OUR EXPANDED PUBLIC WORKS PROGRAMME

REFLECTIONS ON OVER A DECADE

South African CitiesNetwork

EXPANDED PUBLIC WORKS PROGRAMME

Acknowledgements

Lead Editor:	Anne Vaughan
Project Coordinators:	Geci Karuri-Sebina (SACN) and Ignatius Ariyo (NDPW)
Chapter Contributors:	Ch.1 Anne Vaughan
	Ch. 2 Jeremy Cronin
	Ch.3 Eric Musekene and Deon du Plessis (NDPW) and SMEC South Africa
	Ch.4 Anne Vaughan
	Ch.5 Robert McCutcheon and F. Taylor Parkins
	Ch.6 Russell Butler and Katie Cartwright
	Ch.7 Felicity Kitchin
	Ch.8 Anne Vaughan
	Ch.9 Doreen Atkinson and Mark Ingle
	Ch.10 Bheki Mngomezulu and Xolani Shange
	Ch.11 Bheki Mngomezulu and Xolani Shange
	Ch.12 Anthea Dallimore
	Ch.13 Kate Philip
	Ch.14 Ignatius Ariyo
Reviewers:	EPWP SA Cities Reference Group member SMEC South Africa
Support to Editor:	Michael Vaughan
Copy Editor:	Dave Buchanan
Design and Layout:	Karien van der Westhuizen, *the earth is round*
Printing:	Hansa Digital & Litho Printing

© South African Cities Network, March 2016

Johannesburg

ISBN No.978-0-620-69818-4

www.sacities.net

OUR EXPANDED PUBLIC WORKS PROGRAMME

REFLECTIONS ON OVER A DECADE

public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

CONTENTS

Foreword 4

1. Introduction 7

SECTION I: HOPES AND REALITIES 19

2. Public Employment Programmes and the future of work 21
3. EPWP implementation performance in cities: Phase 1 and 2 35
4. Lessons learned from Phases 1 and 2 towards improving Phase 3 53
5. A critical review towards improvement in Phase 3 69

SECTION II: EFFICACY OF THE EPWP 87

6. Substitution and displacement in the EPWP 89
7. The EPWP and the adoption of a labour-intensive approach to maintenance 105
8. Promotion and support of small businesses through the EPWP 123
9. A review of training in the EPWP 135
10. EPWP and the issue of exit strategies 151
11. Financing job creation and socio-economic development through the EPWP 161

SECTION III: LOOKING FORWARD 175

12. The role of Public Employment Programmes in addressing youth unemployment 177
13. Complementary directions: The Community Work Programme 193
14. Where to from here: Future improvements for the EPWP 209

CASE STUDIES 215

The Vuk'uphile Learnership Programme 217

Operation Vat Alles 219

Jozi@Work 223

Zibambele 227

FOREWORD

Our collaboration in penning this message is symbolic of the cooperation that the South African Cities Network and the National Department of Public Works (DPW) have enjoyed for more than 10 years, in the form of the Extended Public Works Programme (EPWP) SA Cities Reference Group. Since 2004, this Group has managed to sustain itself as a robust, practitioner-based forum where national DPW, provincial, and city governments have struggled with each other, but have also worked together with ultimately common purpose through the journey of implementing the EPWP.

While the EPWP may not be the full and only solution to structural unemployment and has faced its own design and implementation challenges, it has had demonstrable impact on a large number of poor South African households. It has also demonstrated increasing maturity in its discipline of regular evaluation, deliberate re-design between its phases, and performance recognition through its Kamoso Awards. The programme demonstrates a genuine effort to learn, improve and grow its contribution to South Africa's development. This is laudable.

Job creation (and livelihood support) is a good example of how local government cannot go it alone in trying to enable successful cities of the future. Although employment is not principally a local government mandate, it makes a tremendous difference to the success of cities and the stability of families. However, a public employment programme at the scale of the EPWP requires effective multi-level cooperative governance to achieve success. Education and health are other similar functional examples. Initiatives such as the Integrated Urban Development Framework (www.iudf.net) are also emphasising the importance of inter-governmental alignment in order

Job creation (and livelihood support) is a good example of how local government cannot go it alone in trying to enable successful cities of the future. Although employment is not principally a local government mandate, it makes a tremendous difference to the success of cities and the stability of families.

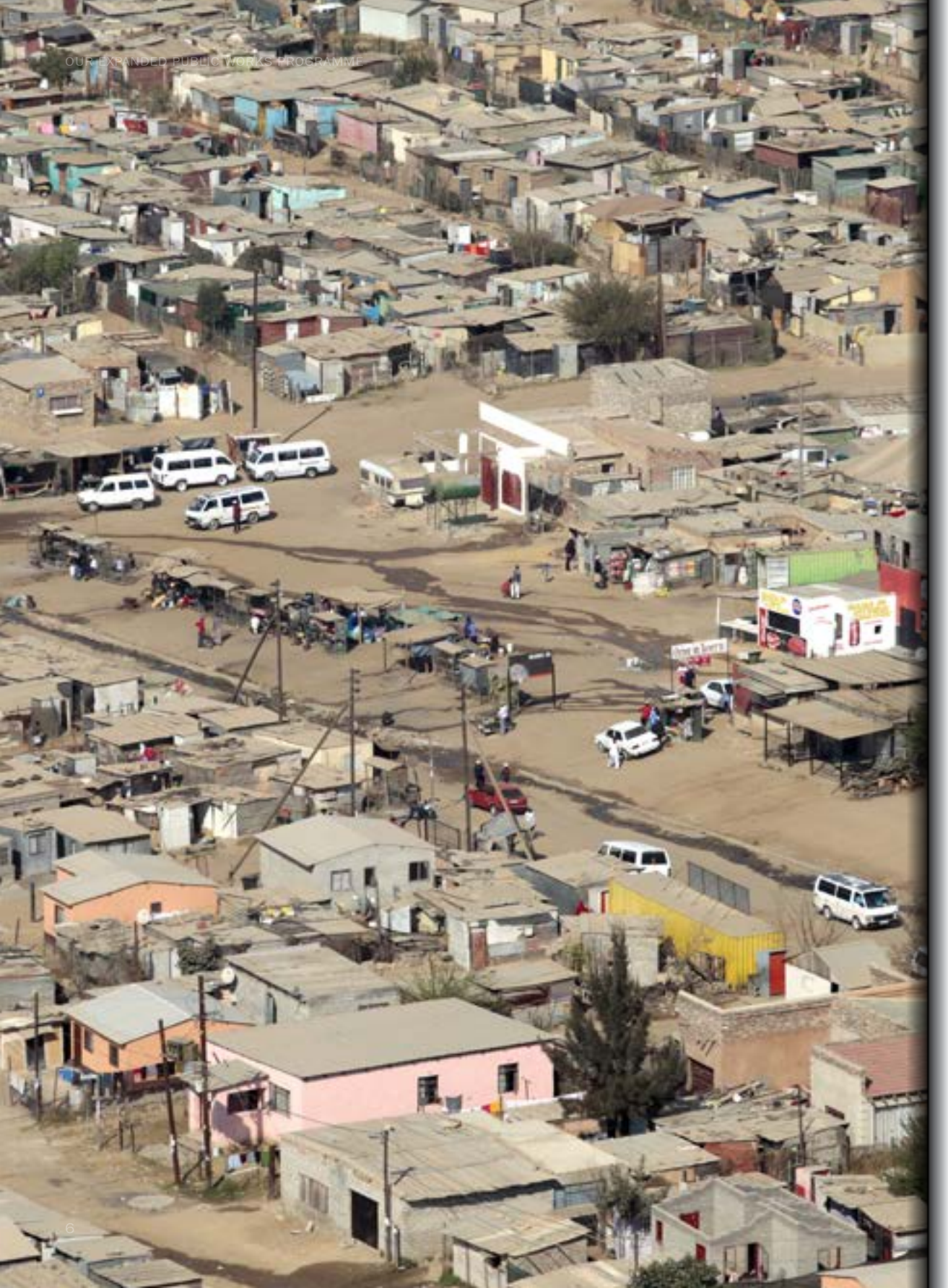
to successfully deliver public programmes. The EPWP demonstrates well how this could work, and platforms such as this Reference Group make it possible to smooth communication and deal with any issues between the main actors.

These papers represent a mix of context-setting, descriptive and analytical research, critical reviews, and some foresight about directions for our main public employment programme. We believe the reflections, insights and collection of lessons contribute towards a base for forward and continued engagement with the various stakeholders in improving the performance of the EPWP.

Finally, we must acknowledge the contributions of the various authors and editors who participated in the effort to make this compilation possible. We also commend our colleagues from the Cities Network and the Department of Public Works for conceiving of and steering this worthwhile project.

Jeremy Cronin
Deputy Minister: Public Works

Councillor Parks Tau
Chairperson: SA Cities Network



CHAPTER 1

INTRODUCTION

Anne Vaughan

Most of the chapters in this book were originally commissioned as research papers by the SA Cities EPWP Reference Group, over the period 2013 to 2015. The Group's intention in converting (and supplementing) those papers to form this book was to make the research accessible to a wide audience, with a view to disseminating knowledge about the Expanded Public Works Programme (EPWP), particularly as it relates to implementation in cities. It is anticipated that this will help to improve the performance of the EPWP and public employment programmes more generally, and also that it will contribute to strengthening city development.

The primary target readership is EPWP practitioners, as well as those involved in urban policy formulation and urban development. However, a broader audience is likely to have an interest in how government's Programme to alleviate joblessness has progressed – especially since very substantial public resources have been devoted to it.

The idea of public works as a strategy to alleviate poverty and create employment has a long history in South Africa. A brief look at this history will help to illuminate the evolution of the approach, and provide a context for understanding how and why the EPWP has been implemented.

A Response to Poor Whiteism

As noted by the Centre for Development and Enterprise (CDE)1, 'poor whites' were the target group for the first large-scale public employment programme in South Africa. This was implemented in response to the Great Depression of the 1930s. By 1932, 18% of the government budget was being spent on the programme, although funds were derived from budget reallocations, so the overall budget did not increase. The programme reached approximately 230 000 people, who were subsequently absorbed into employment in the mainstream economy. Of course, its major limitation was that it was restricted to whites. But important lessons can be learned from it: that public works initiatives can be paid for from existing government budgets, and that such initiatives can be phased out when they are no longer needed.

1. Centre for Development and Enterprise (CDE). 2003. Labour-Intensive Public Works, Towards providing employment for all South Africans willing to work, CDE In Depth, 1 April. Available at: http://www.cde.org.za/images/pdf/Labour-intensive%20public%20works.pdf

Experiences under Apartheid

Experiences of public works programmes in the 1980s were generally negative. Programmes were implemented in response to drought, rising unemployment, and political unrest. Only a small proportion of the budgets reached the beneficiaries, owing to poor planning and over-hasty implementation, and very few sustainable jobs were created, because of the short-term nature of the projects. Assets were of poor quality, and maintenance was inadequate. Not much institutional capacity was built, and what little training was offered was inappropriate. Monitoring and evaluation were inadequate. What is interesting is that these problems are precisely those that policymakers and implementers have grappled with in the EPWP.

