

# MID TERM REVIEW: SYNTHESIS REPORT

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*Prepared for the EPWP Unit of the Department of Public Works*



*Funded by the Expanded Public Works Support Programme*



**HUMAN SCIENCE RESEARCH COUNCIL**  
*In partnership with*  
**Project Team: RUTGERS UNIVERSITY**  
**SALDRU**  
**ITT**

### **Expanded Public Works Support Programme**

*The Expanded Public Works Support Programme is a five year programme of the Business Trust, undertaken in cooperation with the Department of Public Works, to support the implementation of the Expanded Public Works Programme.*

### **Expanded Public Works Programme**

*The EPWP is a nationwide government led initiative, using the delivery of public services, to draw unemployed people into productive work. The initiative is implemented through established government structures and budgets and is coordinated by the Department of Public Works which has established a dedicated unit to perform this function.*

### **The Business Trust**

*The Business Trust combines the resources of business and government in areas of common interest to accelerate the achievement of national objectives. It focuses on creating jobs, building capacity and combating poverty. The Business Trust is financed by South Africa's leading companies and is governed by a board of business and government leaders.*

### **The Department of Public Works**

*The National Department of Public Works aims to promote the government's objectives of economic development, good governance and improved living standards and prosperity by providing and managing the accommodation, housing, land and infrastructure needs of national departments, by promoting the National Expanded Public Works Programme and by encouraging the transformation of the construction and property industries.*

### **Shisaka Development Management Services**

*Shisaka Development Management Services was appointed by the Business Trust to act as the service provider to implement the Expanded Public Works Support Programme for the period 01 March 2005 to 31 March 2010. Shisaka is a South African development management company.*

**This report reflects findings of the Mid Term Review Team, having taken into consideration inputs from an extensive range of informants, and detailed comments from the EPWP Unit of the Department of Public Works and the Expanded Public Works Support Programme**

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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.

We also wish to acknowledge:

- The members of the EPWP Unit who, from an internal perspective, often helped clarify important EPWP procedures and facts;
- 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; and
- Our other sources, including 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
DORA	Division of Revenue Act
DPW	Department of Public Works
Dti	Department of Trade and Industry
DSD	Department of Social Development
ECD	Early Childhood Development
EI	EPWP Indicator
EIIP	Employment Intensive Investment Programme
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 Expanded Public Works Programme (EPWP) was established in 2004/5 by the South African Government with the overarching objective of creating one million work opportunities over its first five years for the unskilled unemployed of South Africa. Such work opportunities would be created by:

- Increasing the labour intensity of government-infrastructure projects;
- Public environmental programmes (e.g. Working for Water);
- Public social programmes particularly Home Based Community Care and Early Childhood Development; and
- Developing small businesses and cooperatives.

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 (DPW). It comprises four sectors: infrastructure, environmental<sup>1</sup>, 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 delivery of infrastructure and social services as a means of meeting basic needs.

During 2007 which is the half-way mark for the programme, the EPWP together with the Expanded Public Works Support Programme (the Support Programme) 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

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<sup>1</sup> The environmental sector includes the environment and culture sectors

commissioned to conduct the mid-term review. Additional fieldwork support was provided by Social Surveys Africa.

## 1.2. *Terms of Reference*

The objectives of the Mid-Term Review (the Review) are to:

- Assess the EPWP's implementation against the performance indicators reflected in the logical framework developed at the start of the programme.
- 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;
- Assess the EPWP on the basis of the changing context and demands of unemployment and job creation in South Africa and
- Make recommendations as to the future direction of the EPWP and how it should be structured into the future.

## 1.3. *Methodology*

The Mid Term Review has sought to assess the concept of the EPWP in the original language within which it was framed. Accordingly the Review sought to establish:

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

The Mid Term Review was undertaken through the following three components:

- **International Review:** a study of other programmes internationally from which lessons for the EPWP could be drawn.
- **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.
- **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 recommendations.

The methodology applied in respect of the three components of the research is detailed below.

A report was produced out of each of the three components. In addition this synthesis report was developed, which summarises the research undertaken and key findings.

### 1.3.1. **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.
- **A series of detailed case studies** focusing on programmes in countries with a range of contexts, each of relevance to South Africa in different ways, which have attempted to adopt public works responses to the challenge of poverty, unemployment and service delivery, with varying degrees of success. The programmes reviewed were drawn from the USA, Argentina, Indonesia, India, Ethiopia, Senegal and Ireland, and also a broad review was made of Public Works Programme [PWP] experience in both OECD and developing countries. In addition a brief investigation was undertaken 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.
- **Analysis** whereby key insights from the above were 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.

### 1.3.2. Survey of EPWP Implementers

This survey assessed the perceptions of Public Sector Officials and other stakeholders tasked with implementing the EPWP 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 implementing agents at different levels of government [national, provincial, municipal], NGOs and others. Data from the telephonic interviews was captured using SPSS and comprehensive tables were run.

### 1.3.3. Assessment of EPWP outputs and management

This component of the review comprised:

- **Key informant interviews:** Just under fifty interviews were conducted with programme managers and other senior stakeholders, mainly at the Director level and above. Out of these interviews a quantitative and qualitative analysis was conducted of perceptions and recommendations. The sample included a representative from all sector lead departments at national level and in the provinces, key national stakeholders, and key members of the EPWP Unit.
- **Review of Provinces and Sectors:** On the basis of the key informant interviews above and a review of relevant documentation, an assessment was undertaken of EPWP activities in the Provinces and the four Sectors.
- **Project site visits:** Site visits were undertaken 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. The sites selected constituted, 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 was undertaken.

- **Document and Data Analysis:** This component of work comprised two parts:
  - 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) was developed.
  - A review of a range of existing documentation about the EPWP and related developments including:
    - EPWP documentation: strategies, plans, reports, studies, and data reported
    - 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.
    - Complementary reports and data e.g. from the 2005 Labour Force Survey 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 to the project team .

#### 1.3.4. Synthesis

Information from the above research processes was analysed and synthesised into findings, conclusions and recommendations. An interactive series of engagements was then undertaken including:

- A formal workshop between the various researchers who had participated in data collection and reporting;
- 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 EPWP. 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 the 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 was conducted; outlines the terms of reference; and then describes the methodology used in conducting the elements of the Review.

- Section 2 presents a synthesis of the key study findings in terms of the three research components
- Section 3 summaries the assessment undertaken based on a set of criteria that were established for the Review: performance, relevance, feasibility, efficiency, effectiveness, outcomes, and sustainability.
- Section 4 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 5 comprises recommendations including specific proposals about next steps and identifying aspects that may require further investigation.

## 2. KEY FINDINGS

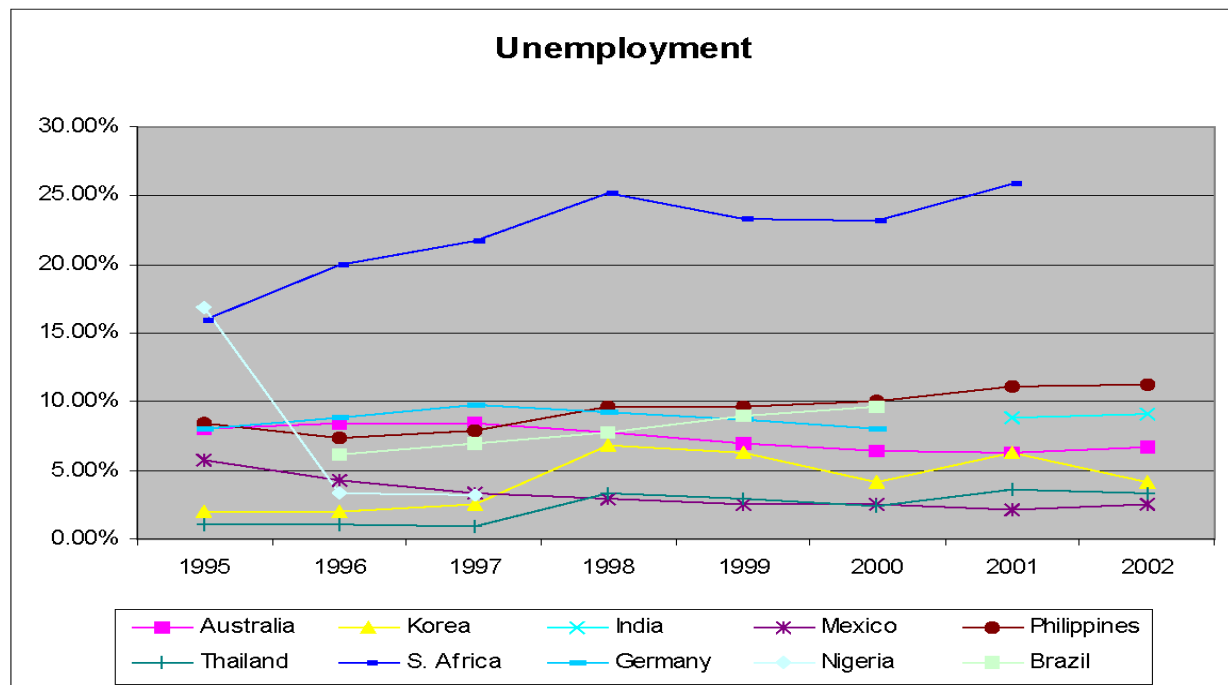
This section sets out the key findings of the Mid Term Review and includes:

- Context
- Background on the EPWP
- International Review
- Survey of EPWP Implementers
- Assessment of EPWP outputs and management

### 2.1. *Context*

South Africa has one of the highest rates of unemployment [approximately 27%] as compared to other stable economies globally [see Diagram 1 below]. This problem has been developing for a number of years and can be attributed to a number of causes such as a rapidly expanding labour force, large job losses in mining and agriculture over the 1980s, and slow job creation in other sectors between 1970 to now. **Reducing unemployment is one of South Africa's greatest socio-economic challenges.**

**Diagram 1: Unemployment in South Africa compared to other countries**



The extent of South Africa's problem of unemployment is significant. In terms of the official 'broad' definition, there are 4,4 million people unemployed in September 2006. In addition there are a further 3,2 million 'discouraged' work-seekers (LFS, 2006). In total, there are thus 7,6 million people making up the numbers of the 'broad' definition of unemployment (LFS, 2006).<sup>2</sup>

There is a strong racial bias to the experience of joblessness as the burden of unemployment falls largely on the African population both in numbers and as a proportion of the population. Of the 4,4 million people unemployed, African people constitute 3,9 million. Moreover, African people constitute the largest proportion of those classified as 'discouraged' work-seekers. In addition, particular groupings suffer more than others. Among the youth 55,8% are unemployed- which is double that of the adult workforce. Among African women in rural areas 47.2% are unemployed.

Unemployment and unemployment trends are also distributed inequitable geographically [see Table 1 below], with Provinces like Limpopo, North West and Kwa Zulu Natal experiencing the problem more extensively than other Provinces.

<sup>2</sup> LFS, 2006, Figure 2: Unemployment and discouraged work-seekers, September 2001 to September 2006.

**Table 1: Unemployment rate (per cent) by province, March 2001 to March 2006**

Province	Mar-01	Mar-06	% Change: Mar-01 to Mar06
Limpopo	28.1	35.6	26.7
North West	27.9	31.8	14.0
KwaZulu-Natal	26.2	29.9	14.1
Free State	27.4	28.3	3.3
Mpumalanga	26.3	27.4	4.2
Northern Cape	23.8	23.5	-1.3
Gauteng	28.2	23.3	-17.4
Eastern Cape	28.4	22.1	-22.2
Western Cape	19.0	15.9	-16.3
Total	26.4	25.6	-3.0

Source: Vaidya and Ahmed (2007)

## 2.2. Background to the EPWP

### 2.2.1. Origin

The EPWP finds its origin in the Growth and Development Summit (GDS) of 2003. The GDS was held by the constituencies of Nedlac to address a range of challenges facing South Africa namely investment, employment and poverty. Four themes were adopted by the GDS one of which was *“More jobs, better jobs, decent work for all”*.

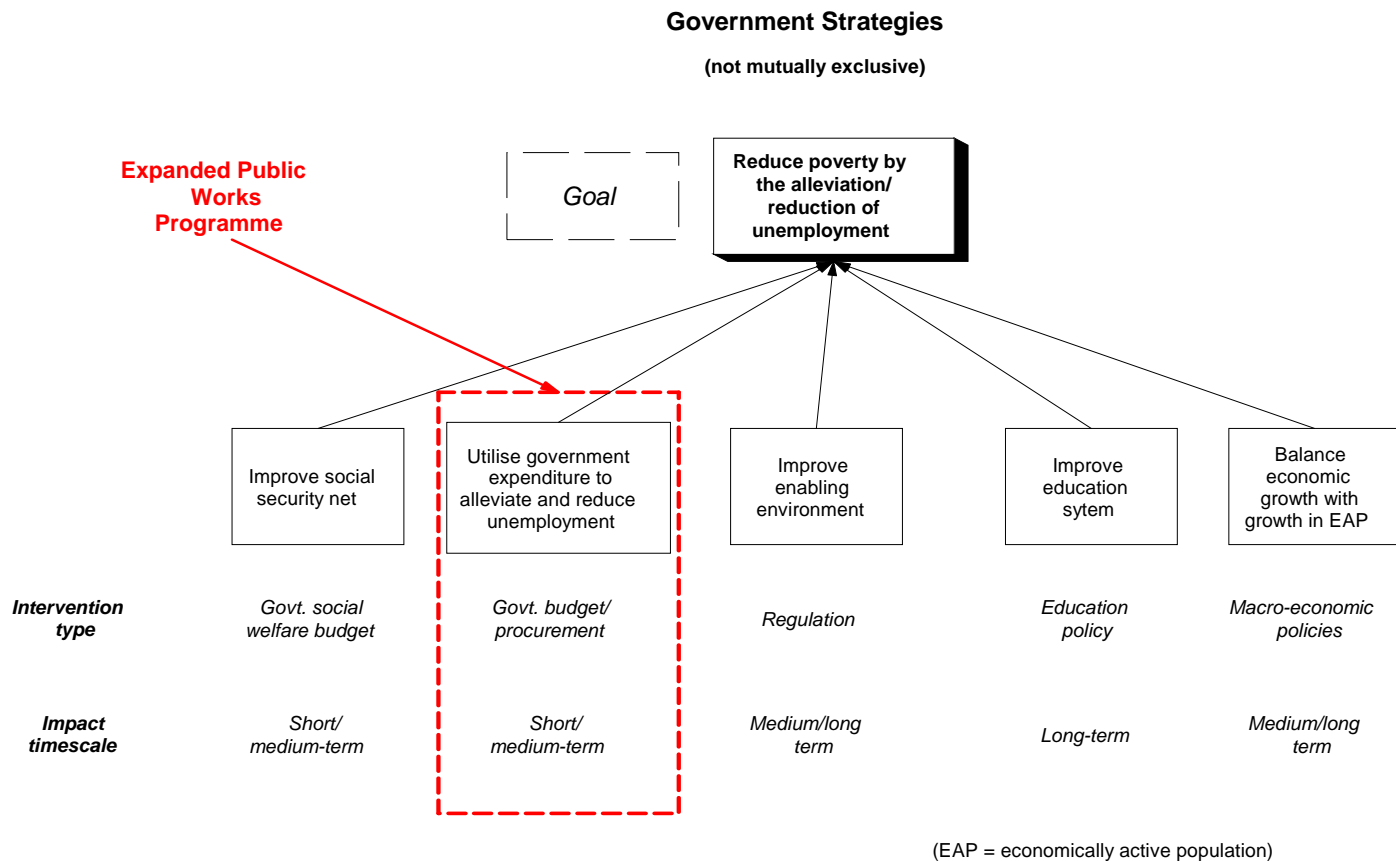
Under this theme seven interventions were identified one of which was the EPWP. The GDS agreed that the EPWP *‘can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. The EPWP will be designed to equip participants with a modicum of training and work experience, which should enhance their ability to earn a living in the future.’* The GDS specified that the EPWP must be *“large enough to have a substantial impact on employment and social cohesion, especially for young people, women and the rural poor”*.

