Implementation of Labour-Intensive Infrastructure Projects under the Expanded Public Works Programme (EPWP) Prepared with the assistance of the UK Department for International Development National Treasury. [www.epwp.gov.za/Downloads/technical\\_legalguidelines.pdf](http://www.epwp.gov.za/Downloads/technical_legalguidelines.pdf)

Growth and Development Summit (GDS) Agreement. (7 June 2003) [www.info.gov.za/issues/gds/gdsagreement03.htm](http://www.info.gov.za/issues/gds/gdsagreement03.htm)

McCord, A. (2006) Are Public Works an alternative to a Basic Income Grant? BIEN Conference 2006.

Meth, C. (24 May 2007) What is pro-poor growth? What are some of the things that hinder its achievement in South Africa? Prepared for Oxfam GB South Africa.

Vaidya, K and F Ahmed. (2007). Quantification of Demand in the Expanded Public Works Programme. EPWP.

## ANNEXURE

A full listing serving as a record of the range of programme documentation, commissioned research, and independent analysis and review is found *Bibliography and documents reviewed* in the Component 3 Report.

The EPWP Component 1 Report: International PWP Comparative Study with the following Annexures:

- U.S. job creation programs in the 1930s
- Argentina's Jefes De Hogar Program
- Public Works Programmes in Indonesia: Padat Karya in response to the 1997/8 financial crisis

The EPWP MTR Component 2 Report: Research Report: Social Field Research into Perceptions of the EPWP by Government Officials.

The EPWP Component 3 Report: Analysis and Review

The EPWP Synthesis Report