There was continued interest in public works programmes in the early 1990s. The Centre for Development and Enterprise (CDE) (2003) refers to meetings held in 1992 between government, the construction industry, and trade unions. A framework agreement was drawn up that involved using labour-intensive methods for projects. The parties reached significant agreement on the approach to public works: the construction industry agreed to use labour-intensive methods; COSATU agreed to allow payments to be linked to production, and lower-than-minimum wages to be paid.

This agreement is pertinent for two reasons. First, the private sector was drawn in, and agreed to participate in a public works initiative. At present, this has not really happened – seemingly because government does not trust the role of the private sector in this regard. Second, an agreement with the unions was made on work and rates of pay. These have been thorny issues in the context of the EPWP. (For a number of reasons, the 1992 agreement – for all that it made a breakthrough – was not in fact implemented.)

The Reconstruction and Development Programme

Debate on, and investigation into, a national public works programme continued after 1993. The value of such a programme is articulated in the Reconstruction and Development Programme (RDP), where it is seen to have the capacity 'to provide much-needed infrastructure, to repair environmental damage, and to link back into … the industrial and agricultural base…' (RDP, 1994). From this emerged the National Public Works Programme (NPWP), which was given a critical role in job creation. The NPWP had two elements: a long-term programme intended to ensure public expenditure on infrastructure; and a short-term strategy focused on public works at the community level, and concerned with immediate poverty relief.

The outcome of the long-term programme was disappointing. Targets were not even close to being met, the construction industry was less committed to a labour-intensive approach than it had appeared at first, and union support was

Phase 1 of the EPWP was successful, in that the work-opportunity target was met a year ahead of schedule, in 2008. Other targets – such as training – were not met, and disappointingly, the unemployment rate remained high; in fact, the global economic crisis saw unemployment worsen.

compromised by fears of a drop in wages and worsening of conditions of service. Furthermore, the CBPWP (Community-Based Public Works Programme) was too small to make a significant impact. A Community Agency for Social Enquiry (CASE)/ International Labour Organization (ILO) report (1996) described it as 'one of the best public works programmes in the world' (CDE, 2003: 16), but had reservations about its targeting, its understanding of labour intensity, the quality of its monitoring and evaluation, and its long-term operation and maintenance. However, the programme did demonstrate that labour-intensive methods can successfully transfer benefits to the poor and unemployed. It is interesting to note that the CBPWP became one of the main pillars of the EPWP at the beginning of Phase 2, in the form of the Community Work Programme (CWP).

A difficulty beyond the dynamics and limitations of particular programmes was that the institutional design of the RDP had serious problems. As Lieuw-Kie-Song (2009)[2] points out, it was unclear where the RDP ended and normal government functions began. He claims that this institutional confusion eventually led to the closure of the RDP office and Ministry, and concludes that parallel functions do not work.

With the advent of Growth, Employment and Redistribution (GEAR) in 1996, there was a policy shift towards emphasising the creation of jobs in the formal economy. It was estimated that one million jobs would be created in the formal sector over a period of five years.

Although the concept of a national public works programme was subsequently shelved, there were a number of early public works initiatives that were sustained, including the celebrated Working for Water Programme implemented by the Department of Water Affairs, launched in 1995, and the KwaZulu-Natal Department of Transport-initiated Zibambele, a household-based maintenance programme for rural roads.

2. Lieuw-Kie-Song M. R. 2009. The South African Public Works Programme (EPWP). Presentation delivered at the Conference on Employment Guarantee Policies, Levy Institute, NY, USA. Available at: http://www.levyinstitute.org/pubs/conf_june09/conf_june09_files/presentations/Session1b_Maikel_Lieuw-Kie-Song.pdf

The Poverty Fund Approach

In the period 1999 to 2004, the Special Poverty Relief Allocation provided funds for poverty alleviation and job creation. Departments bid for funds for projects falling within their mandate. However, the impact of the Allocation was very limited, owing to its small size. It also led to departments not using their own normal budgets for poverty alleviation and job creation, even though they could potentially have done this. Lieuw-Kie-Song concluded that poverty alleviation and employment creation programmes should not be add-ons, but should be mainstreamed into normal government line functions.

The Expanded Public Works Programme

Despite confidence that GEAR would promote employment and growth, poverty, inequality and unemployment persisted. This led to the decision (taken at the Growth and Development Summit in 2003) to initiate a large-scale public-works programme, with the aim of creating one million work opportunities over a period of five years. At the time, the national economy was understood to be divided into a 'first' and 'second' economy (in more conventional terms, a formal and informal sector). The idea was to use the public works programme to have a positive impact on the 'second' economy through SMME development, the Taxi Recapitalisation Project, and an Expanded Public Works Programme. It was assumed that participants in the programme would make the transition from the 'second' to the 'first' economy.[3]

The innovations made in setting up the EPWP must be seen against the backdrop of previous experience. During Phase 1, there were to be no more separate budgets. The work to be done aimed to address government deficits in infrastructure, and in social and environmental services. Perhaps most importantly, employment creation through labour-intensive methods was to be mainstreamed into the core functions of government (Lieuw-Kie-Song, 2009). This would make public works the responsibility of national line departments, provinces, and municipalities. The objective was to provide income; and through training, enable people to get other jobs. The EPWP was to be run through four sectors: Infrastructure, Environment, Social, and Economic.

Phase 1 of the EPWP was successful, in that the work-opportunity target was met a year ahead of schedule, in 2008. Other targets – such as training – were not met, and disappointingly, the unemployment rate remained high; in fact, the global economic crisis saw unemployment worsen.

However, in light of the over-achievement of work opportunities, it was decided to launch Phase 2, which aimed to create 4.5 million work opportunities over the

3. Some of the information in this section of the introduction is derived from a DPW presentation given at the Green Jobs Summit, on 9 April 2014.

The EPWP was no longer informed by the distinctions between a 'first' and a 'second' economy. Instead of the problem being located in the gap between these two dichotomous elements, it was associated with the scale of unemployment in the mainstream economy.

next five years (that is, by the end of March 2014). Through incentives, the EPWP supported public bodies as well as NGOs.

Experience from Phase 1 suggested a number of innovations for Phase 2.4 These were the introduction of the non-state sector (which included the CWP and the non-profit organisation programme to replace the Economic Sector); the establishment of the Enterprise Development Directorate within the EPWP; and the introduction of incentive grants for provinces and municipalities.

There was a shift in the conception and design of training. During Phase 1, the training had been generic; in Phase 2, it became more specific. The focus had also shifted to accredited training. Meth (2011: 15) says that although the infrastructure sector should be complimented for meeting job-opportunity and work-year targets, the performance in terms of training was abysmal. But although it was far from adequate, the innovation of approach in Phase 2 was a step in the right direction.

A national minimum wage was introduced.[5] Terms and conditions were spelled out with regard to leave, rest periods, length of time for which workers may work, and arrangements for remuneration. In 2011, a year earlier, The Basic Conditions of Employment Act 1997: Code of Good Practice was passed, for employment and conditions of work for Expanded Public Works Programmes. The purpose of the Code was to provide common standards of good practice for all stakeholders and among all sub-programmes. Through legislation, this standardisation made it possible for public bodies and other implementers to be held to account more readily.

The EPWP was no longer informed by the distinctions between a 'first' and a 'second' economy. Instead of the problem being located in the gap between these two dichotomous elements, it was associated with the scale of unemployment in the mainstream economy. The objectives of the EPWP were more clearly defined, as promoting sustainable household livelihoods, developing skills, and providing assets and services.

4. It should be noted that the innovations introduced in Phase 2 will be carried forward to Phase 3.

5. The relevant legislation is The Basic Conditions of Employment Act 1997: Ministerial Determination 4: Expanded Public Works Programmes (RSA, Department of Labour, 2012).

The Parameters of Phase 3

The government has a long-term view of the role that the EPWP could play in overcoming poverty and reducing unemployment. Ambitious aims for employment and growth to 2030 are set out in the National Development Plan. Its 'high-level' targets include: [6]

- A fall in the strict unemployment rate from 25% to 14% by 2020, and to 6% by 2030
- A rise in the labour force participation rate from 54% in 2010 to 65% by 2030
- The creation of approximately 11 million additional jobs by 2030.

Government anticipates that up to 90% of new jobs will be created by small and expanding firms, with the majority of them domestically oriented, in the services sector. Even if this ambitious high-growth expectation can be met, public employment programmes will remain an 'essential element' of any employment strategy, and 'will be needed in large numbers over the entire period'.[7] This ambitious scenario, based on an average Gross Domestic Product (GDP) growth rate of 5.4% per annum, will still require a contribution of 431 000 EPWP job opportunities per annum up to 2030. A growth rate achieved of only 3.3% will raise the contribution needed to 5.5 million work opportunities, while a growth rate of 4.8% will require 2.6 million work opportunities (per annum, up to 2030).

In the chapter on the future of work, the Deputy Minister places the significance of the EPWP in a global context, in which 'atypical' work has proliferated in a number of forms. This, he thinks, should determine how public employment programmes are regarded. In his opinion, they should not be seen as transitional forms leading to the labour market, or to individual entrepreneurship. A model of this kind is misleading, since half of the world's labour force now works in the informal sector, and this proportion is continually rising. South Africa is no exception; here too it is unrealistic to expect that simple one-off interventions (such as exit strategies from EPWP work opportunities) will typically lead to the establishing of large numbers of micro enterprises. A more productive approach to the creation of micro enterprises and the establishing of a substantial cooperative movement, he suggests, would be through de-linking from the formal market by way of a networked 'social' or 'solidarity' economy. In this context, public employment programmes will have a continuous role to play; by contributing to the social security net and to community development, and possibly as a stepping stone to formal employment or self-employment.

The chapter by Dr Musekene, Mr Du Plessis, and SMEC presents an analysis of the

6. National Planning Commission. 2012. National Development Plan 2030: Our Future- Make it work. Pretoria.

7. Ibid: 120.

EPWP performance of Metropolitan Municipalities. The focus is on progress made during Phases 1 and 2; data from both EPWP Phases have been used, but the analysis is based on annual performance. The indicators used to measure performance are:

- number of work opportunities created
- number of person-days of work created
- number of person-days of training provided
- overall budget and expenditure, and
- demographics of workers.