In addition the GDS agreed the following:

- EPWP projects must not displace existing permanent jobs
- EPWP must be multifaceted and demand driven.
- Payment to participants will be set out in terms of a Ministerial Determination which will set out the basis on which both task rated and time rated workers will be paid.
- Relevant and targeted training is essential to the success of the EPWP and will be a central component to ensure that workers attain relevant and marketable skills
- Business commits to mobilise and make available its skills and expertise to enhance the proper project design and management of the EPWP.

Within this context the EPWP is one of the set of projects aimed at alleviating/reducing unemployment of the post-apartheid government [see diagram 2]. These projects seek to be *“part of our collective efforts”* to halve unemployment by 2014.

Diagram 2: Context of EPWP in Government Strategy



Using the GDS as its frame of reference the EPWP is defined as a 'Nationwide programme which will draw significant numbers of the unemployed into productive work, in a way that workers gain skills while they work, and increase their capacity to earn an income.' Its objective is 'to utilise public sector budgets to reduce and alleviate unemployment'.

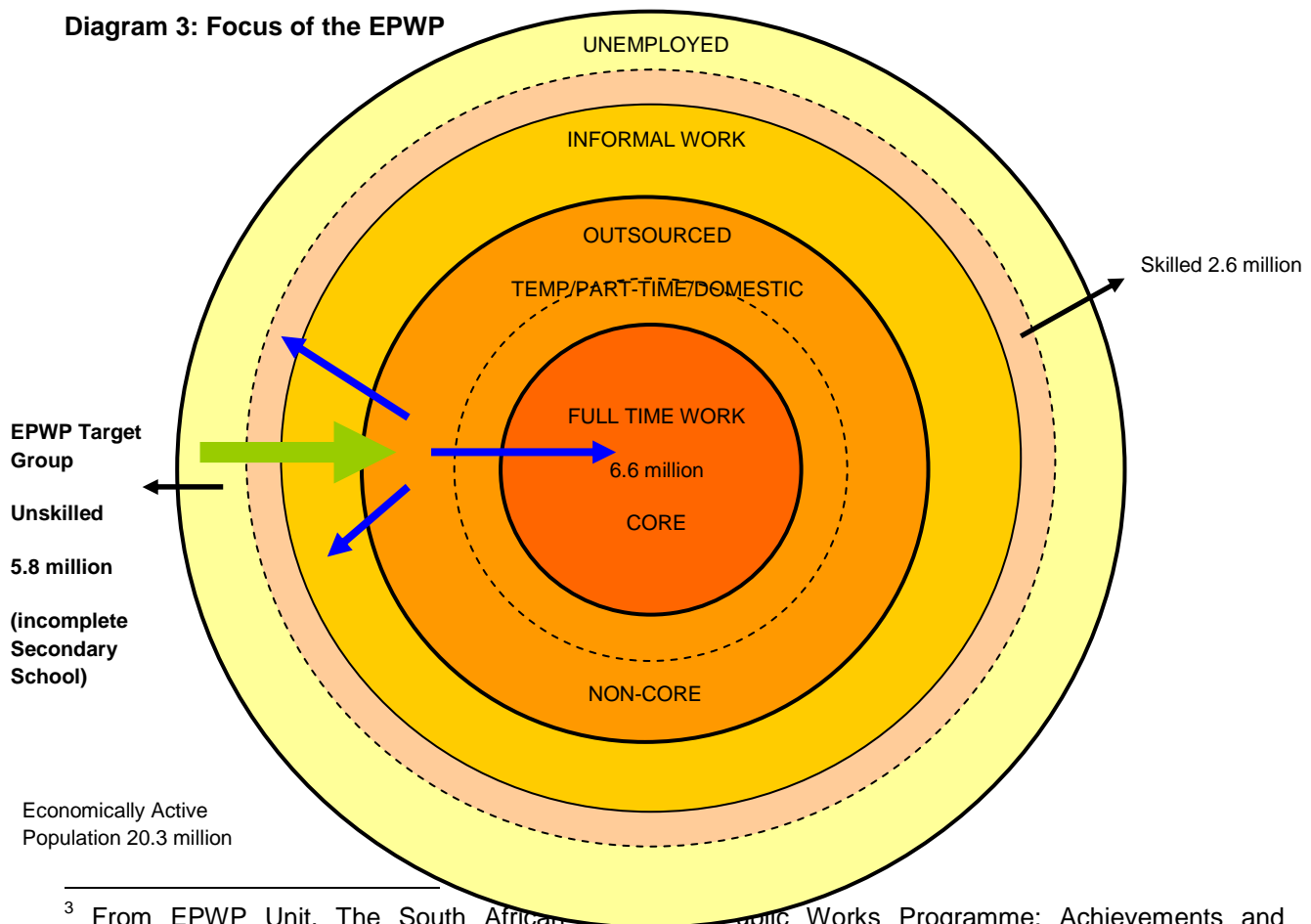
### 2.2.2. Target group<sup>3</sup>

The total economically active population of South Africa is 20,3 million individuals. Of these it is estimated that:

- 9,7 million are employed, of which 6,6 million are full time workers and 3,1 million are 'outsourced' in that they are undertaking temporary, part-time or domestic work.
- 8,4 million<sup>4</sup> are unemployed, of which 5,8 million are unskilled having not completed secondary school and 2,6 million have matric or above. Of those who are unemployed it is estimated that 2,2 million engage in the informal sector.

As shown in Diagram 3 below, the **5,8 million unskilled unemployed individuals are the target group of the EPWP**. The EPWP seeks to provide **temporary work to such individuals and skills training**, so as to assist them to move into full time work. Alternatively, if this is not possible, the EPWP seeks at least to provide them with skills or an ability to operate more effectively in the informal sector.

### Diagram 3: Focus of the EPWP



<sup>3</sup> From EPWP Unit. The South African Public Works Programme: Achievements and Source: EPWP Unit using figures from Webster 2004 Our Intensive Practices, 2007

2001 Census when unemployment was higher than that recorded in 2006. Both analyses are used as they highlight different points



### 2.2.3. Key design features

The EPWP is a deliberate attempt by the public sector to use expenditure on goods and services to create additional work opportunities, coupled with training for the unemployed and emerging enterprises. Projects usually employ workers on a temporary basis [either by government, contractors or other non-governmental organisations], under a code of good practice for Public Works Programmes or learnership employment conditions. Public sector bodies attempt to define and facilitate exit strategies for workers when leaving the programme, to build bridges between the second and first economy. The EPWP is based on the requirements of the Growth and Development Summit agreement which specifies focus areas and wage levels.

The key principles of the EPWP are:

- To allow for a wide diversity of existing programmes.
- To expand best practice of existing programmes
- To use existing budgets and replace special poverty relief or public works budgets
- To be sustainable, the EPWP must not be 'made work' but must be 'economically efficient. The emphasis is on labour intensive delivery of cost effective quality services.
- The focus is on growing sectors of the economy to avoid displacement
- The design process attempts to maximise the involvement of local unemployed labour

The EPWP covers all spheres of government and SOE's. Each public body must formulate plans for utilising its budget to implement the programme. The focus is in four sectors:

- **Infrastructure:** Increasing the labour intensity of government funded infrastructure projects.
- **Environmental:** Creating work opportunities in public environmental programmes
- **Social:** Creating work opportunities in public social programmes particularly Home Community Based Care [HCBC] and Early Childhood Development [ECD]
- **Economic:** Utilizing general government expenditure on goods and services to provide the work component of small enterprise learnerships and incubation programmes.

#### 2.2.4. Target

The overall target is to provide one million employment opportunities linked to training to unemployed [unskilled] people within the first five years of the programmes.

The official performance monitoring framework that exists at present for the EPWP<sup>5</sup> is made up of the GDS, a logical framework (logframe) developed in 2004 and a M&E framework. The key targets of the EPWP as set out in the logframe are outlined in Table 2 below.

**Table 2: Targets and indicators for EPWP**

EPWP Indicator	5-year Target
1. Number of work opportunities created	1 000 000 +
Infrastructure	750 000
Environment & Culture	200 000
Social	150 000
Economic	12 000
2. Person-years of employment created	650 000+
Infrastructure	250 000
Environment & Culture	200 000
Social	200 000+
Economic	18 000
3. Training (number of people + person days)	15 579 000

<sup>5</sup> DPW EPWP Unit (June 2004). *Consolidated Programme Overview and Logical Framework*, Version 6.

EPWP Indicator	5-year Target
Infrastructure	9 000 000
Environment & Culture	2 005 000
Social	4 535 000
Economic	39 000
4. Project budget	
Infrastructure	R15 billion
Environment & Culture	R4 billion
Social	R2 billion
Economic	Unspecified
5. Demographic characteristics of workers	
Youth	(40%) 400 000
Women	(30%) 300 000
Disabled	(2%) 20 000

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.

## 2.3. *International Review*

As detailed in 1.3.1 above, the international review entailed a review of international literature summarizing key lessons regarding public works programmes in both developed and developing countries, interviews with national and international academics, practitioners and policy analysts and a review of case studies [USA, Argentina, Indonesia, India, Ethiopia, Senegal, Ireland, OECD and developing countries].

The key findings of the International Review are summarised below.

### 2.3.1. Objectives of public works programmes

The Public Works Programmes reviewed had a range of objectives which included for example:

- Poverty alleviation,
- Provision of employment
- Service Provision
- Provision of skills formation

As shown in Diagram 4 below, most of the Public Works Programmes reviewed had a limited number of objectives [2 to 4] which formed their key focus. The only programmes that had more than four objectives were the USA New Deal and JEFES in Argentina.

**Diagram 4: International PWP objectives**

	Alleviate Poverty		Skills development	Employment				Service provision
	Income relief through temporary employment	Increased capacity to earn an income after exiting	Skills training & work experience increase capacity of participants to earn an income after exiting	Temporary jobs	Reduce frictional unemployment	Long term increase in employment	SMME development	Improve service delivery
Indonesia: PK								
India: NREGP								
Ethiopia: PSNP								
Senegal: SGETIP								
ILO EIIP								
USA : New Deal								
Argentina: JEFES								
OECD: ALMP								
Zimbabwe: Red Cross HBC								

### 2.3.2. Conceptual issues

The international review revealed four distinct PWP types, which each imply a different conceptualisation of public works, and have differing institutional implications. These four types are:

- PWP's offering short term employment
- Those promoting labour intensification of government infrastructure spending
- Large scale government employment programmes which offer some form of employment guarantee, and
- Programmes which enhance employability.

### 2.3.3. Design issues

- **Short term employment:** Income relief through temporary employment, tends to characterize programmes where the problem of poverty and/or unemployment is determined by some external shock [such as conflict, drought, floods, economic crises, or recession] and is essentially a response to a short term disruption in the labour market as in the Indonesian Padat Karya.

Where the problem is one of structural, chronic unemployment, the international review shows that some form of ongoing sustained transfer is required to offer social protection for the poor, either through direct government employment creation providing sustained or repeated employment [for example the New Deal or NREGP respectively] or through the implementation of an ongoing cash transfer programme.

In the cases where ongoing sustained or repeated employment is required, the inability of programmes to identify, design and execute sufficient numbers of service delivery programmes to absorb labour to the required scale is a key difficulty experienced internationally in the implementation of PWP's.

Given the above and also where government is experiencing capacity constraints, consideration should be given as to whether a PWP based response to the problem is the most appropriate or whether a social grant based social protection programme may be a better option [as in Brazil and Mexico].

Internationally, it is only where sufficiently large numbers of labour absorbing projects have been identified, designed and pre-approved and are maintained 'on the shelf' at local level for implementation at the time of demand for PWP employment, that the provision of sufficient employment to meet demand has been largely, although not universally achieved [as in the NREGP in India and the New Deal.] In many cases the problem is the lack of skills to design and manage programmes. The New Deal is interesting in that there was a pool of skilled unemployed who could be deployed in both programme design and implementation.

- **Skills development:** Skills development is central to many OECD PWP's and has been highly influential in the active labour market policy [ALMP] discourse in recent decades, primarily in developed countries. This approach however, has been found to have only a limited impact, and to have an influence only if the training provided is closely aligned to the specific skills gaps identified in the wider economy. Unless sufficient jobs exist, waiting to be filled, and the training provided is explicitly linked to the skills shortages, the programme will have no significant net impact on aggregate employment, and result, at best, in substitution of PWP workers for others.

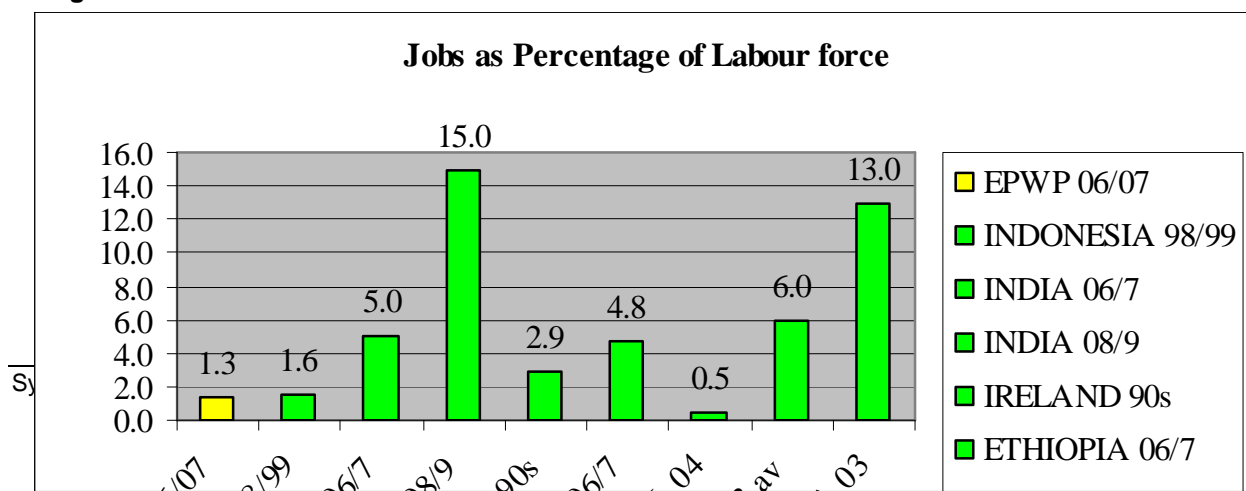
Martin and Grubb [2001] argue that where training is included in PWP's it should be kept small in scale and well targeted, to the specific needs of both job seekers and local employers.

- **Labour intensification programmes:** Despite the widespread implementation of labour intensification programmes, mainly promoted by the ILO through its Employment Intensive Investment Programme [EIIP], labour intensification has not been extensively mainstreamed internationally, and remains essentially a marginal component of infrastructure provision in most contexts. As a consequence the potential for expansion of aggregate employment in construction remains largely unrealised internationally.
- **Funding:** All major PWP's which adopt an approach of increasing direct government employment in order to increase aggregate employment are dependent on additional funds with either government or a donor providing the funding to create the additional jobs. All programmes reviewed, were funded through significant additional budget allocations, either domestically sourced or provided by external donors. Significant additional expenditure is required for programmes to have large coverage and impact.