The relationships between these indicators are spelled out. There is a relationship between the number of projects implemented, and the institutional arrangements and organisational capacity of the cities. In cities where there are stronger institutional arrangements and greater capacity, more projects were implemented. In terms of cost per work opportunity, most cities showed a high initial cost, followed by a significant decrease as they became more proficient in the implementation of EPWP. In terms of demographics, targets for employment of the disabled were not met, though most cities met the targets for the employment of youth. The percentage of women employed increased as more projects in the environment and culture and social sectors were implemented. Some startling facts emerge: first, that labour intensity in cities was low over the reporting period – in the region of 15% to 16%; and, second, that there has been a dramatic drop in the number of training days from Phase 1 to Phase 2.

The chapter on lessons learned focuses on the achievements and shortcomings of Phases 1 and 2 of the EPWP, and on how insight into these might inform policy and practice in Phase 3. Vaughan identifies innovations from Phase 1 to Phase 2, including the introduction of the non-state sector, and the initiation of the Municipal and Provincial Incentive Grants. Training was made specific rather than generic, and a national minimum wage was introduced. The objectives of the EPWP were more sharply defined: promoting sustainable household livelihoods, developing skills, and providing assets and services.

The innovations would apply to Phase 3. For Phase 3, a better balance was proposed between work opportunity headcounts and other outcomes; and that there should be a focus on maintenance. The vulnerability of projects to political capture was

> **...considerable progress has been made in creating an enabling environment for labour-intensive construction, but note that this has not led to a significant increase in employment creation per unit of expenditure.**

deplored. The establishment of a Presidential Public Employment Coordination Commission (PPECC) was proposed. The chapter concludes by recommending that the private sector be drawn into the ambit of EPWP design and implementation; that the monitoring and evaluation system be reviewed and simplified; that performance be measured by labour intensity and Full-Time Equivalents (FTEs), rather than by work opportunities; that labour intensity be increased; that both accredited and unaccredited training be offered; and that training should relate to labour-market demand.

The chapter by Professor McCutcheon and FT Parkins begins with a broad discussion of the role of labour intensity in the EPWP, and then focuses on the infrastructure sector as the one that has absorbed most of the expenditure. Their concern is that labour-intensive methods have not been applied to the degree envisaged. They argue that if the appropriate changes are not made, shortcomings in Phases 1 and 2 will threaten the achievement of major objectives for Phase 3. This applies particularly to the infrastructure sector, where average labour intensity has been far below the objective set. They state that considerable progress has been made in creating an enabling environment for labour-intensive construction, but note that this has not led to a significant increase in employment creation per unit of expenditure. Two main reasons are cited: the dominance of a construction industry employing methods based on fuel-driven heavy equipment, and the difficulty of setting up an alternative 'socio-technical' system of construction founded on opposed, labour-intensive methods. One solution proposed by the authors is to establish long-term programmes in public sector works institutions. They believe that this would result in a significant improvement in the capacity to implement and evaluate. Despite their reservations, their overall assessment of the prospects for Phase 3 is positive.

In their chapter, Butler and Cartwright discuss processes that may have emerged in the EPWP despite their being contrary to its aim of providing short-term work opportunities to as many of the unemployed as possible. These processes are substitution, displacement, relabelling, and recycling. Butler and Cartwright examine each of these in turn (with the exception of recycling, which is discussed in the chapter on training). They question whether these processes are in fact taking place, and if so, to what extent they are taking place.

Of these processes, displacement has given rise to the most allegations, as well as having the greatest potential to undermine the principles of the EPWP. How much substance there is in these allegations remains unclear. One reason is simply a lack of authoritative data. Parties make claims on either side of the question, but they do so from interested positions. This makes it all the more urgent for government to respond to the call (made several times already) for more thorough and systematic data collection, and for a rigorous process of monitoring and evaluation.

In the chapter on adopting a labour-intensive approach to maintenance in the EPWP, Dr Kitchin argues that this offers a way of tackling two serious problems in contemporary South Africa: unemployment, and backlogs in maintenance. She cites examples of this approach, taken both from South Africa and from other countries, which

Although government is committed to the promotion and support of small businesses, challenges remain; and the results of offering both non-financial and financial support have been disappointing.

have received some acclaim, and uses them as a basis for deriving principles of good practice. She follows this up by touching on some of the problems that will have to be overcome if all this is to come to fruition. These are largely to do with the capacity of local municipalities (her discussion of these overlaps partially with those in other chapters). She particularly emphasizes the need for planning on an adequate scale to precede the implementation of labour-intensive projects. As one condition for this, she recommends the undertaking of an audit of asset-maintenance requirements over a ten-year period, and the establishment of appropriate institutional arrangements within municipalities.

Although government is committed to the promotion and support of small businesses, challenges remain; and the results of offering both non-financial and financial support have been disappointing. In the chapter on the promotion of small businesses, Vaughan assesses the efficacy of efforts to support and render sustainable small businesses participating in or exiting from the Programme. The small-business policy of the Enterprise Development Directorate is subjected to close scrutiny, and the author concludes that the Policy is located in an interventionist paradigm. Vaughan claims there is no evidence that it has taken account of the hostile business environment in which small businesses must operate. It is sanguine about the efficacy of the conventional approach (capacity-building through training) that it promotes. Vaughan argues that the Directorate would have greater success in promoting and supporting small businesses if a Market Development Approach was adopted. This would mean a need for appropriate, well-targeted regulations that can be articulated within Government structures. It would also mean broadening the concept of partnerships, which at present are narrowly defined as effecting relationships within Government. Vaughan concludes by recommending that possibilities for partnering with private-sector interests in finding opportunities for small businesses exiting EPWP programmes should be explored and actively pursued.

The EPWP offers two ways of forging a link between joblessness and gainful employment: experiencing a work opportunity, and undergoing training. Dr Atkinson and Mr Ingle examine the efficacy of the second way, drawing upon both case studies and the scholarly literature. In the first part of the chapter, they describe the scholarly verdict, which agrees that the training offered by the EPWP has largely failed to achieve its objectives. They also put forward two matters of concern: the reluctance of beneficiaries to leave the Programme (which would seem to stem, at least in part, from a lack of confidence in their ability to find work outside), and the phenomenon

Unemployment is particularly prevalent among the youth. Less than half of those between the ages of 15 and 24 who are willing and able to work are employed (using the expanded definition of unemployment)

of recycling (which is accompanied by a recycling of training, purposeless though that would seem to be). In the second and longer part of the chapter, Atkinson and Ingle ask a number of questions to do with training: concerning the recruitment of trainees, whether training provides an incentive to join the Programme, the quality of the training, its funding, the selection of trainers, and so on. The overall finding is that broadly speaking, training does not enhance employability, although it may have other virtues. The chapter ends with a series of recommendations, as well as an important query concerning the differential efficacy of early and late education.

The chapter on exit strategies by Dr Mngomezulu and Mr Shange has two main concerns: an historical survey of the treatment of exit strategies during Phases 1 and 2 of the EPWP, and an evaluation and critique of the efficacy of those strategies overall. In the first (historical) section, they describe the approach adopted during Phase 1, and then the changes that were made during Phase 2 in an attempt to overcome the shortcomings that had emerged earlier. In the second (evaluative) section, the emphasis is on the failure of the strategies to achieve their main objectives. Some of the reasons for this are the fault of the strategies themselves (for example, the shortage of dedicated trainers, and the lack of dedicated funds), and some in the context in which they were situated (for example, the inability of the job market to absorb those exiting the Programme, the extent of which was not anticipated). The authors give recommendations for addressing (or at least ameliorating) these problems.

In the chapter on financing, Mngomezulu and Shange look at how the EPWP has been funded. They examine this from a historical perspective, going back some years before the EPWP itself was inaugurated, and then following the progress of its funding arrangements through Phases 1, 2 and 3. The funding strategy for each phase has its own logic, or 'narrative'. As well as identifying this narrative, they also consider the degree to which the objectives of each phase were met, and the degree to which changes had to be made to the preceding strategy in an attempt to address shortcomings. An important thread running through the chapter concerns the role assigned to municipalities in the implementation of the EPWP. Throughout the history of the Programme, local municipalities were the implementers of most projects. Problems sometimes arose owing to lack of capacity at local-government level. This is one of the reasons the Incentive Grant was introduced in Phase 2. In Phase 3, a further innovation is envisaged: allocating funds directly to the EPWP, rather than requiring them to be drawn from municipal budgets. The authors end with a series of recommendations.

Unemployment is particularly prevalent among the youth. Less than half of those

between the ages of 15 and 24 who are willing and able to work are employed (using the expanded definition of unemployment). Dr Dallimore focuses on the role of the EPWP in alleviating this situation. Her concern is to test the 'null' hypothesis that EPWP job opportunities are poorly paid, do not transfer skills, are in 'non-aspirant' sectors, and do not help young people to get jobs. She outlines the difficult future faced by the majority of South African youth. They have many disadvantages in the job market, and their resources (for carrying out job searches or accessing information networks) tend to be small. This leads to them bearing the brunt of unemployment. The government's response, in setting aside a minimum of 40% of the work opportunities in the EPWP for the youth, shows its awareness of the situation. The research conducted by Dallimore indicates the readiness of the youth to take up these opportunities. On the other hand, there is little evidence of this benefiting them, when it comes to getting a job. She suggests two areas where improvements could be made. The number of work opportunities fall far short of the demand for work among unemployed youth. In addition, the potential for those who take those opportunities to develop marketable skills must be investigated.

In her chapter, Dr Kate Philip focuses on the paradox of an economy that cannot provide all work-seekers with work, when there is plenty of work that could be done. This is the paradox that the Community Work Programme (CWP) was designed to address. It does so, according to Philip, by adding to the resources on which communities can draw to meet their needs and development challenges; while at the same time providing work, and thus ameliorating unemployment. In this, it complements the EPWP, although with some differences in emphasis. For example, it focuses on the poorest and most marginal areas of unemployment. Also, instead of a short-term opportunity (seen as a platform for access to further work), the CWP offers regular, predictable part-time work (seen as a supplement to existing livelihood strategies). This involves the recognition that under the circumstances, anything more ambitious may be unrealistic. However, Philip does argue that the CWP can play a vital role on two levels: first, by providing desperately needed work opportunities; and second, by helping to bring into being new community forms of cohesion and agency to replace those eroded by poverty.

In the final chapter of the book, Ignatius Ariyo of the National Department of Public Works looks at the future of the EPWP. Some of the lessons learned are noted. The first is that successful implementation requires strong and consistent political support from all spheres of government. Adequate budgets must be allocated, and the appropriate institutional and technical capacity installed. A strong and clear monitoring and evaluation framework must be in place, so that the parameters for success can be set and measured. Objectives should be clear, and stated simply. In terms of modifications for the future, there should be an increased focus on programmes that can create regular, predictable work; the concept of sustainable livelihoods should inform practice; and there should be convergence and synergy between sectors. Finally, Ariyo argues that given the exceptionally high levels of unemployment, Public Employment Programmes will be needed over the medium to long term.

SECTION I

HOPES AND REALITIES

CHAPTER 2

PUBLIC EMPLOYMENT PROGRAMMES AND THE FUTURE OF WORK

Jeremy Cronin

South Africa's Expanded Public Works Programme (EPWP) is now into its third five-year phase. Its scope has grown considerably since its launch in 2004. For the first five-year phase, what was considered an ambitious target was set: one million work opportunities. This was achieved in 2008, with a year to spare. By 2014, over a million work opportunities were being provided in a single year.

The programmes vary enormously. In Hout Bay and at the Sendings Museum in Long Street, Cape Town, small but innovative museum-based projects run by the Western Cape Department of Culture and Sports employ young community members and unemployed graduates to digitise the museum collections, and through outreach activities, connect local communities with their histories. In KwaZulu-Natal, the Zibambele household contractor system involves nearly 48 000 (mainly female-headed) households in road maintenance. Each household has responsibility for half a kilometre of nearby secondary road, devoting two days a week to this duty. There are another 40 000 household contractors in a similar programme in the Eastern Cape.

Of course, there is unevenness in the programmes. In some cases, the training and morale of participants is inspiring. This is certainly the case with the 5500 young fire-fighters on the 'Working on Fire' programme, 50 of whom were recently requested to help fight runaway wildfires in Canada. In other cases, programmes are of an unacceptably short duration, or are inadequately supervised. Clearly, in these cases, improvements are needed. But whatever the unevenness, the EPWP has clearly demonstrated durability, and a capacity for continuous up-scaling. This is a potential that was recognised by the National Development Plan 2030 (National Planning Commission, 2012) which – even with its (now-evidently) over-optimistic 20-year growth projections – envisaged an ongoing and significantly scaled-up EPWP contribution through to 2030 and beyond, towards both job creation and building a more comprehensive social security net.

Somewhat unheralded in South Africa is the fact that the EPWP has been a global innovator. While infrastructure public employment programmes are to be found in other countries, South Africa has vastly expanded the suite of programmes;

Globally, over 200 million people are officially unemployed, 30 million more than in 2008. If discouraged work-seekers are included, an estimated further 62 million people must be added.

notably in the environmental and social sectors, as well as with regard to state-funded programmes in which non-profit organisations are the local implementing agents. Along with India's impressive Mahatma Gandhi National Rural Employment Guarantee Scheme, South Africa's EPWP is held in high international esteem. The United Nations International Labour Office uses it as a reference point in its regular international learning forums.

Yet despite this, public employment programmes are often seen locally as temporary 'gap-fillers', as 'not real work'; at best, as transmission belts into the labour market or individual entrepreneurship. These views are misplaced – and not only in post-apartheid South Africa, where crisis levels of unemployment and under-employment have remained distressingly high. The relevance of large-scale, multi-sectoral public employment programmes deserves to be a global concern. It is a relevance that needs to be located within a wider question: what is the future of work itself?

Indeed, this question has been much debated internationally. Since the ongoing global economic crisis that began in 2007/8, reasons for posing it have become increasingly obvious: there are now high levels of unemployment; and the work situation, for those who do have some kind of employment, is becoming increasingly precarious.

Globally, over 200 million people are officially unemployed, 30 million more than in 2008. If discouraged work-seekers are included, an estimated further 62 million people must be added. With 40 million new work-seekers entering the labour market every year, some 600 million new jobs will need to be provided by 2030 just to get back to pre-2008 levels (International Labour Organisation (ILO), 2015a).[8] It seems increasingly unlikely that the global labour market, left to its own devices, will remotely address this reality. In many societies, the youth are particularly affected, and although global youth unemployment appears to have stabilised at 73.3 million (down from 76.6 million in 2009), the percentage (13.0) remains well above pre-2008 levels. The International Labour Organisation (ILO) notes that 'two in five (42.6%) economically active youth are still either unemployed, or working, yet living in poverty'. Even in Europe, youth unemployment rates exceed 20% in two-thirds of the countries (ILO, 2015b:1).[9]

8. The Future of Work Centenary Initiative. Report of the Director-General, International Labour Conference, 104th Session, Geneva.

9. The ILO defines 'youth' as '15 to 25 years old'; Statistics South Africa has a broader definition – '15 to 34 years old'.

But it's not just unemployment raising the burning issue of the future of work. Increasingly, for those who are employed, work is precarious. So-called 'atypical' work has proliferated, with casualisation, contracting out, labour-brokering, network enterprises, and the fragmentation of production across global value chains. Major brand names rely on sweatshops in the global South. Half of the world's labour force is now working in the informal sector, with informality on the rise even in the advanced industrialised economies, affecting not just the unskilled but also skilled professionals (ILO, 2015a).

Are these just cyclical phenomena, or are more profound structural changes occurring? What, in other words, are the drivers of this burgeoning unemployment and the increasing precariousness of work? Several interlinked factors are in play.

Before the onset of the late 20th-century wave of globalisation, labour markets open to transnational, private corporate investment included approximately one billion workers and work-seekers. By 2000, the labour force in these countries had risen to 1.5 billion; meanwhile, China's liberal reforms, partial liberalisation in India, and the collapse of the former Soviet-bloc countries added a further 1.5 billion. This has altered the balance of power between capital and labour, weakening the bargaining position of workers. In developed economies, labour's share of GDP fell from 75% in the mid-70s to 65% in the mid-2000s. In China, the drop has been even more precipitous, from 57% of GDP in 1983 to a mere 37% in 2005 (Standing, 2011, Ch 2).

Globalisation has been closely associated with major and rapid technological advances, particularly in IT and robotics. For over two centuries, beginning with the Industrial Revolution in Britain, new technologies have displaced labour – while creating new work opportunities for some of those displaced, at least. However, in recent decades the scale of displacement has become particularly problematic. In *The Second Machine Age*, Bynjolfsson and McAfee refer to it as the 'Great Decoupling' – productivity has increased dramatically, but employment creation has lagged to an unprecedented degree. One example illustrates the point. At one point, Kodak – the pre-digital photography giant – had 145 300 employees. With a team of 15 people, Instagram created a simple app that rapidly made the Kodak empire redundant; by 2013, Instagram was being used by 130 million customers, sharing 16 billion photos. Months before Instagram sold to Facebook, Kodak filed for bankruptcy (Bynjolfsson and McAfee, 2014: 110).

'Financialisation' is also a key feature of the current phase of globalisation. The global expansion of financial assets (the 'casino' economy) has expanded by a factor of 300% over the past three decades, relative to investment in the 'real' (productive) economy, and equally in jobs.

The impact of globalisation plays out most dramatically in the global South. Capitalist-driven agrarian transformation over the past two centuries continuously displaced large numbers of small farmers, a minority of whom became members of the new agrarian proletariat, while others entered the emerging manufacturing

While it is certainly necessary to break from a narrow 'productivism', the artificial separation of production and distribution leads to the socialising impact of work being discounted.

industries as industrial workers; still others formed an impoverished, floating rural population, as seasonal workers, or as a de-classed stratum living in squalid slums (Davis, 2006). The process under way in the South is not, therefore, entirely new.

However, the agrarian transformation of Europe and the US was an extended process, spanning the 19th and early 20th centuries. Manufacturing industries were comparatively labour-intensive. Emigration to the colonies or the New World also offered a solution to the uprooted surplus populations. As with other modernisation processes, agricultural productivity increased significantly, while agrarian employment declined. In 1900, it took 20% of the US population to produce enough food to feed the country. Now, with mechanisation and advances in seed, fertiliser, and pesticide technologies, 2% produce a surplus (Stiglitz, 2015: 397).

Since the late 20th century, similar processes of market-driven modernisation have accelerated in the countryside of the South, but the scale (and challenges) of the dislocation impacts have been much greater than in the earlier and more prolonged European and US agrarian revolutions. Many more people are involved (some 3 billion peasant farmers and their families), and displacement is occurring in a global context in which industrial production is more capital- and less labour-intensive. There are also no colonial or New-World absorption destinies. Interacting with and compounding other realities (ecological decline, military conflicts), the agrarian transformation of the global South is actively producing unprecedented waves of social instability. In the past decade, for the first time in human history, half of the world's population became urbanised, with around one billion living in vast slums in the cities and megacities of Africa, Asia, and Latin America. Many of those displaced from the countryside now migrate across international boundaries in search of work, a reverse flow of the colonised to the former colonial metropoles. International migration now stands at 232 million a year – a growth of 50% since 1990 (ILO, 2015a: 6).

All of these factors are having a profound social impact on the world of work. As the ILO notes: 'The prospect of a single job for a working life has become outdated … with workers increasingly mobile spatially and functionally'. What does that mean, it asks, for 'their insertion in society'? '(S)trong social networks based on common experiences at work … and commitments that emerge from stable employment … are at risk of being eroded' (ILO 2015a 10).

These trajectories do indeed pose a challenge to the ILO itself, grounded as it has

been in a state/capital/labour tri-partism, and the emblematic – but now considerably eroded – West European welfare state that flourished in the mid-20th century. Many of the assumptions of that state (its social protection systems, for instance) were premised on relatively stable, lifetime, adult (predominantly male) employment and the nuclear family. Pensions, unemployment insurance and maternity leave were all linked to the assumption of full and relatively stable employment.

In some contemporary academic literature, the apparent 'disappearance' of work (in the sense outlined above) is hailed as emancipatory. James Ferguson approvingly quotes the late-19th- to early-20th-century Russian anarchist Peter Kropotkin:

> *A 'right to well-being' means the possibility of living like human beings, and of bringing up children to be members of a society better than ours, while the 'right to work' only means the right to be always a wage slave, a drudge, ruled over and exploited by the middle-class of the future (1892, cited in Ferguson, 2015: 45).*

For Ferguson (46), the critique of 'work' is helpful in displacing what he refers to as a Marxist privileging of production:

> *Indeed, in place of the Marxist privileging of production that insists on beginning with a primal act of production (…) we might just as well reverse the causal fable. Since childhood (and before that, infancy) always precedes adulthood, the slogan of a distributive radical politics might be this: before a man can produce, he must be nursed – that is, the receipt of unconditional and unearned distribution and care must always precede any productive labour.*

However, note how Ferguson implicitly reduces work to waged male work for a boss, thereby obscuring the productive nature of (for instance) nurturing care-work – typically female, and typically unpaid. While it is certainly necessary to break from a narrow 'productivism', the artificial separation of production and distribution leads to the socialising impact of work being discounted. Of course, this socialisation might be exploitative. Kathi Weeks might be right to assert that 'the willingness to live for and through work renders subjects supremely functional for capitalist purposes' (2011: 23), but it all depends upon the nature and context of that work. Ferguson and others, who downplay the right to productive work as a core right of democratic citizenship, end up arguing for the right to a solidaristic redistribution: for instance, a basic income grant. While solidaristic redistribution should certainly be supported (it is a critical requirement, in a society such as South Africa), it is important to realise that recipients of social grants may still find themselves alone, disconnected, preyed upon by loan sharks, or even – as often happens in South Africa – by desperate members of their own impoverished households. Acknowledgement that the absence of work can deprive the un- and under-employed of critical life skills, social networks, and self-dignity does not mean that 'work' has to be promoted in a moralistic, Victorian manner.