Most of the large scale PWP's reviewed derived resources from a separate, centrally administered fund which could be accessed by line departments at various levels and was associated with a central oversight and/or coordination function. In many instances, projects were initiated and implemented at local level, either by governmental, or civil society [CBO's or NGO's] although in some instances projects were directly implemented by the state or provincial authorities. In most cases there was a degree of cost sharing between the centre and the implementing agency.

- **Scale:** The scales of the different PWP reviewed vary considerable as shown below [Diagram 5].

**Diagram 5: Scale of the PWP's reviewed**



- **Wages:** The international review found that the level of PWP wages has a significant impact on the social protection outcome resulting from the intervention, and that the setting of the wage too low has the potential to undermine a programme's social protection benefits. In terms of wage levels, the NREGP, PSNP and most of the New Deal programmes, set wages on a par with the minimum wage. Subbarao [1997] reviewed a number of PWP and found a wide range of wage levels, both above, below and equal to the minimum prevailing wage, highlighting the fact that ensuring a PWP is below the prevailing wage is not a necessary component of PWP design.
- **Universality of employment:** The four large scale programmes with explicit social protection objectives [the New Deal, Jefes, PSNP and NREGP] have attempted to provide some form of universal coverage. The definition of universal varies, with the most generous being employment for all unemployed workers, to limiting eligibility criteria for example poverty [the New Deal], spatial location of workers [NREGA open to the rural unemployed] or household rationing [NREGA – one job per household].

The extent to which programmes succeed in realising their universal aspirations varies considerably for reasons of constrained budgets, institutional weaknesses, capacity constraints, corruption etc.

#### 2.3.4. Policy, institutional and political contest

All the larger PWP's reviewed were located within a broader social protection policy, and their function is explicitly articulated as part of a set of policy measures, with the PWP being the instrument for addressing the needs of a particular sub set of those in need of social protection [the working age poor unemployed]. This is true of PSNP, NREGP and the New Deal.

In addition most programmes are implemented either by the ministry with responsibility for labour and social welfare, or by a separate national agency with explicit and often exclusive responsibility for executing the PWP. The NREGP for example is a consolidating initiative bringing together all existing rural development/poverty alleviation schemes under a single agency.

International experience indicates that PWP's are implemented using a range of institutional nodalities. In his 1997 overview, Subbarao reviews the implementation of 23 PWP's, 13 of which are implemented by the state, four through social funds, one through an NGO and the others through a hybrid of these. From the case studies reviewed it seems that the means of contracting employment is not itself a critical determinant of programme performance, it is rather the capacity of the implementing agency to manage and monitor either direct employment or contractor performance effectively which is critical.

Many PWPs examined in the review were initiated as a consequence of climatic disaster, economic crises, political change or instability. At such times, it is politically important to be seen to be addressing unemployment in order to secure electoral support [AGETIP, NREGP and PK]. PWP's tend to be a high visibility intervention, something recognised in AGETIP, which measures its own success partially in terms of its cost/visibility ratio. The NREGP recognises this and incorporates close scrutiny by civil society of the programme.

### **2.3.5. Monitoring and evaluation**

The international literature is clear on the importance of monitoring both process and outcomes in terms of a PWP's impact on poverty and employment in order to assess their value. International practice is to measure the microeconomic impact of the programme participants [on individual's future earnings and or re-employment prospects] and the macroeconomic impact [measuring the net effects on aggregate employment and unemployment].

### **2.3.6. Conclusions of International Review**

- Most PWP's have a limited number of objectives [2 to 4]. It is unusual for a PWP to have multiple objectives.
- Four distinct types of PWP can be identified each of which has differing institutional implications. Where the problem of poverty and/or unemployment is the result of some external shock and is a short term disruption in the market, income relief through temporary employment is appropriate. However where the nature of unemployment is structural and chronic the international review shows that sustained or repeated employment is more appropriate similar to that offered through the New Deal or NREGP programmes.
- In the case of PWP's offering sustained or repeated employment, the international experience shows that only where sufficiently large numbers of labour absorbing projects have been identified, designed and pre-approved and are maintained 'on the shelf' at local level for implementation at the time of demand, has the provision of sufficient employment to meet demand been achieved.
- The international review found that skills development has only limited impact and only has influence if the training provided is closely aligned to the specific skills gaps identified in the wider economy.
- Labour intensification remains essentially a marginal component of infrastructure provision in most contexts.
- All major PWP's which adopt an approach of increasing direct government employment in order to increase employment are dependent on additional funds.
- The scale of PWP's varies.



- The level of PWP wages has a significant impact on the social protection outcome resulting from the intervention. The setting of the wage too low has the potential to undermine a programme's social protection benefits.
- The four large scale programmes with explicit social protection objectives have attempted to provide some form of universal coverage. These PWP are located within a broader social protection policy and their function is explicitly articulated as part of a set of policy measures, with the PWP being the instrument for addressing the needs of a particular sub set of those in need of social protection [the working age poor unemployed].

## **2.4. Survey of EPWP Implementers**

The survey of EPWP Implementers assessed the perceptions of Public Sector Officials and other stakeholders tasked with implementing the EPWP. Three hundred structured telephonic interviews were undertaken with implementation agents at different levels of Government [national, provincial and municipal], NGOs and other implementing agents, across all four EPWP sectors.

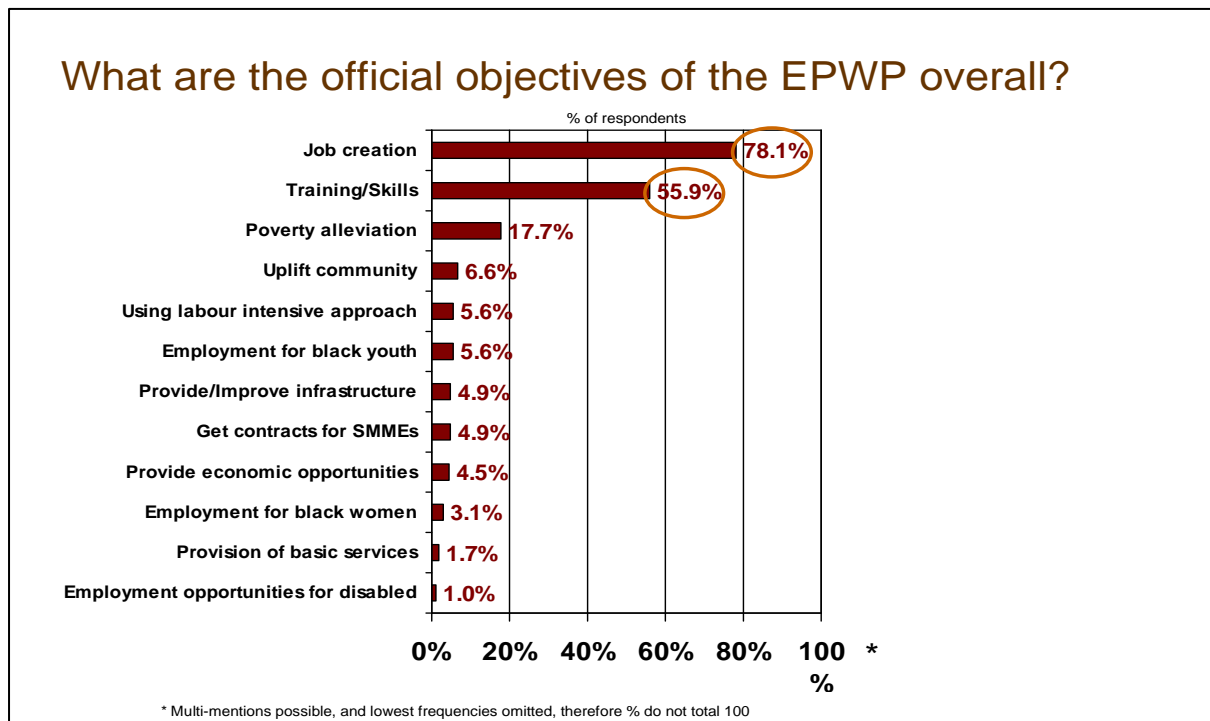
The key findings and conclusions of the Survey of EPWP Implementers are set out below.

### **2.4.1. Understanding of the programme**

Most people interviewed believe that they understand the EPWP fairly well, with an average rating of 4 out of 5 (where 5 represents "extremely well") [Diagram 6]. Amongst Municipalities where implementation of the EPWP is low, insufficient knowledge and understanding is the most frequently mentioned reason for lack of activity.

When asked to elaborate on the programmes' objectives, job creation (mentioned by 78%) and training / skills development (mentioned by 56%) are the most frequently cited elements [Diagram 7]. Perceptions of objectives are closely aligned to indicators used to measure output, with number of work opportunities (mentioned by 71%) and number of people trained (mentioned by 63%) being the key elements mentioned.

Diagram 7: Understanding of the objectives of the EPWP



Related to the above, provision of skills development (mentioned by 77%), using labour intensive methods (mentioned by 61%), and drawing the unemployed into productive work (mentioned by 47%) are the key criteria for EPWP compliance according to the officials interviewed.

Whilst most respondents feel that EPWP roles are generally well defined at sector (78% say yes), and at provincial (72% say yes) levels, the level of clarity is reduced at municipal level (63% say yes).

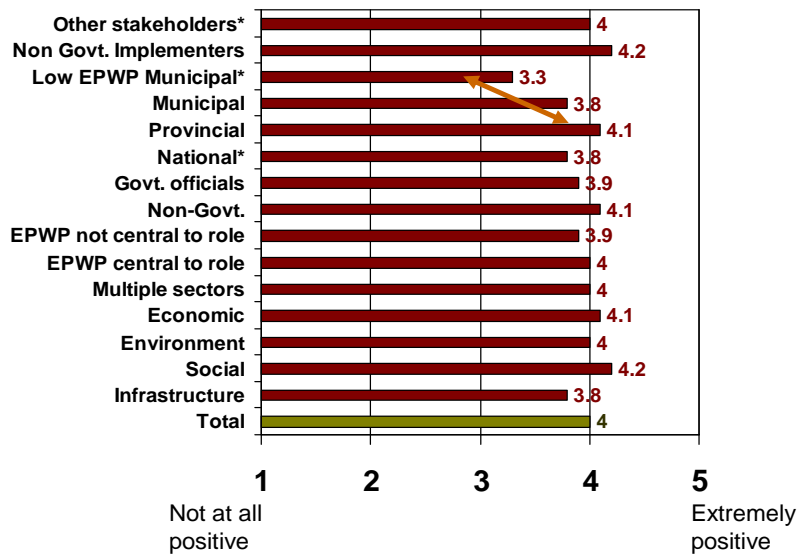
A similar pattern is observed when respondents are asked about their clarity regarding their own roles, with municipal officials being less sure (average rating 3.7 out of 5) than provincial (4.4) and national (4.2). Officials in municipalities with low levels of EPWP activity are particularly unclear (2.4).

#### 2.4.2. Buy in and support of the programme

Officials surveyed generally believe that the key role players are quite positive towards the programme (giving an average rating of 4 out of 5), and 72% believe that the programme enjoys sufficient political championship [Diagrams 8 and 9].

**Diagram 8: Perceptions of attitudes of key role players towards the EPWP**

What do they think is the attitude of the key role players towards EPWP?



\*Small sample size:  
(National & Other stakeholders only required small samples & Low EPWP sample added at end of survey)

Those who see a lack in championship state that politicians do not believe in and/or do not understand the programme well enough.

Of the Officials interviewed, 72% indicated that their department has official EPWP targets, but the general level of knowledge of these targets is only moderate (average rating of 3.6 out of 5)

Increasing support and commitment to the programme is one of the key recommendations for improving the programme (mentioned by 19% of officials).

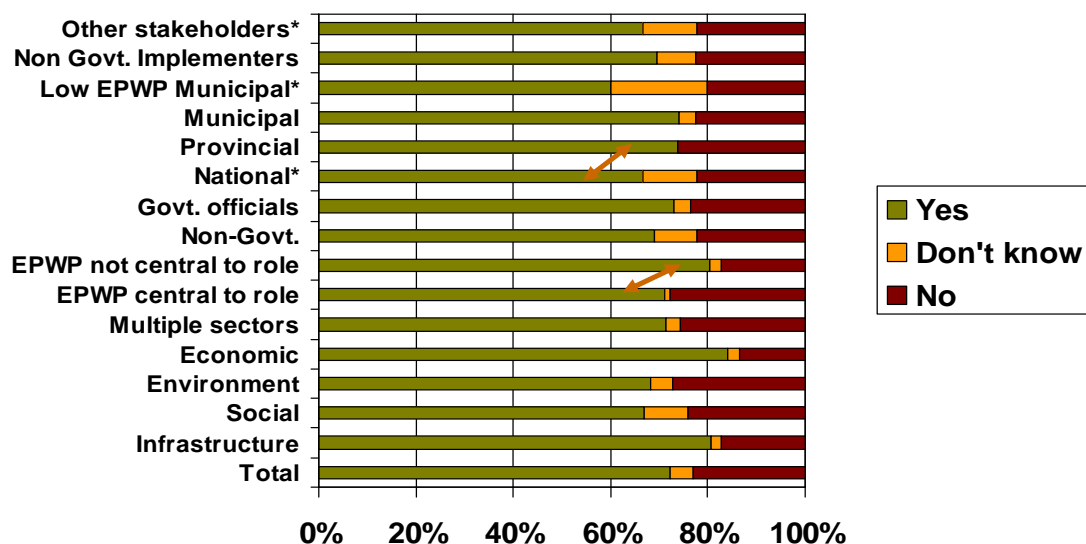
### 2.4.3. Mainstreaming of the programme

The EPWP is considered to be central to their roles by just over half (54%) of the officials interviewed [Diagram 10]. Far more (63%) provincial officials consider the programme central

**Diagram 9: Perceptions of whether there is sufficient political**

compared to  
municipal (42%)

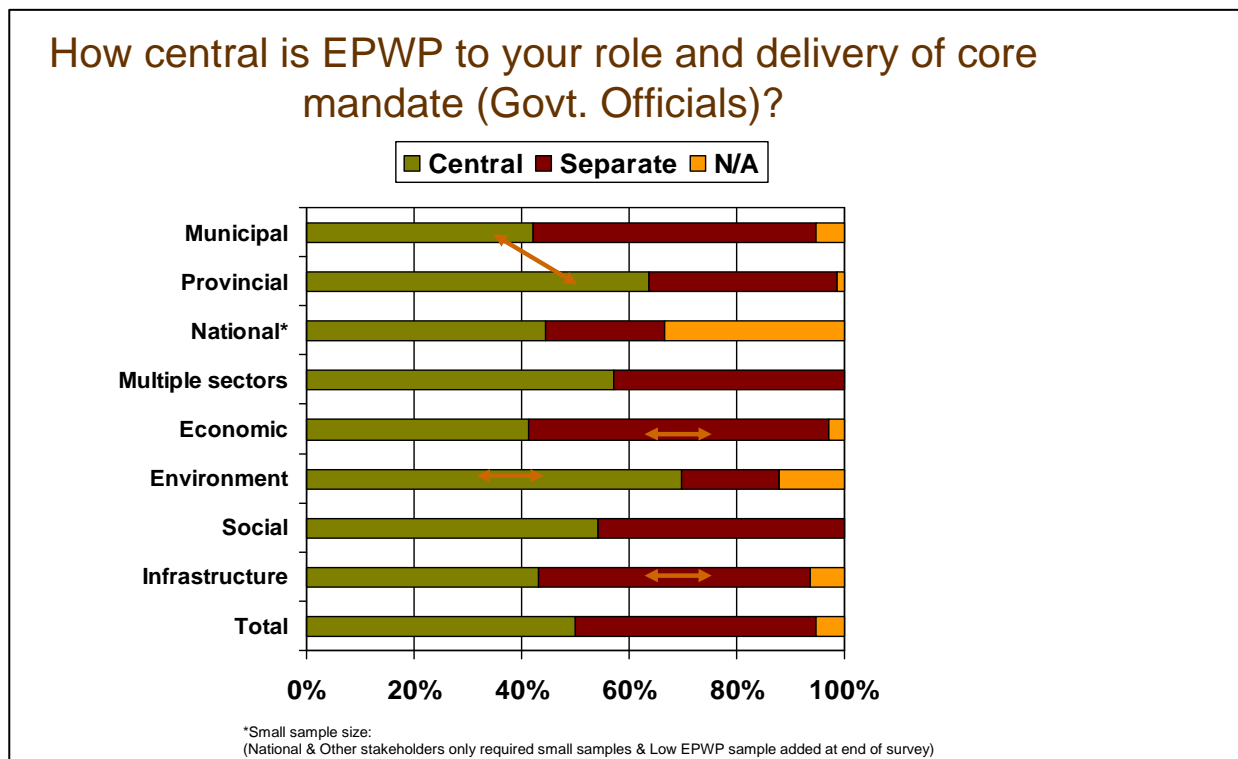
## Is there sufficient political championship of EPWP?



\*Small sample size:  
(National & Other stakeholders only required small samples & Low EPWP sample added at end of survey)

and national (44%) officials.

**Diagram 10: Perceptions of whether the EPWP is central to Officials core mandate**



Most Officials interviewed saw EPWP related responsibilities as having a positive impact on their core mandates (56% say impact is positive compared to 27% saying negative). A positive perception is more likely when the responsibilities are well aligned to core mandates and when implementation is running smoothly. A negative perception is more likely when insufficient trained staff are available, and the additional responsibilities are seen as different in nature from the job they were employed to do.

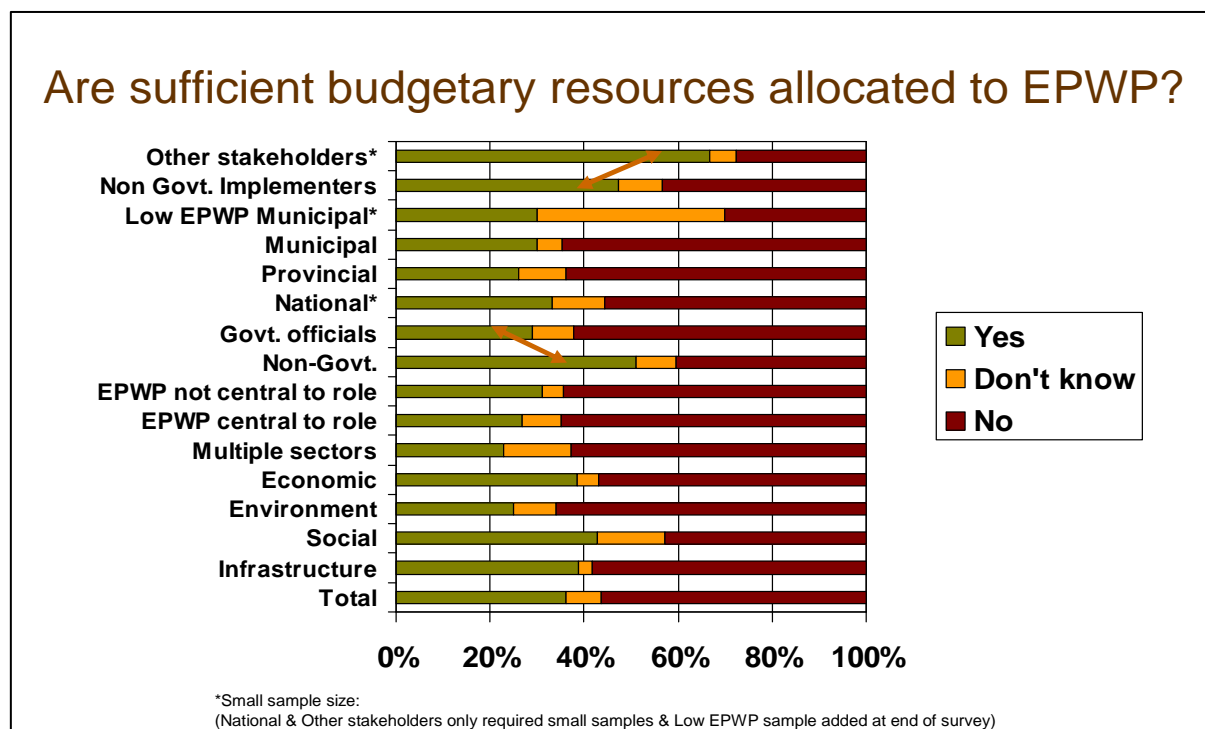
Most officials consider their EPWP related work to be quite manageable (rating of 4 out of 5), those seeing the role as central rather than separate to their core mandate are more likely to see the work as manageable.

The programme is seen to change the fundamentals of how core functions are delivered by 78% of the sample, and this is generally considered to be a good thing, because of the resulting job creation, skills development and poverty alleviation

#### 2.4.4. Implementation issues

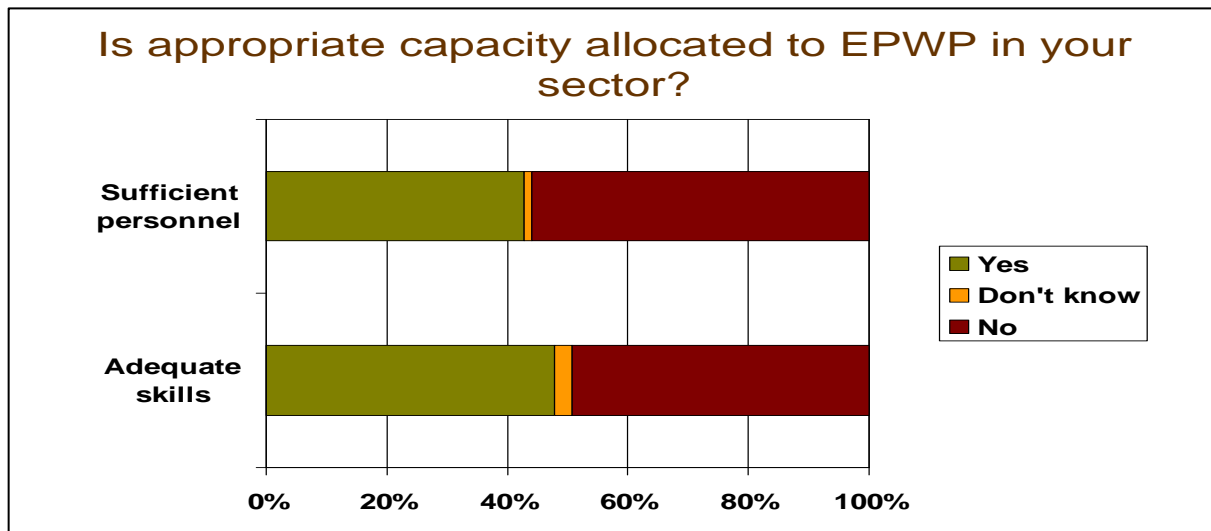
Lack of budget is considered to be a severe constraint for the EPWP, with only 36% of the sample considering budgetary resources to be at a sufficient level for the programme overall [Diagram 11].

**Diagram 11: Perceptions as to whether there is sufficient budget allocated to the EPWP**



Related to the above, only 48% believe that their sector has sufficient personnel, and only 49% believe that these personnel have sufficient skills to implement the programme effectively [Diagram 12]. A focus on skills development for EPWP staff is suggested by 19% of officials as a way of improving the programme.

**Diagram 12: Perceptions as to whether there is appropriate capacity allocated to the EPWP**



Support of their own role is likewise limited on these elements, with only 42% stating they have adequate budget and 46% stating they have adequate personnel. Support on a conceptual level is sufficient, with most officials stating that this is adequate with regards to championship (mentioned by 80%), authority (mentioned by 80%) and guidance (mentioned by 85%).

Related to the above, an increase in resources (including budget primarily, but also staffing and equipment) is the most frequently mentioned suggestion for improving the programme (31% of officials refer to this). Effectiveness of coordination between role players are both rated moderately well by most officials (average of 3.6 out of 5) [Diagram 13].

This point is underlined by the fact that administrative issues (mentioned by 18%), coordination and cooperation (mentioned by 15%) and communication (mentioned by 12%) are the main elements of the programme that were listed as not working well in the programme.

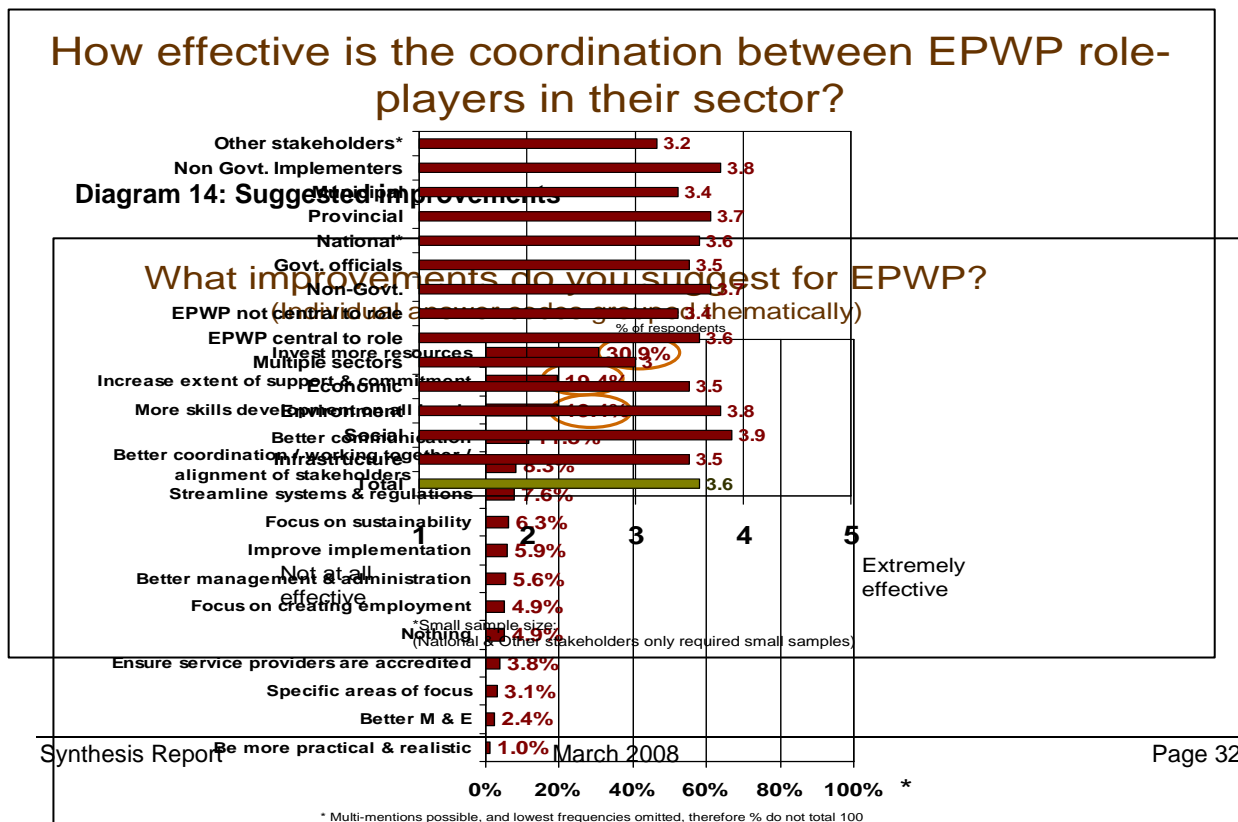
In order to improve implementation of the EPWP 31% of Officials suggested investing more in resources and 19% respectively in increasing the extent of support and commitment and more skills development at all levels [Diagram 14].

#### 2.4.5. Perceptions regarding effectiveness

The majority (70%) of officials believe that the target of additional work opportunities for 1 million people by 2009 **will** be met, because they see a lot of work already underway, and widespread engagement [Diagram 15]. The remainder who express doubt state the projects are coming in

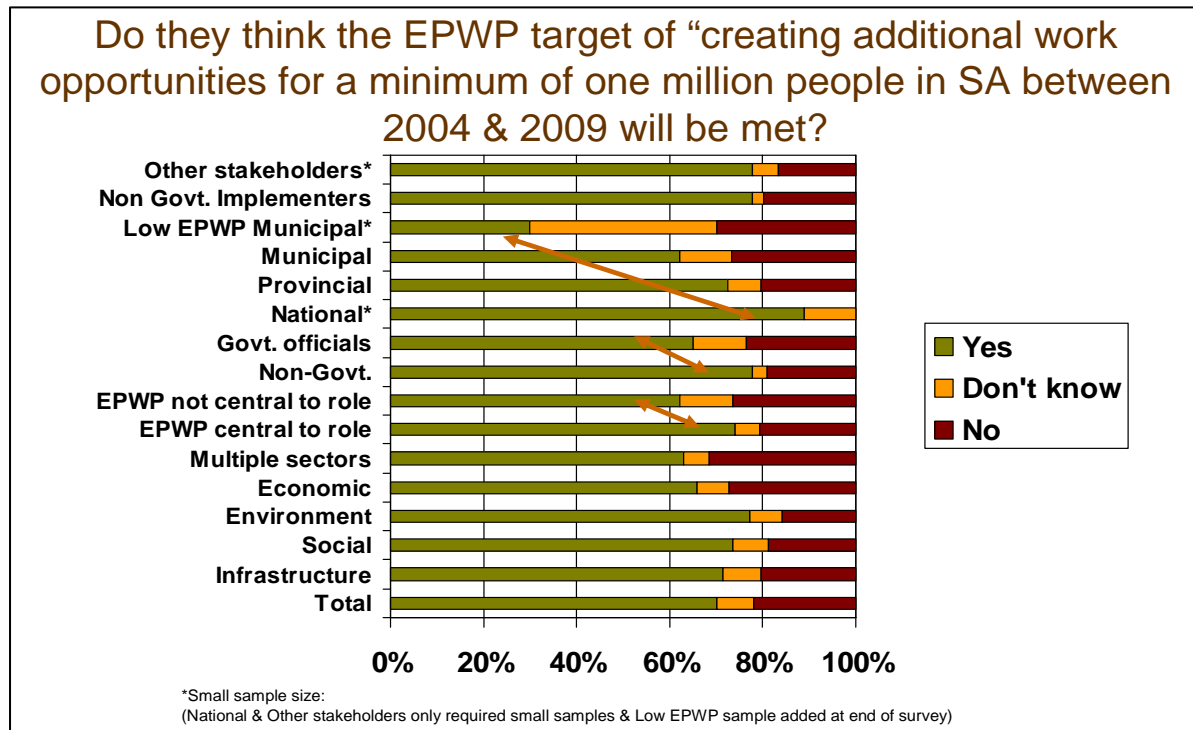
too slowly and that implementation is not

Diagram 13: Perceptions of coordination between role players





**Diagram 15: Perceptions as to whether the overall target will be achieved** effective in all municipalities. They also cite



lack of funding as a constraint.