Those (like Ferguson) who privilege solidaristic social grants over work, as the most

The airwaves are full of Oprah Winfrey-style advice on 'how to market yourself', and the IMF and World Bank promote the same message.

direct route to an inclusive and meaningful right to citizenship, tend also to see income transfers as catalysts for entrepreneurship that have the advantage of not being patronising. In his book *Give a Man a Fish*, he deliberately inverts the common saying ('teach a man to fish'), thus implying that teaching people how to fish involves adopting a patronising attitude towards them. His point, in inverting the saying, is: provide cash transfers, and let the poor act in their own individual ways as entrepreneurs.

An important potential of public employment programmes is that they avoid this polarisation in principle. At their best, they provide both cash transfers and the experience of collective, socially useful work. If 'entrepreneurship' means fostering a spirit of individual and collective responsibility; encouraging initiative and overcoming alienation, passivity, and an overweening sense of victimhood; and re-building popular agency, then certainly, 'entrepreneurship' should be promoted. Public employment programmes are an important means of doing so.

Too often, however, 'entrepreneurship' is linked to the idea that a social-grant cash transfer or micro-credit (borrowed, perhaps, on the collateral of the ownership of a newly-provided home) enables anyone to set up in the market as a petty capitalist. 'You just have to want it badly enough', one is told. The airwaves are full of Oprah Winfrey-style advice on 'how to market yourself', and the IMF and World Bank promote the same message. David Harvey (2014: 186) notes that they have:

> *embraced the wondrous fiction that the informal sector of social reproduction which dominates in many cities of the developing world is in fact a seething mass of micro-enterprises that need only a dose of microfinance (at usurious rates of interest, pocketed at the end of the trail by major financial institutions) in order to become fully fledged, card-carrying members of the capitalist class.*

Bateman (2014: 98) concurs, noting the individualising overtones of this ideological perspective:

> *The poor could now be forcibly repositioned into accepting that they were once more individually responsible for lifting themselves and their families out of poverty. The poor need no longer reject capitalism and agitate for some alternative to it, or be envious of, or protest or take up arms against its main beneficiaries, because capitalism can now work for them too: they can now get their own small 'piece of the action'.*

The exaggerated expectation often invested in micro-enterprises is particularly inappropriate in South Africa. Its immediate past of colonial and white minority

rule has produced a political economy characterised by unusually high levels of monopoly domination across virtually all sectors. There is a tiny small-farmer stratum that cannot compete – even locally – with large-scale farming, and its associated agri-business and logistics networks. Entrepreneurial activities are open to the black majority only at the margins, and tend (as with the volatile minibus sector) to be reliant on the reproduction of apartheid spaces. Petty retail trading in marginalised communities has (apart from the minibus sector) been the major micro-business occupation, and the challenges even here are immense.

Rather than a micro-trading business serving as a foothold for climbing up the value chain, it is more probable that the micro-entrepreneur will run into the major South African commercial brand names coming down the value chain. As Kate Philip noted in a recent interview: 'You can be as entrepreneurial as you like, but a small, informal business can't compete on price, quality, packaging and brand recognition with Iwisa, Albany or Clover. The market space is taken' (*Financial Mail*, 2011. 'Informal Sector, In the Shadow', 11 November, p. 36)

These are not grounds for abandoning support for micro-businesses and cooperatives. However, in South Africa, the expectation that a simple one-off intervention (whether by way of a micro-loan, taxi re-capitalisation, or, for that matter, exit strategy from a 100-day EPWP work opportunity) will successfully launch tens of thousands of sustainable micro-entrepreneurs is likely to be a cruel illusion. Micro-enterprises and a progressive cooperative movement will only be sustainable at scale through a relative de-linking from the dominant market realities by way of a networked 'social' or 'solidarity' economy. And here, too, as practice is beginning to demonstrate, the ability of public employment programmes to stimulate a world of collective, socially useful work is a critical factor. Public employment programmes need to be seen as something other than simple transmission belts graduating participants either into the existing labour market as 'real workers', or into the existing retail and services sectors as the entrepreneurially self-employed. Instead, their market-transforming potential needs to be linked to cooperative, small-scale entrepreneurial, and volunteer, non-profit, popular-participatory, social-movement, and community-based initiatives of various kinds. It is necessary to work with (and not against) the grain of sustainable livelihood and survivalist strategies that are being actively engaged in by poor households and communities.

Elements of such an approach can be found in eThekwini municipality's public employment programmes, coordinated by the metro's Infrastructure Management

Micro-enterprises and a progressive cooperative movement will only be sustainable at scale through a relative de-linking from the dominant market realities by way of a networked 'social' or 'solidarity' economy.

Output monitoring of this kind is important, to counter the argument that South Africa's public employment programmes are 'not real work', or that they are merely a 'welfarist drain on the fiscus'.

and Socio-Economic (IMS) Development Department. The Department works with some 2000 local cooperatives, mostly involved in community food gardens (although the metro is considered urban, around 70% of its municipal area is hilly, and effectively rural). Emerging contractors are employed to install access roads, culverts, water pipes, and irrigation tanks to assist cooperative food-garden projects, using the labour of EPWP participants from local communities. The cooperatives are supplied with free compost from another EPWP project, the compost production taking place at the Northdene Research and Development Centre, which uses waste from the city's Fresh Produce Market. Meanwhile, the Department helps community garden cooperatives with technical training and other infrastructure projects, including an aquaculture programme that involves emerging contractors and EPWP workers in constructing fish ponds at the site of community-garden cooperatives. The Department provides free tilapia fingerlings, monitors water quality, and assists with the growing of duck weed as a food source for the fish.

For all of this to be possible, a 'developmental' state (and particularly, a *local* 'developmental' state) is of critical importance, where a relationship is nurtured between state and citizens in which the notion of top-down delivery is broken down, and belief in the power of popular agency and participation is fostered in its place. However, a developmental state is not a pre-existing reality, constructed prior to popular agency. To become developmental (in the sense used here), the state requires popular agency to counterbalance its inherent tendencies towards bureaucratisation, clientelism, and high-handedness.

But what does all this mean for taking the EPWP forward? In the context of the global trends noted above, it is necessary to remain committed to the continued upscaling and improvement of our diverse public-employment programmes. Government has set a target of 6 million work opportunities for Phase 3 of EPWP (2014 to 2019). With 1 103 983 work opportunities achieved in its first year, it seems to be on track to meet the 2019 cumulative target. A major potential for work-opportunity growth is the Community Work Programme (CWP), with the possibility of achieving one million CWP work opportunities annually by 2019.

But the work-opportunity target must not become an overriding objective, to the detriment of the quality of the programmes. Their impact – not just on the participants, but also on their households and communities – must be improved. The ability to monitor and evaluate outputs and impacts is also needed. The Department of Environmental Affairs (more than other lead EPWP departments) has been

meticulous in evaluating the impact on water and grazing conservation of their Working For Water EPWP programme. It is an example that must be emulated. With the inception of Phase 3, the Department of Public Works (DPW) has begun to collect more output data from across the programmes. It is now reported that for the fiscal year 2014/15, 33 070 kilometres of fencing, 109 923 kilometres of pipeline, and 64 632 kilometres of storm-water drains were installed through infrastructure-sector EPWP programmes. A significant improvement in the collection and evaluation of such data is planned. Output monitoring of this kind is important, to counter the argument that South Africa's public employment programmes are 'not real work', or that they are merely a 'welfarist drain on the fiscus'.

But what about the *qualitative* impact of EPWP programmes? A number of useful (and indeed, encouraging) academic studies have been made of specific public employment programmes, and in particular, their contribution to fostering community cohesion (Woodroffe and Marin, 2012; Langa, 2012; Webster et al, 2014). Now, a deeper understanding of what works most effectively is required. Progress must also be made in getting participants to share in the monitoring and evaluation conducted by public employment programmes. There are interesting possibilities, in this regard, for aligning local programmes with the Department of Performance Monitoring and Evaluation's Citizen-Based Monitoring programme (see DPME, 2013).

An important lesson can be learnt from the hybrid character of many of the more successful and sustainable public employment programmes, with different EPWP sectors in a particular locality cross-fertilising, or funds being blended from diverse sources (donor funds, corporate social responsibility funds, and EPWP budgets). Sophakama, for instance, is a non-profit organisation in Kwazakhele township in the Nelson Mandela Bay Metro, founded in 2005 by a small group of women volunteers with funding from Oxfam and some local corporate support. It began by providing home-based care to households affected by HIV/AIDS, with five volunteer fieldworkers. In 2012, however, it was enabled to expand its participant numbers considerably when the private funders were joined by the Department of Public Works, using a non-state-sector budget. Currently, there are 283 workers on EPWP wages. Working with local clinics, the fieldworkers help trace and counsel treatment defaulters. Sophakama runs food gardens to ensure those on treatment receive nourishing food, and also assists affected households to start their own food gardens. The intention is to sustain (and even expand) the programme to more wards in the township, as a hybrid NPO-EPWP initiative.

In 2014, Cabinet approved the formation of a Public Employment Programme Inter-Ministerial Committee (PEP-IMC) chaired by the Deputy President, a key focus of which is precisely to foster greater convergence between different public employment programmes, and between these and other state, non-state, and community initiatives. At its October 2015 meeting, the IMC resolved to prioritise the integration of the Department of Human Settlements' Upgrading of Informal

Having CWP and EPWP stipends could also boost upgrading participatory planners (who otherwise appear to be voluntary), and better embed them within a community forum, thus avoiding the risk of factionalism or allegations of favouritism.

Settlements programme and the EPWP, and noted that the informal settlement upgrading programme seeks high levels of community participation and consultation (see for instance Development Action Group 2015; Project Preparation Trust 2014; and National Upgrading Support Programme newsletters, available at www.upgradingsupport.org).

Many of the participatory approaches advocated in the upgrading programmes have a natural affinity with public employment, and particularly with the CWP and the EPWP Infrastructure sector. Moreover, there is great potential for mutual reinforcement. The Development Action Group manual on participatory action planning for upgrading, for instance, reflects some of the challenges experienced:

Invariably, longer term expectations are raised in citizens as settlements engage in a participatory planning process … However, there is often a time-lag between the devising of action plan priorities and actual implementation. Therefore it is important to prepare participants for the reality of a time-lag between devising of action plan priorities and actual implementation (2015: 7).