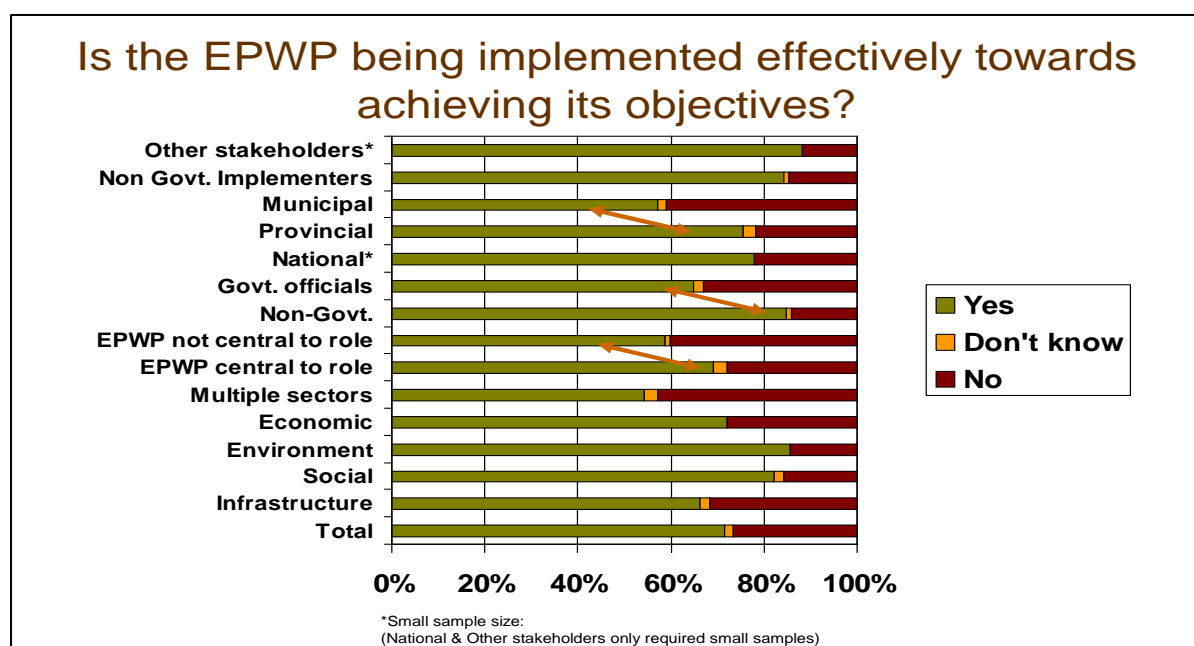
72% of officials state that the programme is being implemented effectively towards its objectives [Diagram 16]. Officials rate the effectiveness of the programme at a moderate level, giving it 3.7 out of 5 for both skills development and creating employment, but only 3.4 out of 5 for sustainability.

Linked to the above, skills transfer (mentioned by 45%), and job creation (mentioned by 44%) are seen as the key elements of EPWP that are working well. Training received by workers is generally considered to be useful (average rating of 4.2 out of 5), and 96% of the sample believe that training improves future employment prospects. Officials estimate that on average, only 65% of workers receive on the job training, and only 49% and 53% receive formal and life-skills training respectively.

The quality of EPWP outputs is rated at a similar level (3.7 out of 5). In this area, assessment by individuals with technical expertise (mentioned by 32% of the sample), perceptions of effective skills development (mentioned by 28% of the sample) and formal monitoring and evaluation systems (mentioned by 24% of the sample) are cited as the main ways of judging output.

Although the majority (64%) of officials believe that the EPWP is cost effective, the proportions of negative (19%) and unsure (17%) people indicate that this issue could be problematic. Those believing the programme to be cost effective give job creation, skills transfer, and ability to work within budget as the main reasons (22%, 20% and 18% respectively).

**Diagram 16: Perceptions of whether the EPWP is being implemented effectively**



Financial constraint is the main problem for those who are negative, with 19% mentioning insufficient funds generally and 12% specifying that *additional* budget is not made available for EPWP.

#### **2.4.6. Overall conclusions of the survey of Implementers**

- Officials involved in implementation of the EPWP can be considered to be fairly positive towards the programme overall. They generally buy into the EPWP's principles and see value in the approach. This is an important foundation to maintain and improve upon. The philosophy and principles of the programme are supported.
- The Officials interviewed are able to explain the objectives of the programme at a basic level, but the extent and depth of understanding needs to be improved. At a municipal level, there is a clear relationship between depth of understanding of the programme and level of EPWP activity. Investment in enhancing understanding of the EPWP should be considered an important priority.
- Mainstreaming EPWP activities into the mandates of government officials appears to be of great value. Individuals who consider EPWP to be central to their core mandate tend to have a better understanding and exhibit more positive attitudes towards the programme in general.
- Availability of resources (both budget and personnel) is considered to be a major limitation by these officials. This is likely to be a key problem area and will need to be addressed either by re-assessing what resources are applied, or working on perceptions of how current resources should be utilised. Application of resources also is taken as an indication of true commitment to the programme.
- Practical and measurable commitment to the programme should also be an area of priority. Officials interviewed generally support the principles of the programme but have limited knowledge of specific targets.
- The logistics related to implementation and administration of the programme, as well as communication and co-ordination between role players is a very important area of focus for the future of this programme. Besides lack of budget, most areas of negativity appear to be related to these elements.

### **2.5. Assessment of EPWP outputs and management**

As detailed in 1.3.3 above, the assessment of EPWP outputs and management comprises:

- Key informant interviews
- A review of EPWP activity in the Provinces and the four sectors
- Project site visits

## ▪ Data Analysis

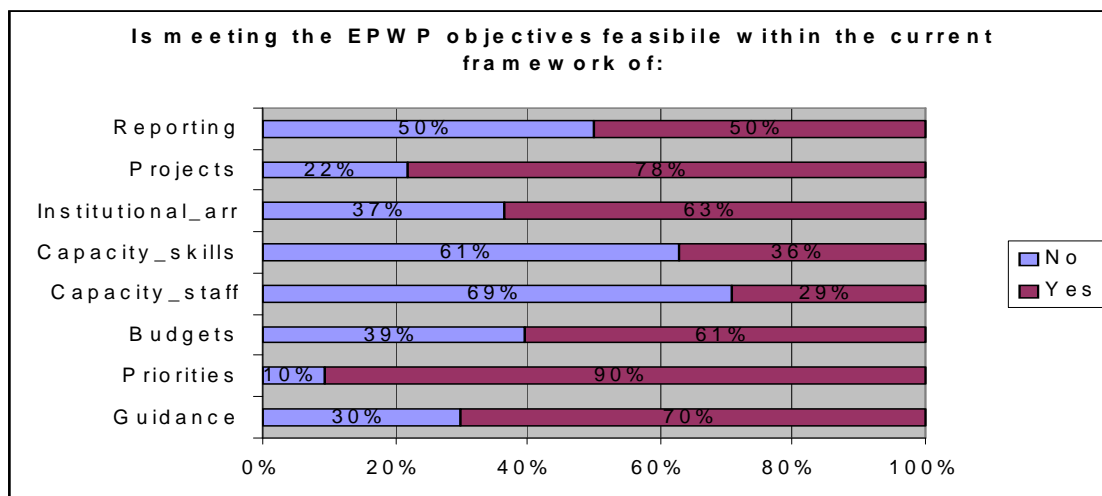
The key findings of the assessment of EPWP outputs and management are set out below.

### 2.5.1. Key informant interviews

Most senior officials (77%) regard their work on the EPWP as core to their daily activities. Most of these officials (58%) felt they understood the EPWP “very well”, one third (33%) felt that they knew the EPWP “reasonably well” and 9% “not well”. Of the senior officials interviewed, 44% think that key role-players in their sector regard the EPWP “positively”, while 41% are “unsure” and 16% think that role players are “negative”.

Diagram 17 below provides a review of the current framework of the EPWP as perceived by Senior Officials in respect of meeting the EPWP objectives.

**Diagram 17: Perceptions as to whether EPWP objectives will be met**

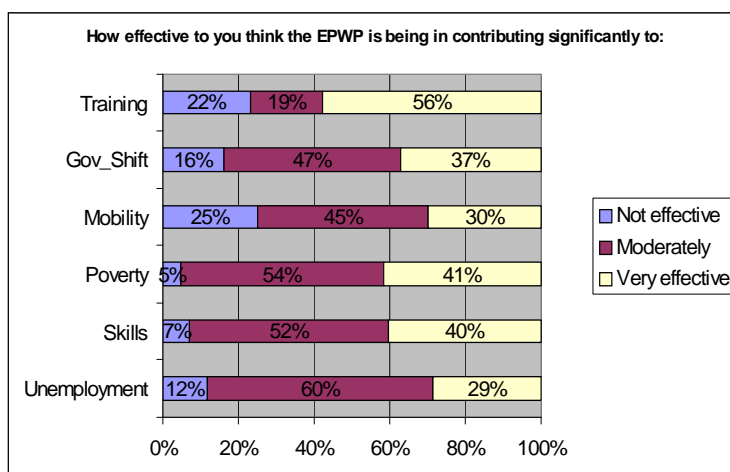


On the basis of the diagram it is evident that:

- Reporting, projects institutional arrangements, priorities and guidance are seen to support the meeting of EPWP objectives.
- Problems occur in respect of skilled staff capacity, general capacity and budgets

Senior Officials had a range of opinions in relation to the effectiveness of the EPWP. Most regarded training, skills development and poverty alleviation within the EPWP as very effective [Diagram 18]. The EPWP was felt to be less effective in respect of mobility [exit strategies] and reducing unemployment.

**Diagram 18: Perceptions of effectiveness**



Of senior officials interviewed, 38% stated that EPWP was “definitely” re-labeling existing activities, 24% thought it possibly could happen, while 21% did not think it could happen. In addition, 70% of senior officials believed that there were projects or programmes that could be included and reported on under the EPWP that currently were not.

These responses tend to indicate that senior officials have an “inclusive” attitude towards the EPWP, possibly feeling that re-labeling is not necessarily incorrect or that additional existing programmes could be included. There is considerable pressure on provincial leadership to report progress in relation to the EPWP targets and this could influence attitudes.

In relation to accountability, 33% of senior managers felt that there is adequate accountability within the EPWP, while 68% stated there is not. A large majority of senior officials (68%) feel that the EPWP targets will be met, while 24% believe the targets will not be met.

Among the key points raised by senior managers were the following concerns:

- **Quality of EPWP employment:** Senior Officials were concerned about the lack of exit strategies, poor conditions of employment, poor understanding by beneficiaries’ of the objectives and definitions of the EPWP and the quality and extent of training. A key issue was that of wages, where a number of issues were identified including; inconsistent

implementation of wages, confusion over wages and stipends and unpaid or late payment of workers. In addition there is uncertainty about whether wages should be paid during and after training.

- **Reporting and management:** This includes issues of re-labelling, compliance with EPWP criteria, and the monitoring and reporting of projects. Senior Officials felt that the EPWP criteria are not rigorously defined with different standards being applied in the various provinces
- **Communication and coordination:** Communication across spheres of government, as well as within spheres and clusters is felt to be problematic. Officials note improvements over time, but many mentioned that DPW does not have the authority to insist on participation and compliance by Departments. Unclear institutional arrangement is hampering effective coordination.
- **Implementation:** Two key issues were raised in respect of implementation:
  - EPWP allocations are not always clear at the beginning of a financial year and are often used for other purposes during the year. The uncertainty of budget availability affects planning.
  - Although the Officials interviewed were committed to the EPWP along with other officials in their sector, there was not necessarily the support from others in their department. This is in part due to the fact that not everyone has heard of or understands the EPWP's objectives and methods. Many felt that this was due to political leadership in their department not giving priority or a clear indication of support. In addition other specific issues were raised relating to sectors such as the question of the maintenance of assets in infrastructure, inconsistent application of either wages or stipends, wages after training, the quality of staff training, and the need for legislation to ensure take up of environmental services and effective utilisation of Environment sector EPWP programmes.
- **Political questions:** A number of Officials interviewed mentioned that buy-in is problematic resulting in a tendency for senior officials to delegate responsibility of the EPWP to junior officials in their departments and this made decision making very difficult. In addition coordination and leadership of the DPW is poor. The politicisation of recruitment processes in the EPWP was also identified as a problem.
- **Accountability and incentives:** Accountability for the EPWP is difficult because of its cooperative and coordinated nature. There is often a lack of accountability particularly in the sectors not directly managed by the DPW. In addition, communication and accountability of the EPWP to the local communities in which projects are generally operating is not generally reported. This has discouraged the broad involvement of civil organisations.

A key problem relates to the institutional arrangements. While the DPW has responsibility for key aspects of the Programme, the responsibility of other departments is more difficult to track. A number of officials responsible for the EPWP felt that these activities were only part

of their work responsibility. Having programmes under the EPWP does not appear to provide significant value add to the department or individual officials, but adds an important bureaucratic cost.

## 2.5.2. Provincial reports

Concurrent with the interviews with key informants was an assessment of the work of the EPWP in the nine provinces. This was undertaken through interviews with officials at provincial level and a review of provincial documentation. A summary of the key findings in respect of each Province is set out in Table 3 below.

**Table 3: Assessment of the EPWP by Province**

Province	Key findings
Eastern Cape	<ul style="list-style-type: none"> <li>– Objectives of the EPWP are high on the political agenda.</li> <li>– The Province is however behind in achieving its EPWP objectives</li> <li>– Many of the projects are short in duration and do not allow for meaningful training</li> <li>– The EPWP is seen as the right tool to fight unemployment and poverty and there is growing commitment to make it work.</li> <li>– Key problem areas include: poor communication, poor definition of roles and responsibilities, lack of personnel, no separate budget, few projects, no Economic Sector and a lack of proper reporting.</li> </ul>
Northern Cape	<ul style="list-style-type: none"> <li>– Officials informed of and favourable towards the EPWP, but unsure about its impact on alleviating poverty</li> <li>– Key problem areas include: poor leadership and coordination, poor reporting, relabeling is taking place, lack of capacity especially within local government, limited number of training service providers and limited budgets.</li> </ul>
Western Cape	<ul style="list-style-type: none"> <li>– The EPWP is being actively led by the Dept of Transport and Public Works and the MEC has taken a personal and direct interest in the EPWP.</li> <li>– A great deal of EPWP work is underway with a number of dynamic and committed staff, but institutional constraints and lack of conceptual clarity is hampering the impact of these efforts.</li> <li>– Key problem areas include: unclear roles and responsibilities, problems in reporting and limited buy in from personnel.</li> </ul>
North West	<ul style="list-style-type: none"> <li>– Only a few Departments are taking part and the majority of Municipalities are not involved.</li> <li>– Key problem areas include: political interference, beneficiaries are paid different stipend amounts between and within sectors, lack of training and quality of training and lack of capacity and competency.</li> </ul>



Province	Key findings
Gauteng	<ul style="list-style-type: none"> <li>– There are difficulties in attitudes and perceptions and there was a perception among politicians that the EPWP is delaying delivery.</li> <li>– There is poor political will to drive the EPWP.</li> <li>– Key problem areas include: poor quality and reliability of reporting, no Economic Sector activity, poor training and exit strategies, lack of funding, inconsistent participation, low levels of awareness, wage levels inconsistent and training weak.</li> </ul>
Limpopo	<ul style="list-style-type: none"> <li>– The EPWP is attempting to do something valuable and it is merely a question of refining it and improving the institutional framework, implementation and coordination system.</li> <li>– Key problem areas include: lack of authority of DPW, confusion of roles and responsibilities, lack of understanding and adherence to EPWP guidelines, lack of planning and project management skills and EPWP treated as an add on.</li> </ul>
Mpumalanga	<ul style="list-style-type: none"> <li>– EPWP well structured and integrated into the Province</li> <li>– There appears to be a relatively high level of coordination between key departments.</li> <li>– Key problem areas include: insufficient participation by stakeholders, lack of understanding of the EPWP and reporting requirements and lack of training</li> </ul>
Free State	<ul style="list-style-type: none"> <li>– There appears sufficient understanding of the nature and working of the EPWP.</li> <li>– There is support for the EPWP and targets are considered to be achievable.</li> <li>– Key problem areas include: Economic Sector not being implemented, senior management is not pro-active, lack of capacity, budget insufficient and inadequate reporting.</li> </ul>
Kwa Zulu Natal	<ul style="list-style-type: none"> <li>– EPWP is managed by the Department of Transport and is a high priority among senior officials. Implementation is more dominant in the Infrastructure sector, than the other sectors.</li> <li>– Key problem areas include: Unclear level of coordination between key departments</li> </ul>

### 2.5.3. Review of the four sectors

A review was undertaken of the four sectors comprising the EPWP based on an analysis of key EPWP documents, data on the sectors, interviews with key informants and material from the site visits.