Implicit in this is concern for the demoralisation or loss of community cohesion that such a time-lag may bring about. However, if the participatory planners (currently selected from among the local community leadership) were integrated into an ongoing CWP that addressed a range of other participatory issues – community and school safety, home-based care, food gardens and school feeding, and the maintaining of local public facilities – then community participation and momentum could be sustained, and the upgrading linked to a wider range of activities. Having CWP and EPWP stipends could also boost upgrading participatory planners (who otherwise appear to be voluntary), and better embed them within a community forum, thus avoiding the risk of factionalism or allegations of favouritism.

Youth unemployment in South Africa is particularly challenging, with young people disproportionately represented in the ranks of the unemployed. Statistics South Africa's Quarterly Labour Force Survey, Quarter 3: 2015 found that, between July and September 2015, 51.3% of 15- to 24-year-olds and 31.3% of those aged between 25 and 34 years were unemployed; rates which compare unfavourably with the nonetheless exceedingly high overall unemployment rate for the period, of 25.5% (2015: 6, Table 2.2). How should public employment programmes address this specific challenge?

This directly raises what some have called the 'trilemma' of public employment programmes. EPWP projects have a three-fold potential – to contribute to the social security net by offering a measure of income security to participants; to contribute to community development through services provided and assets produced; and as a stepping stone to formal employment or self-employment. It is possible (and desirable) for every EPWP project to contribute to each of these objectives, but it is not always possible to give equal weight to all three simultaneously. Maximising the pool of stipend beneficiaries broadens the scope of income relief, but reduces budget available for tools, equipment, and training, thus limiting the quality or quantity of services offered and assets constructed or maintained. Offering at least some basic training for the work at hand and providing some participants with certificated training is certainly a valid objective in a country with skills shortages and mismatches; but it limits both the numbers of participants and the budget available for services and assets.

Here again, the multi-sectoral and often hybrid nature of EPWP projects offers an important advantage. It would be wrong to emphasize just one of the three dimensions across all projects. Rather, it is a question of being clear about the strategic objectives of every individual programmes. The active participants in the KwaZulu-Natal Zibambele road maintenance programme are (overwhelmingly) middle-aged women supporting extended families, many of whom have been working on the programme since 2009, renewing their household contracts annually. They do not graduate out of the programme; but spending two days a week on road maintenance, they are also able to pursue other sustainable-livelihood activities. The stipends are often blended with social grant funding – child support grants, for instance – and many of the participants have set up savings clubs. In one case, a savings club was used to set up a sewing cooperative, which supplied reflective safety vests to the programme.

However, it is also true that there needs to be a significant expansion in public employment programmes with a strong youth focus. These should emphasize training, preferably certificated training, and exiting possibilities. In fact, several EPWP projects do have a strong youth and training focus, but participant numbers tend to be limited. A case in point is the Working on Fire programme, with 5500 young fire-fighters. Training and fitness levels are exceptional, and participants tend to remain on the programme for several years – although with excellent graduating

Training and fitness levels are exceptional, and participants tend to remain on the programme for several years – although with excellent graduating prospects into municipal fire brigades, the police, and the defence force.

prospects into municipal fire brigades, the police, and the defence force. The DPW runs several youth-directed EPWP programmes, often in close alliance with Sector Education Training Authorities (SETAs), and sometimes the private sector. For instance, the DPW and the AgriSETA have made 120 learnerships available on animal and poultry production, and a further 2521 beneficiaries are participating in a skills programme on horticulture and plant production. Through the manufacturing, engineering, and related services SETA (merSETA), 109 beneficiaries are involved in an artisan-development programme, training to become electricians, diesel mechanics, or boilermakers, for example. The learners are placed at Volkswagen SA, Toyota SA, and Mercedes Benz.

These are important youth-directed programmes – but clearly, the numbers are limited. How can scaling up be achieved? One idea being pursued by the PEP-IMC is to introduce a major youth-directed EPWP element into government's planned accelerated roll-out of 1.5 million solar water heaters to poor households. This would provide a useful opportunity for training in plumbing and electrical skills, and maintenance of the heaters opens up the possibility of sustainable township youth cooperatives and small businesses.

Many lessons have been learned in the course of more than a decade of EPWP experience in South Africa. However, it would be wrong to imagine that public employment programmes are the only response needed to meet the challenges of rampant unemployment and persisting poverty. Achieving a more sustainable, inclusive, job-creating growth and developmental trajectory will require a wide range of initiatives. These include the National Infrastructure Plan; the Industrial Policy Action Plans (with emphasis on localisation, beneficiation, and the leverage of government procurement; skills and training programmes); and the sustaining and improving of an array of government's existing social-security and social-wage programmes. There is also the need (as suggested briefly above) to expand the understanding of what cooperative and SMME development means, to include a social or solidarity economy approach. Within this wide context, South Africa's EPWP should be understood as neither a standalone nor a temporary measure, but as an integral part of the struggle for a better South Africa. South Africa's political economy has specific features, but the challenges arising from these must be located within a wider global reality. Public employment programmes are here to stay. In the global context, they are part of the future of work – if there is to *be* any future of work for billions of the world's citizens.

References

Bateman M. 2014. South Africa's post-apartheid microcredit-driven calamity. *Law Democracy & Development 18*: 92-135.

Bynjolfsson E and MacAfee A. 2014. *The Second Machine Age: Work, Progress and Prosperity in a Time of Brilliant Technologies*. New York: Norton.

Davis M. 2006. *Planet of Slums*. London, New York: Verso.

Development Action Group. 2015. Participatory action planning for informal settlement upgrading – Manual produced for Department of Human Settlements.

Ferguson J. 2015. *Give a Man a Fish: Reflections on the New Politics of Distribution*. Durham NC: Duke University Press.

Harvey D. 2014. *Seventeen Contradictions and the End of Capitalism*. London: Profile Books.

International Labour Organization (2015a) 'The future of work centenary initiative', Report of the Director-General, International Labour Conference, 104th Session, 2015, Geneva: ILO

ILO (International Labour Organisation). 2015b. *Global Employment Trends for Youth 2015: Scaling up investments in decent jobs for youth*. Geneva: ILO.

Langa M. 2012. Bokfontein. In Von Holdt K (ed.) *The Smoke that* Calls. Johannesburg: Centre for the Study of Violence and Society Work and Development Institute.

National Planning Commission. 2012. National Development Plan 2030. Our future – make it work. South African Government Pretoria.

Project Preparation Trust. 2014. Informal settlements: Improved livelihoods, the informal economy and local job creation. Developed for and in collaboration with the Housing Development Agency.

Standing G. 2011. *The Precariat – the New Dangerous Class*. London: Bloomsbury.

Statistics South Africa. 2015. Quarterly Labour Force Survey – Quarter 3: 2015. Pretoria.

Stiglitz JE. 2015. *The Great Divide*. New York: Norton.

Webster E et al. 2014. A Quiet Revolution in Social Policy? A case study of a Community Work Programme in rural South Africa – unpublished paper.

Weeks K. 2011. *The Problem with Work: Feminism, Marxism, antiwork politics, and post-work imaginaries*. Durham NC: Duke University Press.

CHAPTER 3

EPWP IMPLEMENTATION PERFORMANCE IN CITIES: PHASE 1 AND 2

Dr E Musekene & Mr D du Plessis (NDPW M&E Unit) and SMEC South Africa (Pty) Ltd

High levels of unemployment and poverty remain issues of extreme concern in South Africa, and the debate continues on how to address this situation effectively. The Expanded Public Works Programme (EPWP) is one of government's most significant tools in the fight against these persistent social challenges, as it has the power to both alleviate poverty through employment creation, and provide infrastructure. The goal of the EPWP is to create work opportunities by means of labour-intensive technologies, while simultaneously building much-needed infrastructure.

Phase 1 of the EPWP was introduced at the beginning of 2003, as a major government initiative to address unemployment and poverty. Phase 2 was announced at the State of the Nation Address in February 2009, immediately after the successful implementation of Phase I, in which the target of one million work opportunities was reached a year ahead of time.

This was achieved by re-orientating line-function budgets and conditional grants across government to create work opportunities. All public bodies and State-Owned Enterprises contributed to that objective, and continue to do so.

This is an analysis of the performance of metropolitan municipalities in the EPWP. Data used takes into account the progress made by the nine major cities during Phase 1 and 2; note that data from both EPWP Phases has been utilised, but the analysis is based on annual performance.

This analysis includes data on the following municipalities:

- Buffalo City Metro (data included only for the period the municipality was classified as a metropolitan municipality)
- City of Cape Town
- City of Johannesburg Metro
- City of Tshwane Metro
- Ekurhuleni Metro
- eThekwini Metro
- Msunduzi
- Mangaung Metro (data included only for the period the municipality was classified as a Metropolitan Municipality)
- Nelson Mandela Bay Metro

Overview of Performance

This section provides an overview of the progress of the cities in their implementation of the EPWP over the 2004/5 to 2014/15 reporting period, and reviews the trends.

Six indicators have been used to assess the progress made in meeting the objectives:

- number of work opportunities (WOs) created
- number of person-days of work created
- number of person-days of training provided
- overall budget and expenditure, and
- demographics of workers.

Data were extracted from EPWP Consolidated Reports (DPW, Quarterly Reports: 2009/10 to 2013/14) as well as the South African Cities Network 2009/10 to 2011/12, 2012/13, and 2013/14 State of the Expanded Public Works Programme in South African Cities Annual Reports.

EPWP Implementation

Over the 10-year reporting period, the SACN member cities generated a cumulative total of 795 536 Work Opportunities (WOs) and 230 349 Full-Time Equivalents (FTEs). These WOs and FTEs were based on the implementation of 7916 projects across the nine cities, as illustrated in Figure 3.1.

Although the larger cities, such as Cape Town (3082), Johannesburg (1649), Tshwane (954), and eThekwini (634) implemented the most EPWP projects, this is not an adequate indicator of the progress and success of EPWP.

An analysis of most cities, as shown in Table 3.1, demonstrates a trend: more than twice as many projects were reported in Phase 2 of the EPWP as in Phase 1. This indicates a direct correlation with the targets that were set for Phase 2.

The number of projects implemented by the larger cities (such as Cape Town, Johannesburg, Tshwane, and eThekwini) can be attributed to their well-established and dedicated EPWP units. However, a dedicated EPWP unit or steering committee alone is not a guarantee of the effective management and coordination of a city's EPWP.