In undertaking the review the focus was assessing the number of work opportunities and training days created and efficiency in terms of ability to spend money allocated to the sector to set projects in motion.

General observations across all sectors are as follows:

- In all Provinces, the Infrastructure Sector, which is closely aligned to DPW, is dominant.
- Other sectors are growing unevenly. Some are still in the development stage [Economic], while others are recently growing [Social]
- The weakest component appears to be Economic and the lack of involvement of dti is a critical weakness.
- Not all programmes are closely associated with the EPWP for example Working for Water in the Environment Sector

The key findings in respect of each sector are set out in Table 4 below.

**Table 4: Sector reviews**

Sector	Key findings
Infrastructure	<ul style="list-style-type: none"> <li>- The Sector is the largest in the EPWP and has a number of high profile flagship projects.</li> <li>- There is a historic implementation of PWP projects being implemented by this sector which draws on this experience</li> <li>- There is considerable debate about labour intensive construction and its limits.</li> <li>- Key challenges are: participation of the State Owned Enterprises, application and buy in of labour intensive methods and rigorous enforcement of the guidelines, more training particularly in hard skills like construction.</li> </ul>
Environment and Culture	<ul style="list-style-type: none"> <li>- The sector has clear targets and programmes to be undertaken.</li> <li>- The sector has enjoyed some successes and is also built upon a historic implementation of projects</li> <li>- Key challenges are: Monitoring, evaluation and reporting, sustainability of projects, lack of capacity, overlaps between projects.</li> </ul>
Social	<ul style="list-style-type: none"> <li>- Targets for the sector are felt to be too low to make an impact</li> <li>- There is confusion on the objectives of the sector</li> <li>- Reporting is poor across the sector and implementation uneven across provinces</li> <li>- Key challenges are: funding and budget issues, lack of capacity, lack of information and communication between all stakeholders, reporting, monitoring and evaluation.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>- This is the smallest sector and its objectives are unclear.</li> <li>- The sector is just emerging and is absent in a number of provinces.</li> </ul>

Sector	Key findings
	– It appears to be cross cutting

#### 2.5.4. Site visits

A total of 33 site visits were undertaken across the nine provinces and in all sectors. The site visits were conducted on the advice and often with the accompaniment of officials of the provincial EPWP.

Key findings were as follows:

- A generally good level of operation was found among the projects visited. Of the total 68% were found to be working well while there were 18% that were experiencing problems.
- The majority were found to be compliant with the EPWP, although there were varied levels of understanding among project managers. Of the total, 61% of project managers knew the association between the EPWP and the project, 7% were found to be weakly linked and 14% did not know of a link.
- Most of the projects [68%] maintained a high level of communication with a wide range of stakeholders, while one third [32%] did not.
- Conditions of employment were problematic. There appears to be unclear rules as to the application of stipends or wages. 71% of projects visited showed evidence of differences between wages paid to employees at the same level.
- Of the project visited, 21% of projects are not receiving any EPWP support
- Among the projects there is a fairly high level of employee dissatisfaction with 65% having experienced either protests or strikes from their employees.
- Of the projects visited, 75% had no proper plan in place for training while 18% did. 75% indicated that they could access accredited training.
- Of the projects visited, 75% did not have an exit strategy.

#### 2.5.5. Data analysis

##### ***2.5.5.1 Report on the employment context of the EPWP***

An analysis of the employment context of the EPWP was undertaken. This analysis comprises the modelling of a number of employment scenarios to determine how many jobs the EPWP will be required to provide in order to meet the Government's target of halving unemployment by 2014. In this regard the following four scenarios are modelled:

- **Scenario 1** shows business as usual, where the economy grows at 4.5% per annum and employment grows at about the same rate as in 2000-2005. Government is involved in employment creation through massive infrastructure spending (and therefore a near doubling of construction employment) and some growth in EPWP opportunities as more-or-less currently stated in policy (150,000 jobs through labour intensification in construction, and about 100,000 social sector EPWP jobs). In this case, the unemployment rate would be 21%. **More than 1.1 million jobs would still be needed per annum to halve unemployment to 13%. This is the shortfall that would need to be made up by EPWP if there are no other policy changes.**
- **Scenario 2** is the same as Scenario 1, except that the public service grows more rapidly. The public service is currently growing by about 1% per annum and accounts for approximately 14.5% of all employment. To maintain the ratio of public servants to total employment, the public service would need to grow by 3.5% per annum or about 550,000 jobs. **This would take some pressure off EPWP, but it would still need to generate an additional 650,000 jobs per annum above those already planned in order to reduce the unemployment rate to 13%.**
- **Scenario 3** shows what might happen if the economy grows at a faster rate of 5.5% per annum, but with approximately a similar path. This means that resource-based exports continue growing and market based job creation mostly occurs in labour intensive services. Again, it is assumed that the public service grows by 3.5% pa. **EPWP would need to create an additional 326,000 jobs per annum above those already planned.**
- **Scenario 4** has the economy growing at 6.5% per annum, and shows what might happen if the employment grows more rapidly in non-traditional manufacturing and services exports. Even in this extremely positive scenario, the EPWP would need to create an additional **153,000 jobs per annum, or about 600,000 in total.**

The analysis undertaken in respect of each scenario and the outcome can be seen in Table 5 below.

**Table 5: Employment scenarios**

Sectors	Employment in 2004	Employment in 2014			
		Scenario 1	Scenario 2	Scenario 3	Scenario 4

Formal sector employment – “high paid sectors”	5,261,000	6,207,291	6,758,049	6,758,049	7,484,521
Formal sector employment – “low paid sectors”	2,565,000	3,859,533	3,836,314	4,207,762	3,707,770
Construction & utilities	620,000	1,163,825	1,163,825	1,163,825	1,163,825
Informal sector & dom work & subsis agric; less EPWP	2,815,000	3,592,905	3,592,905	3,692,298	3,638,748
EPWP-type jobs – construction	220,000	370,000	370,000	220,000	220,000
EPWP-type jobs - community care	120,000	220,000	220,000	220,000	220,000
Shortfall		<b>1,174,597</b>	<b>647,058</b>	<b>326,218</b>	<b>153,287</b>
<b>Total</b>	<b>11,601,000</b>	<b>16,588,152</b>			

Source: see Altman, 2007.

The analysis shows that the current size of the EPWP is too small, in respect of all scenarios modelled and needs to be increased.

It should be further noted that these scenarios focus on halving official (or strict) unemployment. To halve broad unemployment, 6 million jobs would have to be created between 2004 and 2014. In other words, one million more jobs would be needed, over and above that described in these scenarios. This is a critical point, since discouraged work-seekers can be seen as amongst the most marginalised in the workforce.

#### **2.5.5.2 EPWP data and documentation review**

The EPWP data and documentation review comprised a detailed analysis of the data as reflected in the EPWP's quarterly reports for the period 1 April 2004 to 31 March 2007, as well as a review of a range of documents pertaining to the EPWP.

The analysis reviewed the EPWP's performance against the indicators and targets set at the start of the projects and detailed in Section 2.2.

The key findings of this analysis are set out in Table 6 below.

**Table 6: Performance of the EPWP against indicators and 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. 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%
6. Actual expenditure*, Rbn	R21.6 allocated	R12.8	59%

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. It is included here as it is an important measure of performance.

In addition to the above indicators and targets, the issue of impact on beneficiaries was also reviewed.

On the basis of the data as set out in the above table and additional data analysis the key conclusions of the data analysis are set out below.

### **Indicator 1: Number of work opportunities created**

Progress towards the key indicator of the EPWP [number of work opportunities (described as EPWP Indicator 1 in Table 6)] is that a total of 716,399 work opportunities have been created and it is likely that the 1 million target will be reached or closely approached.

Diagram 19 below shows work opportunities by year and sector. From this diagram it is evident that there has been growth over the years across all sectors, although there is unevenness.

**Diagram 19: Work opportunities by year and sector**

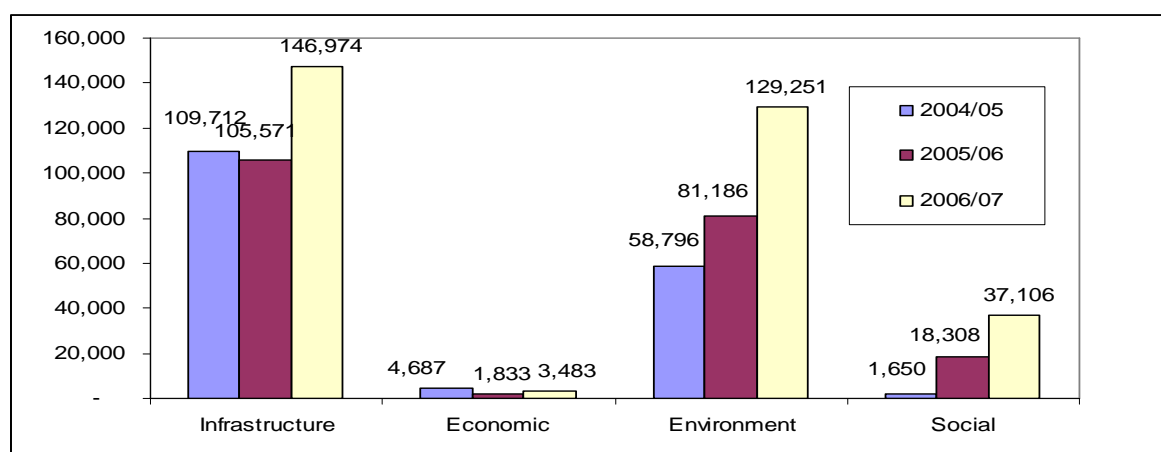
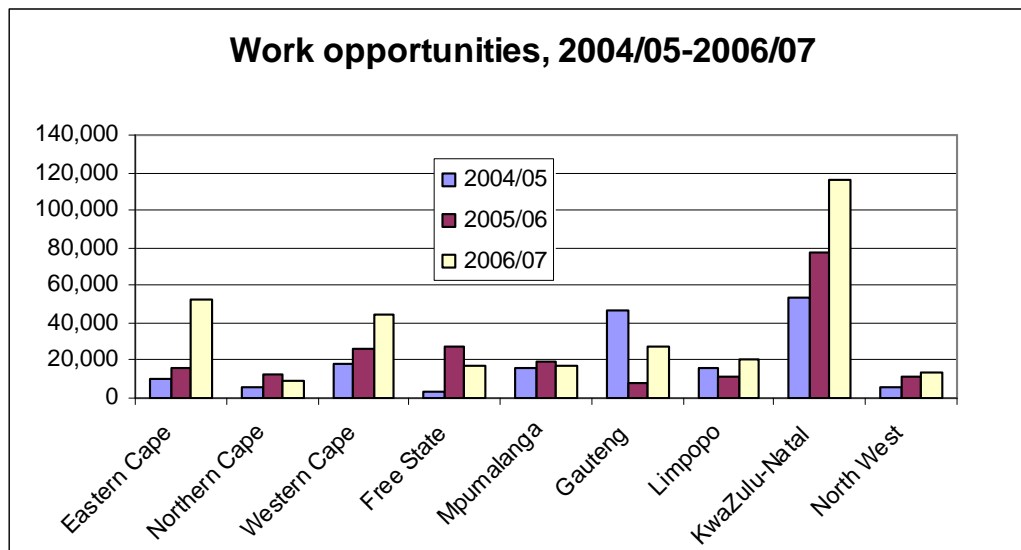




Diagram 20 below shows work opportunities across Provinces. From this diagram it is evident that implementation of the EPWP across Provinces is uneven with KwaZulu Natal dominant and many Provinces lagging.

**Diagram 20: Work opportunities by Province**

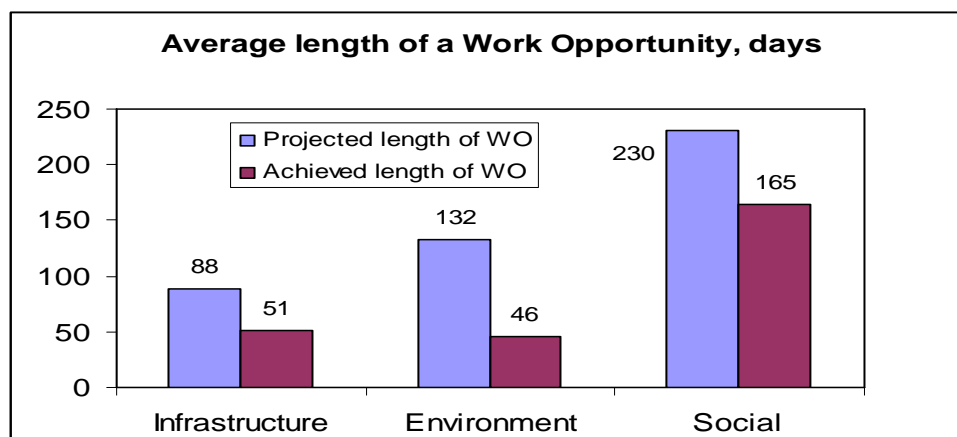


**Indicator 2: Person years of employment created**

In terms of the person-years created (Indicator 2 in Table 6), which indicates more of the duration of each work opportunity, there is a somewhat different picture; overall just over a third of the target has been reached.

The reason for this is shown in Diagram 21 below, whereby the average length of a work opportunity is presented for the year 2006/07 across the different sectors. In Infrastructure there is a difference of 37 days between the projected length of a work opportunity and the average achieved, in Environment there is a difference of 86 days, and in the Social Sector a difference of 99 days. It is therefore evident that the length of the work opportunities created are shorter than what was originally projected. Further investigation into this issue needs to be undertaken.

**Diagram 21: Average length of a Work Opportunity, 2006/07, days**

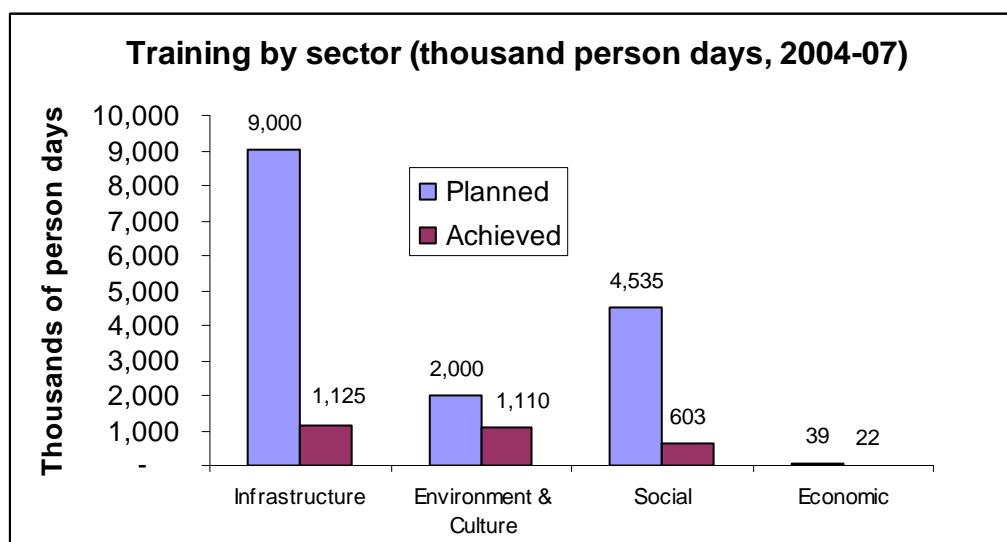


*Projected number of days derived from Hirsh, 2006 and Annual Report of DPW, 2005/06, p43; months have been converted into days at the proportion of 22 working days per month; for the projected person year (as in the case of the Social sector) there are 230 days (please see definition of the person year).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

### **Indicator 3: Training**

The indicators in respect of training show a serious lag in progress with 19% of the goal overall being reached [see Item 3, Table 6]. and as shown in Diagram 22 below only the Environment and Culture Sector and the small Economic Sector making a reasonable achievement. 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.

**Diagram 22: Training by sector, 2004-07**



The lack of achievement in respect of training is the result of obstacles in terms of institutional coordination, problems with SETAs and practical problems with sufficient training providers being provided, etc.

Table 7 presents data on training over the past three years broken down into accredited and non-accredited training programmes. Although the Logframe states that accredited training should be the “preferred” form and the norm, the proportion of 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.

**Table 7: Training-days by type, 2004-2007**

<b>Sector</b>	<b>Accredited</b>	<b>Non-Accredited</b>	<b>Total</b>
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
Total	1,551,860	1,421,957	2,973,817

*Source: Dataset provided by EPWP Unit*

#### **Indicator 4: Project budget**

The budgetary allocation for EPWP projects (Indicator 4, Table 6) 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.

#### **Indicator 5: Demographic characteristics of workers**

The measures of the demographic characteristics of workers (Indicator 6, Table 6) shows that the EPWP has succeeded in providing employment to 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.

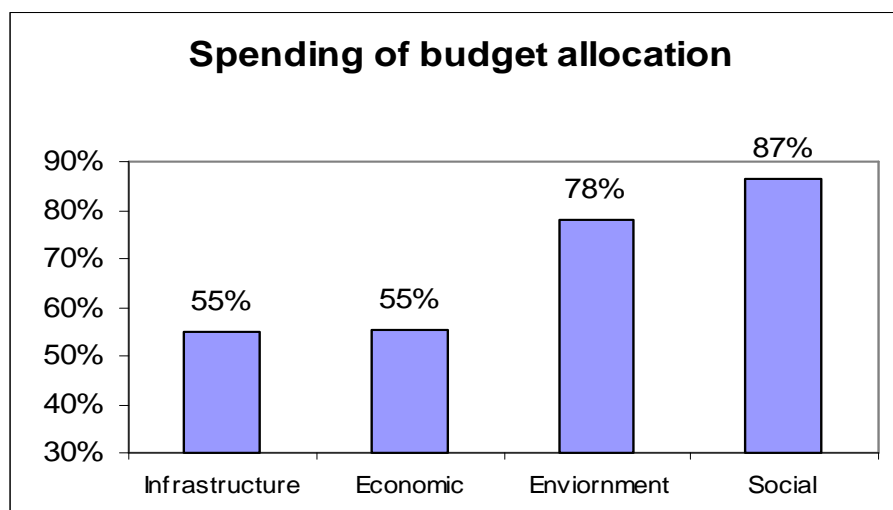
#### **Indicator 6: Actual expenditure**

Data on actual expenditure (Indicator 5, Table 6) of the budget 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 sums entered each year) or severe capacity

problems leading to poor spending of the allocated funds. Further investigation into this issue needs to be undertaken.

There are considerable differences between sectors in spending the allocated budget. From Diagram 23, 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<sup>6</sup>.

**Diagram 23: Spending the budget by Sector**



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

An important component of spending the budget is the proportion of expenditure that goes towards wages. Table 8 below shows the wage component for the EPWP for all sectors presented in nominal and real terms. The latter 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.

**Table 8: Wage bill for all EPWP sectors**

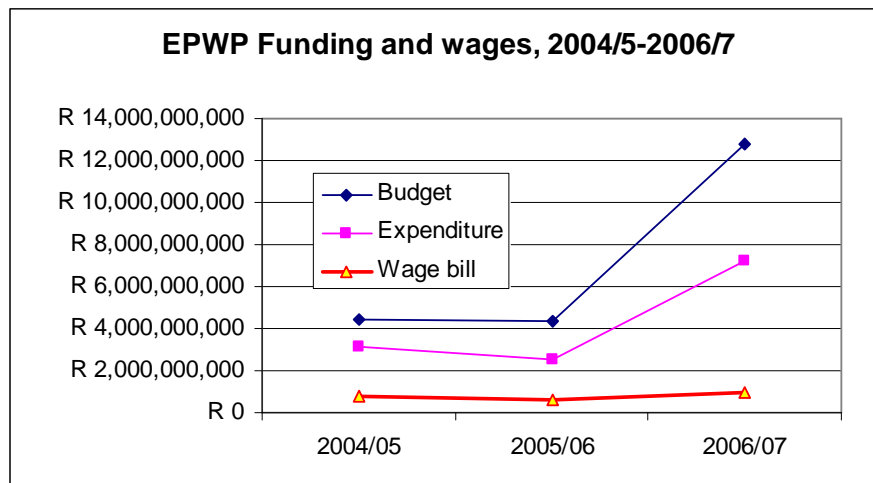
	Wage bill	Real terms (R=2000)
2004/05	R 823,202,981	R 823,202,981
2005/06	R 635,652,856	R 608,955,436
2006/07	R 917,520,088	R 846,871,041

Diagram 24 below shows the relationship between budget, expenditure and wages. The diagram indicates that the EPWP has experienced the most rapid increases in budgetary

<sup>6</sup> Further investigation is being undertaken into this trend by the DPW

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

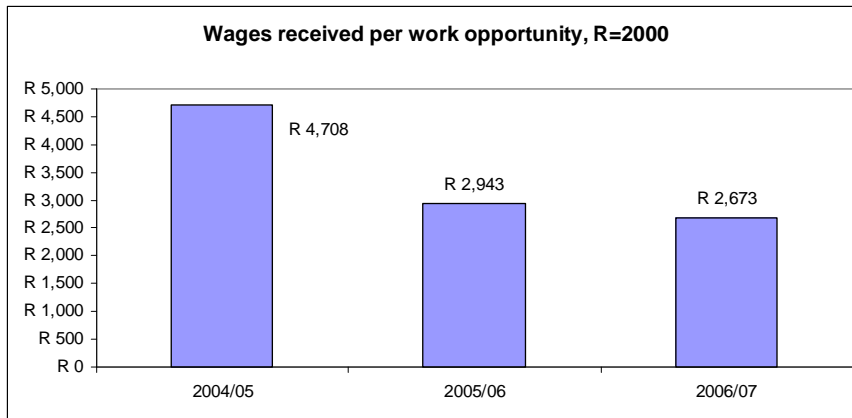
**Diagram 24: Relationships between budget, expenditure and wages**



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

In Diagram 24 below the wages received per work opportunity across all sectors is shown. As evident the wages received per work opportunity has declined from R4,708 in 2004/05 to R2,673 in 2006/07.

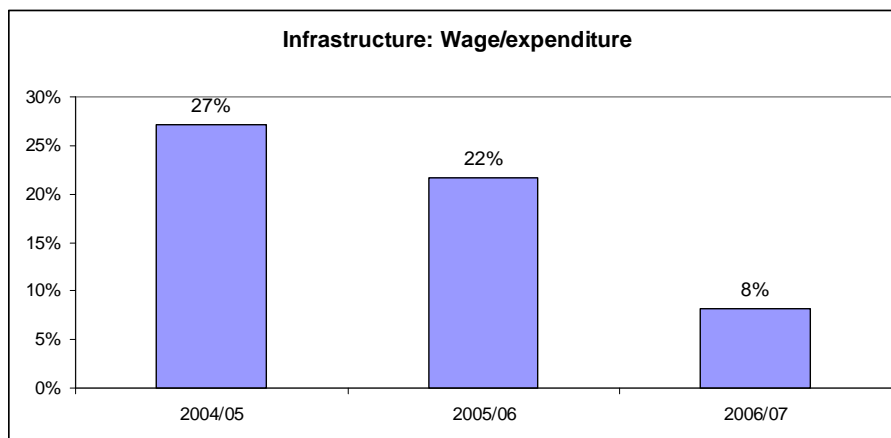
**Diagram 24: Wages received per work opportunity, 2004-07**



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

Diagram 25 shows the decline in the proportion of wages in expenditure in the Infrastructure sector. Although this is not the only 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 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. Part of this cause of this is thought to be an increase in large projects with high capital inputs for example hospitals.

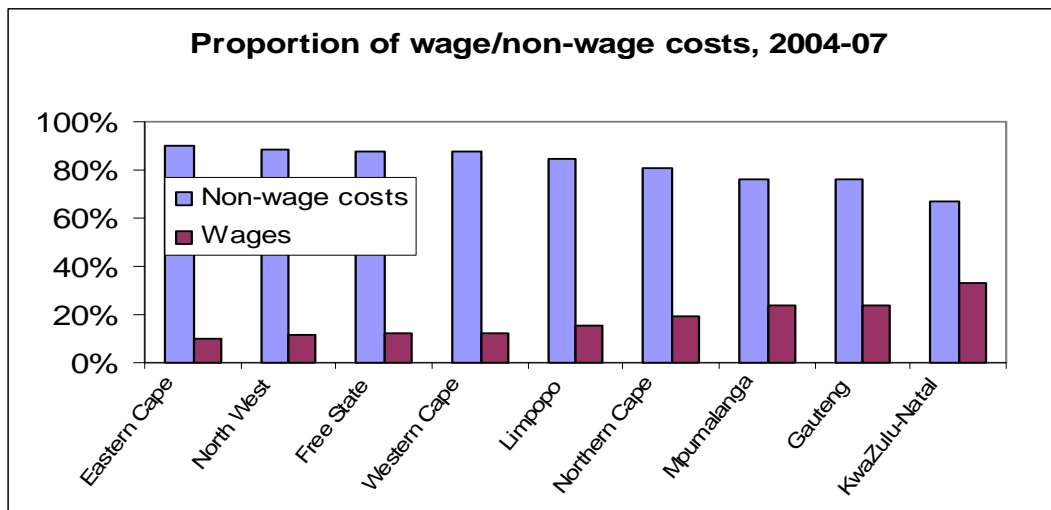
**Diagram 25: Infrastructure: decline in proportion of wages in expenditure**



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

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 Diagram 26.

**Diagram 26: Wage and non-wage costs, 2004-07**

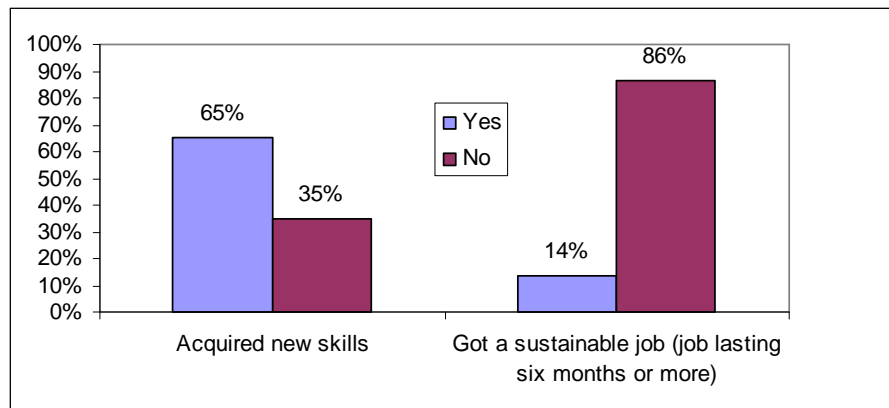


### **Impact**

Participation in the EPWP does seem to lead to increases in employment performance as evidenced by the findings of the Labour Force Survey of 2005 [see Diagram 27] below. While this survey is not necessary 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 beneficiaries [14%] had got further employment.

**Diagram 27: Impact of the EPWP on beneficiaries**



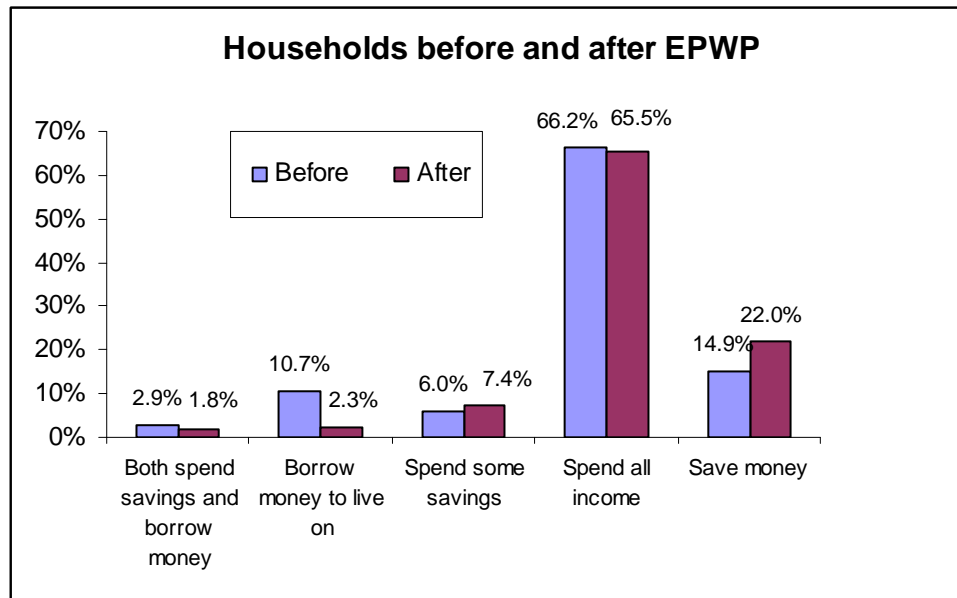


*LFS March 2005; Table 8.2, Job creation or expanded public works programme activities among population of working age (15-65 years), Among those involved, the benefits of such involvement.*

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 Diagram 28 the effect of the EPWP is shown to be marginal in terms of expenditure as about 62% of participants reported that households spent all income both before and after EPWP employment. 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. Whether the savings effect is lasting or only measurable in the immediate aftermath of employment has yet to be examined.