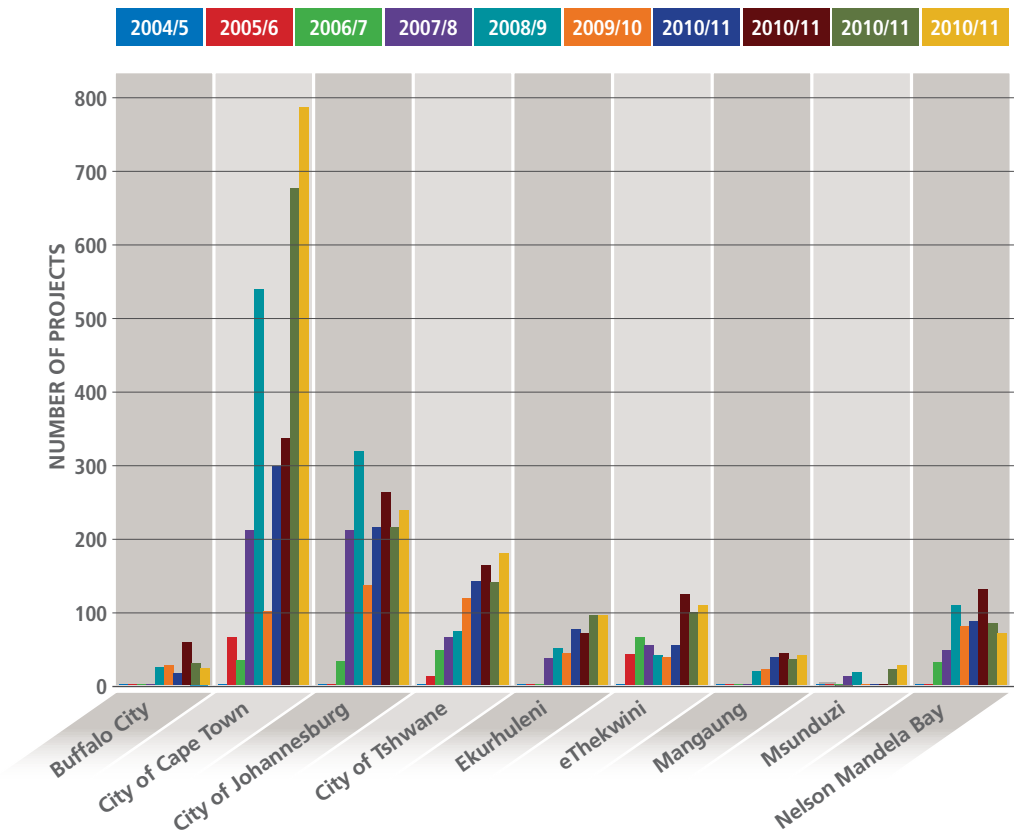


Figure 3.1: Number of projects implemented by the cities over the 10-year reporting period

There is a clear relationship between the number of projects implemented and the institutional arrangements and organisational capacity in each city. The number of projects implemented by the larger cities (such as Cape Town, Johannesburg, Tshwane, and eThekwini) can be attributed to their well-established and dedicated EPWP units. However, a dedicated EPWP unit or steering committee alone is not a guarantee of the effective management and coordination of a city's EPWP.

Sufficient organisational capacity is required to drive the coordination of EPWP through the platform provided by a city's institutional arrangements, and sufficient administrative capacity is needed to effectively manage the implementation and coordination of a large number of projects. For instance, although institutional arrangements were put in place in smaller cities (such as Buffalo City and Msunduzi), the lack of organisational capacity to realise these arrangements is evident from the low number of projects implemented (183 and 85 projects respectively).

The impact of funding limitations is evident in Buffalo City, where the number of projects implemented decreased after the Incentive Grant funding limitations experienced during the 2013/14 reporting period.

In the case of Ekurhuleni, Mangaung, and Nelson Mandela Bay, the low number of projects implemented can be attributed both to inadequacies in the institutional arrangements, and to an absence of organisational capacity.

Buffalo City, Mangaung, Msunduzi and Nelson Mandela Bay have all indicated the need to address their lack of organisational capacity. Following the approval of their EPWP policies in 2012/13, Buffalo City and Msunduzi have focused on establishing their institutional arrangements to provide the necessary platform from which to govern EPWP. Mangaung and Nelson Mandela Bay have adopted similar strategies. They have moved their EPWP Units to Business Units, to drive the implementation of EPWP.

Availability of funding affects the number of projects a city is able to implement. The impact of funding limitations is evident in Buffalo City, where the number of projects implemented decreased after the Incentive Grant funding limitations experienced during the 2013/14 reporting period.

Viewed in isolation, the number of projects implemented is not a reliable indication of the success or efficiency of a city's EPWP, because the number of WOs generated varies vastly per project. Therefore, to establish the efficiency and sustainability of a city's EPWP requires looking at other factors, such as duration of employment, and wage contribution.

Table 3.1: Cumulative summary of projects implemented by the Metropolitan Municipalities across the two Phases of EPWP

	Total number of Projects per Phase	
Metropolitan Municipality	Phase 1	Phase 2
Buffalo City	25	158
City of Cape Town	858	2224
City of Johannesburg	568	1081
City of Tshwane	201	753
Ekurhuleni	89	388
eThekwini	204	430
Mangaung	19	183
Msunduzi	31	54

Employment Created

Figure 3.2 illustrates the WOs generated from 2004/05 to 2013/14. During this period, the nine cities collectively generated a total of 795 536 WOs. The cities that created the most work opportunities over the 10 years were Johannesburg (290 684), eThekwini (191 723) and Cape Town (132 876). The number of work opportunities created by the nine cities represents 51% of work opportunities created by all municipalities, and the cities spent approximately R27.5 billion in creating these work opportunities, which provided wages to the value of R4.5 billion.

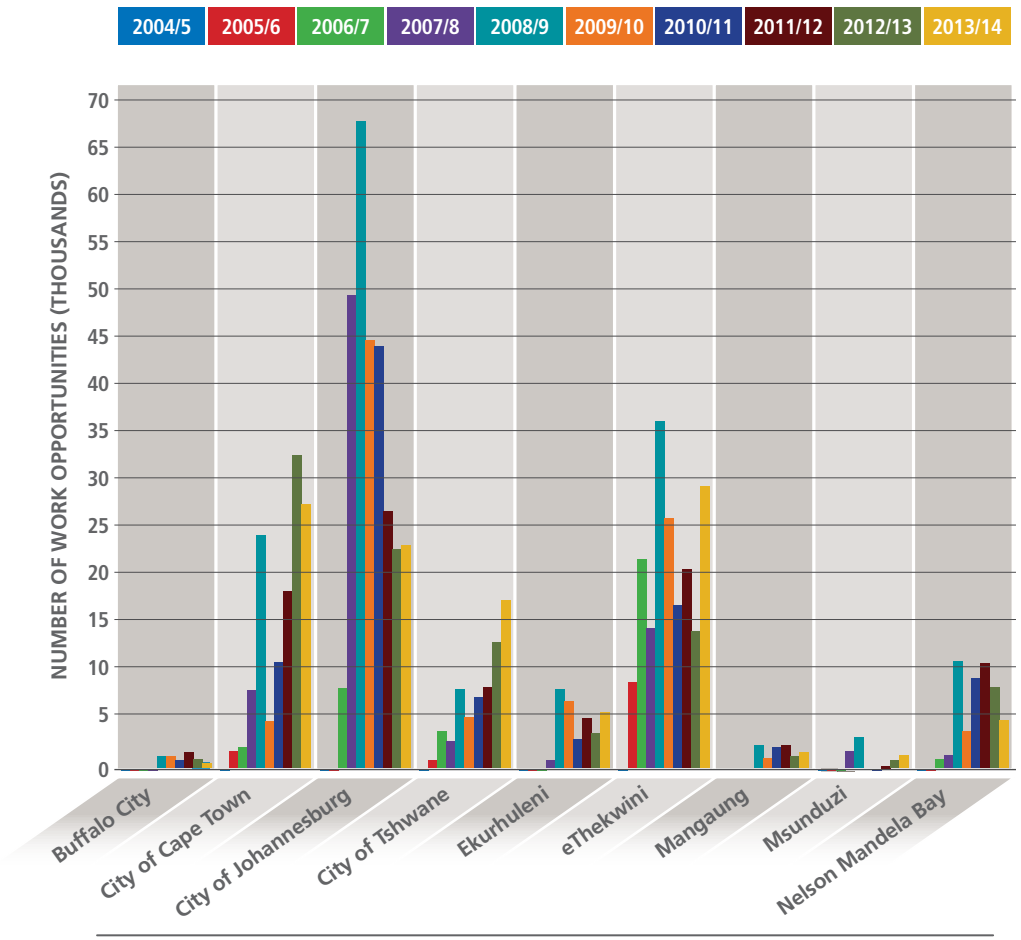


Figure 3.2: Total number of work opportunities created

The number of WOs created is related to the number of projects implemented by the city. For example, Msunduzi implemented the least number of projects and therefore generated the least number of WOs.

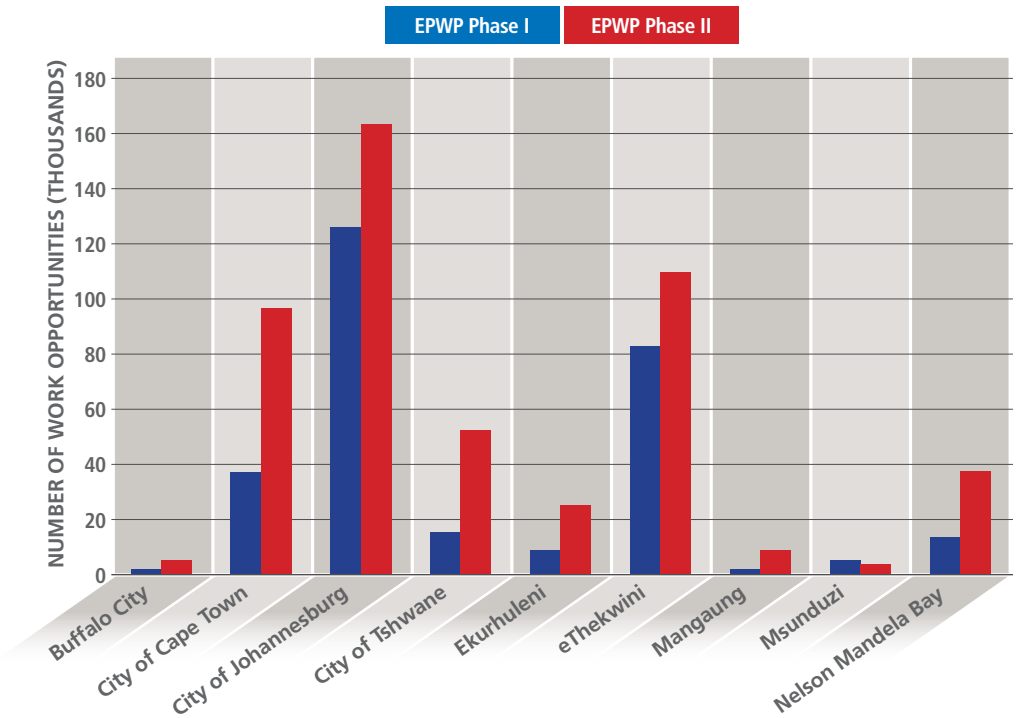


Figure 3.3: Work opportunities created by cities per EPWP Phase.