**Diagram 28: Impact on household savings and expenditure**



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

## 2.5.6. Overall Conclusions on the assessment of EPWP outputs and management

- Senior Officials interviewed support the EPWP and want it to continue, but acknowledge major difficulties with respect to implementation. Such Officials believe that the work opportunity targets will be met. Key concerns raised related to the quality of EPWP employment, reporting and management, communication and coordination and accountability and incentives.
- The assessment of the status of implementation of the EPWP in the Provinces and the Sectors found this to be highly variable and uneven with some Provinces and Sectors doing better than others.
- Site visits found projects to be functioning, but with many unresolved issues regarding the quality of work and wages.
- The report on the employment context of the EPWP indicated that the current size of the EPWP is too small and needs to be increased.
- The review of data and documentation indicated that the key target of 1 million work opportunities will probably be reached although the duration of these work opportunities appears to be less than planned resulting in 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.

### **3. Assessment**

This section outlines the assessment undertaken based on a set of criteria that were established for the Review namely relevance, feasibility, efficiency, effectiveness and sustainability

#### **3.1. *Relevance***

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

- What the objectives of the EPWP are;
- what the problem to be solved is; and
- whether the objectives (as well as the targets and performance) of the EPWP are appropriate in relation to the problem

### 3.1.1. Objectives of the EPWP

The overall policy goal behind the EPWP is to contribute to alleviating unemployment for a minimum of one million people, of which at least 40% will be women, 30% youth and 2% disabled, by 2009. The EPWP Logframe further outlines the purpose of the programme as:

- Creating temporary work opportunities and income for at least 1 million unemployed South Africans by 2009;
- 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”;
- 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.”

**Contributing to poverty alleviation, contributing towards reducing 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.

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

This section looks at the context within which the EPWP is seeking to impact in respect of the four objectives of poverty reduction, addressing unemployment, skills development and service delivery as identified above.

#### 3.1.2.1 Contributing to poverty alleviation

The EPWP was motivated and developed under the broad umbrella of government's poverty reduction strategies. The EPWP is conceptualised on the basis that providing temporary employment and training will lead 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 contribute towards the achievement of the alleviation of poverty.

As indicated in Sections 2.5.6.2 and 2.5.6.5, work opportunities created by the EPWP are of a short duration [shorter than originally anticipated]. 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 or a rising transfer of wages to the unemployed. Moreover, the wage bill is static with an increase of 2,8% in the total over the period 2004/05 to 2006/07.

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 Public Works Programmes if they offer sustained employment or employment guarantees, as well as creating productive assets. This finding is supported by the International Review [see 2.3.3]/

This is further supported through research by the EGDI of the HSRC which concluded that because of low wages even if unemployment were halved, 35% of the population would still be living in poverty (Altman, 2007).

Thus in the current context the EPWP could make a larger contribution to poverty alleviation and this should be considered.

### 3.1.2.2 Contributing towards reducing unemployment

As detailed in Section 2.2 above, unemployment in South Africa is currently estimated to be 4,4 million [in terms of the narrow definition]. Altogether in 2006/07 the EPWP contributed some 317 000 work opportunities against the general challenge of 4,4 million unemployed.

Table 9 below sets shows employment created by the EPWP against the extent of unemployment by Province.

**Table 9 : EPWP employment and unemployment 2006/07**

Province	EPWP work opportunities	No. unemployed "official" definition	Proportion of EPWP work opportunities as proportion to the no. of unemployed
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%
Total	316,815	4,391,000	7%

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

On the basis of the above table it is evident that the EPWP by design has a limited impact on the unemployed in South Africa. 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 “narrow” definition.

Various perspectives can be applied to the question of the scale of unemployment in South Africa, and thereby the desired scale of the EPWP. 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. 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 (see Section ), or an additional 500,000 to 800,000 jobs each year.

On the basis of the above, it is evident that there is considerable room for a larger EPWP to make a bigger impact on reducing unemployment in South Africa.

### 3.1.2.3 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 another economic activity. The Code of Good Practice 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.”

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 Public Works Programme 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 skills levels, it also seems reasonable to assume that this is a sector that should be targeted for skills development programmes.

However, the EPWP is not meeting its targets in respect of training. The scale of education and training required is massive. Of the unemployed, 5.8 million who have incomplete secondary education 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 very large, 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.

#### **3.1.2.4 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 by government officials expressing agreement 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 table 10 below indicates the extent of the challenge of service delivery and the demand for labour to build infrastructure and extend services.

**Table 10 : 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 represents 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 resolved. This was explicitly stated as an assumption in the design of the EPWP. Given a poor track record to deliver on existing mandates and programmes illustrated by many of these delivery agencies (e.g. budget under spending and poor planning capacity), it is not possible to simply assume that increased labour injection would easily be focused to meaningfully addressing South Africa's service delivery challenges.

### 3.1.3. Relevance of the EPWP

Overall, 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:

- **Contributing to poverty alleviation:** The EPWP should be designed with explicit social protection considerations in mind. To be more effective in a context of chronic poverty it should offer sustained employment or employment guarantees.
- **Contributing towards reducing unemployment:** The 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. While the EPWP is only one of Governments mechanisms to address this issue, it is nevertheless too small in scale and has the potential to make a greater contribution towards alleviating unemployment in South Africa.



- **Skills development:** The EPWP commits itself to the principle of enhancing the employability of workers through skills development and work experience. While this is appropriate within the current context, 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. 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 and immediately implementable strategy of 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 addresses the capacity of the delivery agencies to deploy these resources.

## 3.2. Feasibility

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

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

### 3.2.1. EPWP Design Assumptions

This section sets out the critical assumptions of the EPWP's design according to the programmes inception documents, and a brief summary of the Study findings in respect of each.

- **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>7</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 [see section 2.5.1]. This in part has led to low-level staff and minimal attention being given to driving programmes. Addressing this issue has been a key focus of the DPW.
- **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 has declined implying that labour intensity is reducing [see section 2.5.6.5].

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<sup>7</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)

In addition 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>8</sup> also suggest that the attitudes of professionals and major construction industry role-players are still sceptical about labour intensive construction. Other contractors disagreed and were committed to labour-intensive methods.

To address this issue the EPWP made labour intensive construction a component of the Division of Revenue Act [DORA] and developed the Guidelines. However there is a need to “sell” 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.

- **Labour market and exit:** A range of assumptions were made in respect of exit strategies 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 will be better placed to secure employment on exit due to various interventions, and that further training opportunities will be availed and funding by external entities. Indications 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. However there is evidence that the EPWP does seem to lead to increases in employment performance as evidenced by findings of the Labour Force Survey of 2005 [see Diagram 27].
  
- **Funding:** The EPWP is based upon the assumption of steady funding committed by departments through the MTEF. However, the issue of funding is raised by management and implementation role-players 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 [see section 2.4].

However more recently there have been significant contributions to the EPWP through the equitable share [Social Sector] and through dedicated funding [Roads Programme].

- **Training environment:** The assumption that “the relevant SETAs have the capacity and competence to deliver, and that adequate capacity exists in NQF-accredited service

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<sup>8</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*.

providers” in particular has proven to be greatly overestimated, as many of the SETAs have proved to be unable 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.

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

- **Political buy in:** The study found that there is uneven political will, buy in and drive for the EPWP which hampers commitment to programme implementation.
- **Complex 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. Implementation is hampered by complex horizontal and vertical coordination. It is apparent that different sectors do not fit comfortably under one management structure.
- **Wage rates** have been a source of beneficiary dissatisfaction and labour disputes.

### 3.2.2. Summary of findings on feasibility

The EPWP had faced many challenges during its first years of implementation and this has delayed the programme which 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.

However the EPWP has undertaken a range of activities and programmes to address these issues and implementation is increasing. The EPWP must continue to address these constraints. 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.

### 3.3. *Efficiency*

In the context of the study, 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;
- The verifiable monitoring and reporting of EPWP performance in terms of the primary objectives of the EPWP.

Findings on efficiency are as follows:

- Spending the budget: As shown in section 2.5.6.5 there are considerable differences between sectors in spending the allocated budget and there appear to be inefficiencies in all sectors to a greater or lesser extent.
- Monitoring, Evaluation and Reporting (MER) in EPWP: On the basis of a review of the quarterly data it was evident that budgetary allocations and expenditure and EPWP performance in terms of its primary objective is not adequately monitored. As a result assessment of efficiency is problematic

The immediate challenge identifiable is that only 6 key indicators out of many more initially proposed (a total of 73 indicators) 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).

As a result 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. This affects the understanding of key issues among senior officials.

It is also apparent from the study that there is extremely limited capacity for MER of the EPWP. Other challenges include clarity of definitions and data validation and verification.

### **3.4. Effectiveness**

The criteria for effectiveness focus on whether the purpose or agreed objectives of the programme are being achieved. Key findings in terms of effectiveness are as follows.

**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 targets for person-years of employment, training, and actual expenditure of budgets are not being met and this needs to be addressed [see section 2.5].

The problem of reaching these targets is a function of the difficulties the EPWP is experiencing at a more general level. **Ineffectiveness of implementing departments in directing expenditure particularly to wages is identified.**

### **3.5. 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.

With respect to labour intensive methods, in the discussions above the problems in respect of the ownership and mainstreaming of the core mandate [labour intensive practices] have been discussed and the declining proportion of expenditure going to wages examined.

In respect of the ability of the Programme to effect a lasting improvement in beneficiaries lives, there is evidence from the Labour Force Survey [see 2.5.6] that there is a positive 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. In addition 14% stated that those involved had been able to get a sustainable job. These findings are supported by the Cross-sectional study (EPWP, 2007) where the impact of EPWP employment is measured in terms of borrowing, savings, and expenditure.

Accordingly it can be concluded that there is a positive impact from employment in an EPWP project. 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 in relation to the political commitment to promote and continue with a public works programme it appears as if there is political support of the programme although this is uneven.

## **4. CONCLUSIONS**

### **4.1. Policy**

The overall policy goal behind the EPWP is to contribute to the reduction of poverty and unemployment. International research shows that public works programmes have the potential to make a singular contribution to the reduction of poverty and unemployment. Programmes have been implemented in other countries with much 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 Public Works Programme can be a relevant response. However, 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).

## 4.2. Design

The current design of the EPWP is not optimal. EPWP has the potential to contribute many more jobs. It needs to be aligned to the mandates of appropriate sectors/departments; and should apply stronger compliance incentives / disincentives.

For greater impact, the programme design should include social protection considerations. Social protection in employment is not consistent with the NEDLAC agreement in respect of EPWP- 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 placement strategies to existing employment opportunities.

Public Works Programmes 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).

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. In this regard the EPWP needs to meet its training target.

There is presently a **lack of incentives** in EPWPs design in that departments are generally required to allocate existing budgets to EPWP projects without gaining additional resources.

## 4.3. 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 is 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” and EPWP’s performance in terms of the primary objective of poverty reduction is neither evident nor is poverty reduction adequately monitored.

EPWP is just starting in many Provinces and Municipalities and has not been mainstreamed; not all EPWP sectors are adequately active in all Provinces (2/9 provinces indicate satisfactory) and a small proportion of municipalities are participating (only 33% have attempted reporting at all).

Institutional arrangements are complex. Extensive horizontal (across departments) and vertical coordination (across spheres of government) is required and often roles and responsibilities are unclear. Different sectors do not necessarily fit comfortably under one management structure.

There is limited acceptance of labour intensive methodologies and uncertain implementation of existing policies in contracts.

Capacity among implementers and in the Provinces is poor. Monitoring and evaluation of the programme is insufficient. Many logframe indicators are not tracked, the quality of data is challenged and there is lack of adequate capacity in M&E (at all levels).

## 5. RECOMMENDATIONS

### 5.1. *Policy:*

EPWP objectives towards addressing the needs of the working age poor unemployed need to be clearly defined and located within Government's emerging comprehensive social security system. The objectives should further take cognizance of realistic scenarios for economic growth and new job creation.

### 5.2. *Design:*

To significantly increase impact, the current configuration of the EPWP should be redesigned.

Consideration should be given to splitting the EPWP into three distinct components (based on a thorough review of the feasibility and desirability of each):

- i) **Strengthen the mainstreaming of labour intensification of infrastructure spending (DPW):** The drive to mainstream labour intensive approaches in all government infrastructure contracts where it is economically efficient to increase net employment should be strengthened. In doing so, the perception that the EPWP is a separate programme should be addressed.

Additional research is needed on the cost and quality implications of using labour intensive approaches in South Africa in order to address skepticism and the insufficient levels of buy-in by the sector. On the basis of research findings, additional policy for economically efficient labour intensification should be developed and communicated to the industry.

Additional, legislative and contractual incentives to promote labour intensification need to be developed, implemented and monitored.

Training as a conditional component should be reconsidered and possibly transferred as a responsibility of the National Skills Development Framework.

Mainstreaming labour intensification effectively will eliminate the existence of different terms and conditions for 'EPWP' workers as well as different wage levels. Employment conditions should be normalized with relative ease.

To achieve effective mainstreaming, the development of the necessary research, a legislative package and communication strategies are all essential requirements to promote labour intensification and ensure industry buy-in.

- ii) **Direct government employment:** Direct government employment could be undertaken in a variety of line departments (including infrastructure, social, environment, and any other relevant sectors/departments). This would entail expanding public employment in order to fulfill core mandates in appropriate departments and sectors, matching unmet service and infrastructure provision needs with using the excess labour supply. Options for sustained government employment should be prioritised.



Additional funds should 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.

Consideration should be given to making available dedicated funding in the form of a separate, centrally administered fund which can be accessed by line departments at various levels.

Incentives and penalties to promote engagement should be developed and implemented.

If training is removed as a conditional component then effective exit strategies and career development options should be identified and made available.

- iii) **Mainstream enterprise development:** Enterprise development should be mainstreamed in appropriate line departments and SOEs with DTI support.

An assessment should be undertaken to locate responsibility for programmes within the relevant line ministries and establish an independent oversight function. This should be undertaken in a manner that takes into account the progress made in developing momentum around the current EPWP programmes, and the current issues around its identity and objectives. The advantages and disadvantages of **retaining the 'EPWP' brand** need to be assessed and a decision taken on how to go forward without undermining the current hard won momentum.

Consideration should be given to separating out **training for the unemployed** from the EPWP design so that it can be more effectively addressed within a comprehensive and targeted National Skills Development Framework.

### **5.3. Implementation**

Identified implementation issues should be resolved at the design level, for example by addressing issues of funding, improving coordination, and capacitating staff.

Programme elements should be mainstreamed into departmental core mandates and business processes to provide accountability, improve reporting, and increase coherence and manageability.

Change management issues should be considered in implementing the recommendations. Change needs to be managed in such a way as to have a productive output and minimize the creation of confusion. Careful planning is needed. The second half of the programme should maintain the momentum to meet existing targets, while at the same time energetically undertaking a redesign process per the recommendations to be adequately prepared for implementation by 2009.

### **5.4. Way forward**

It is recommended that a task team comprising of the 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.

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

The following work is proposed over the next period:

- 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 the desirability of the GEP approach to social protection in SA (should be taken into consideration within context of other government programmes, and other alternative strategic options);
- A deeper analysis of EPWP performance information, including more detailed tracking of expenditure, outputs and outcomes. In particular the reasons for low actual expenditure of budgets and the relatively short length of a work opportunity need to be researched.
- Substantial beneficiary impact studies and on aggregate and local employment and poverty;
- A review of the 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)

## 6. REFERENCES

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## ANNEXURE

A full listing serving as a record of the range of programme documentation, commissioned research, and independent analysis and review is to be found under the heading *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