When comparing the WOs generated across Phase 1 and Phase 2, as illustrated in Figure 3.3, a clear trend is evident. With the exception of Msunduzi, the majority of the cities show an increase in the number of WOs generated in Phase 2 when compared to the achievements of Phase 1. This can be attributed to more projects being implemented, with more beneficiaries entering short-term employment.

It is interesting to note that Cape Town, eThekwini, and Johannesburg generated the most WOs across the reporting periods. This indicates a significant improvement in the coordination and management processes.

Initiatives implemented by the cities that contributed to these improved figures include:

- aligning the city's EPWP practices to its Integrated Development Plan (IDP)
- enforcing Labour-Intensive Construction (LIC) principles across all relevant projects (in line with EPWP policy)
- promoting EPWP awareness throughout the municipality
- increasing efficiency of the dedicated EPWP team by addressing all responsibilities, and
- enhancing administrative capacity through the appointment of contract administrators.

The trend of WOs generated over the reporting periods (Figure 3.2) is erratic for the cities, with only the City of Tshwane displaying a steady increase, indicating sustainable growth and progress. A decrease in the number of WOs generated may be attributed to various factors, such as:

- under-reporting
- cities not maximising LIC opportunities
- inefficient management of projects
- projects not commencing on schedule, and
- projects lasting longer, leading to an increase in the period of employment, thereby reducing the annual WOs generated.

In view of these factors, the number of FTEs and duration of employment must be considered when analysing the trend of WOs generated.

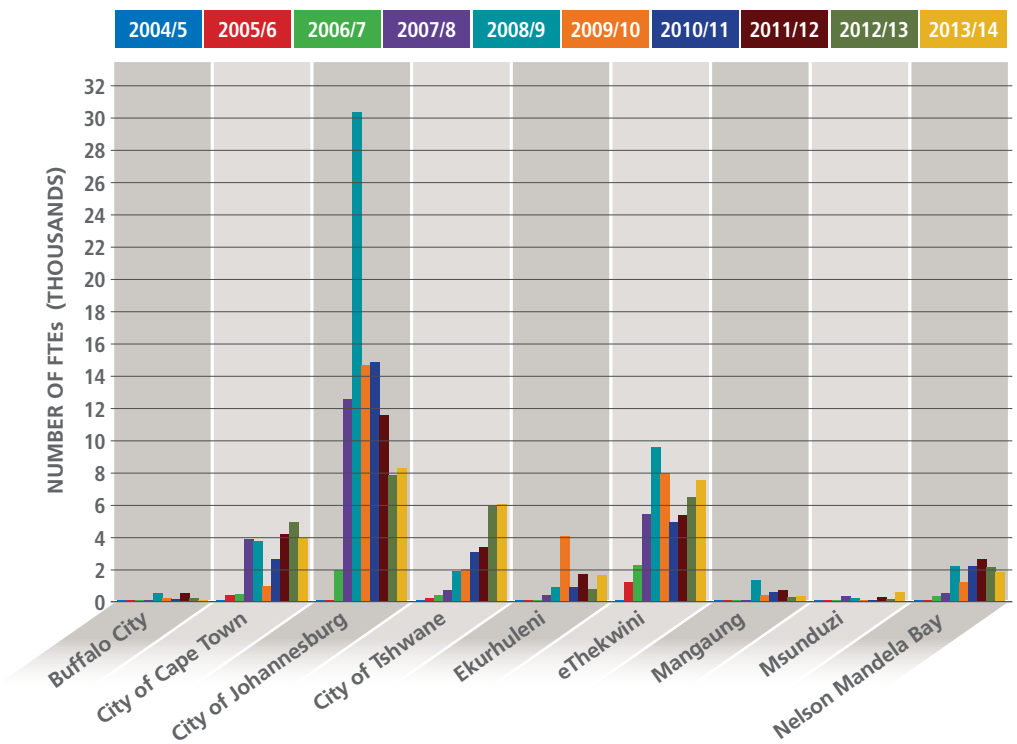


Figure 3.4: Total number of FTEs created over the reporting period

Figure 3.4 illustrates the number of FTEs generated by each of the cities for the ten-year reporting period. Collectively the cities generated 230 349 FTEs, which represents 29% of the Local Government FTE target.

When comparing WOs and FTEs produced across the reporting periods, Tshwane is the only city that has consistently increased the number of WOs and FTEs produced, indicating efficiency in the implementation and coordination of the city's EPWP.

One would expect the number of FTEs created to follow the same trend as the WOs over the ten financial years. However, this is not the case, because the relationship between the number of FTEs and the number of WOs generated is not linear. An increase in FTEs coupled with a decrease in WOs indicates that the average duration of WOs has increased, resulting in EPWP employment that facilitates sustainable livelihoods. However, a decrease in both WOs and FTEs does suggest decreased efficiency and regression.

It should be noted that the FTEs generated annually do not always decrease when WOs decrease. In eThekwini, for example, the number of FTEs increased across the 2010/11 to 2012/13 reporting period, while the number of WOs decreased. Again, this could be attributed to the duration of projects.

Comparing the performance of Nelson Mandela Bay to that of Ekurhuleni demonstrates the relationship between WOs and FTEs. Although Nelson Mandela Bay implemented fewer projects and generated fewer WOs than Ekurhuleni during this period, it generated more FTEs. These results suggest that Nelson Mandela Bay was more successful at creating longer-term, sustainable WOs through implementing fewer projects. For Ekurhuleni, the ratio of WOs generated per project was lower than that for Nelson Mandela Bay, suggesting potential inefficiencies in Ekurhuleni's EPWP performance.

Similarly, eThekwini produced fewer WOs than Cape Town, but achieved a greater ratio of WOs generated per project, and produced far more FTEs. This shows the efficiency of eThekwini's EPWP coordination, and indicates inefficiencies in Cape Town's EPWP. eThekwini's formalised EPWP framework, institutional arrangements and comprehensive EPWP policy suggest that it has the ability to perform better. The inefficiencies of Cape Town's EPWP performance are further highlighted by the decrease in both WOs and FTEs over previous financial years.

When comparing WOs and FTEs produced across the reporting periods, Tshwane is the only city that has consistently increased the number of WOs and FTEs produced, indicating efficiency in the implementation and coordination of the city's EPWP. Although the number of WOs produced by eThekwini varied across the reporting periods, the city increased the number of FTEs created, indicating the generation of more sustainable WOs. The ratio of eThekwini's WOs per project is additional evidence of the efficiency of the city's EPWP performance.

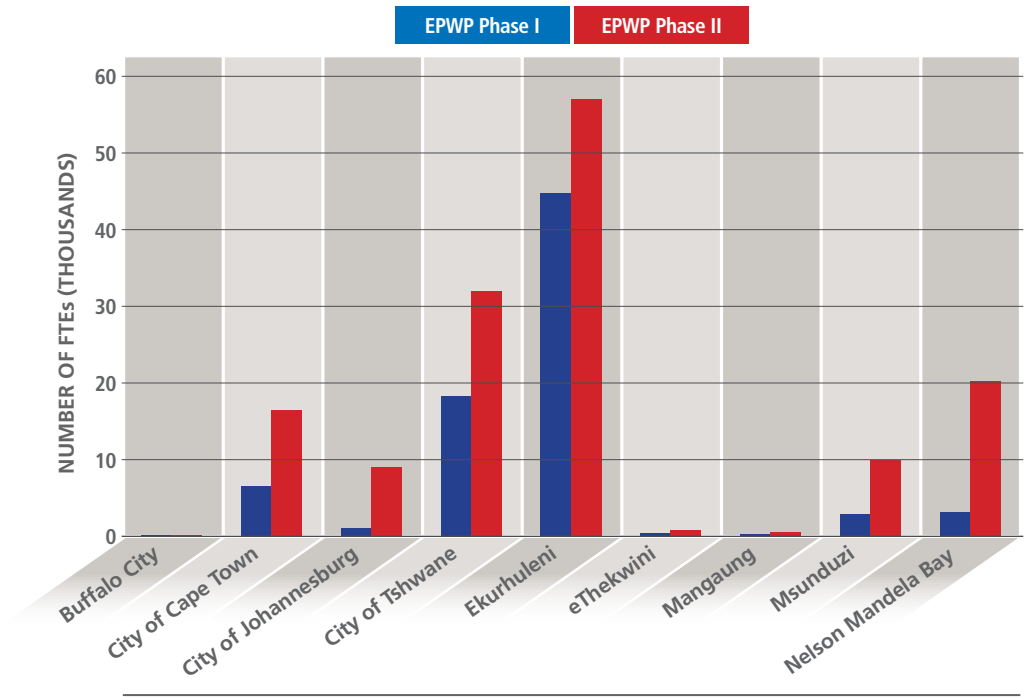


Figure 3.5: Number of FTEs per EPWP Phase.

Expenditure

A key indicator of the cities' EPWP efforts and success is the expenditure on EPWP implementation. It is therefore imperative to report on this, and take into consideration the cost per WO and the wages paid out over the reporting period.

Figure 3.6 displays city expenditure with regard to implementing EPWP projects between 2004/05 and 2013/14. Overall, the four cities with the highest wage expenditure were Johannesburg (R12.0 billion), Tshwane (R4.3 billion), Cape Town (R3.7 billion), and eThekwini (R2.4 billion).

Across Phase 1 and Phase 2 there was significant variance in expenditure on EPWP between cities. This could be attributed to the fluctuations in the Incentive Grant received from the NDPW, which is related to the performance of each city.

EPWP expenditure is also related to a city's commitment to and planning for EPWP activities. This commitment is measured by the size of the internal budget allocated to carrying out EPWP activities.

Cities must acknowledge that they cannot rely on the Incentive Grant alone to fund EPWP activities, as this will not promote sustainability with regard to EPWP progress and growth. Cities must display commitment to the principles of EPWP by incorporating EPWP activities into their planning and their budgeting processes. Focusing

Most cities showed a high initial cost at the beginning of Phase 1, followed by a significant decrease as they became more proficient in the implementation of EPWP.

on the implementation of long-term planning initiatives (such as strategic projects that span several financial years), utilising both the Incentive Grant allocations and internal budget allocations, will display greater commitment to the EPWP.

There is a direct relationship between expenditure and the number of WO and FTEs created. Johannesburg's expenditure decreased over the reporting period (reflecting the lower number of WOs and FTEs), whereas eThekwini's expenditure increase was accompanied by an increase in the number of WOs and FTEs produced. But the relationship is not linear, as ineffective spending would result in fewer WOs, with a higher cost per WO. Therefore, a city's spending efficiency can be assessed by calculating the cost per WO generated (Figure 3.7).

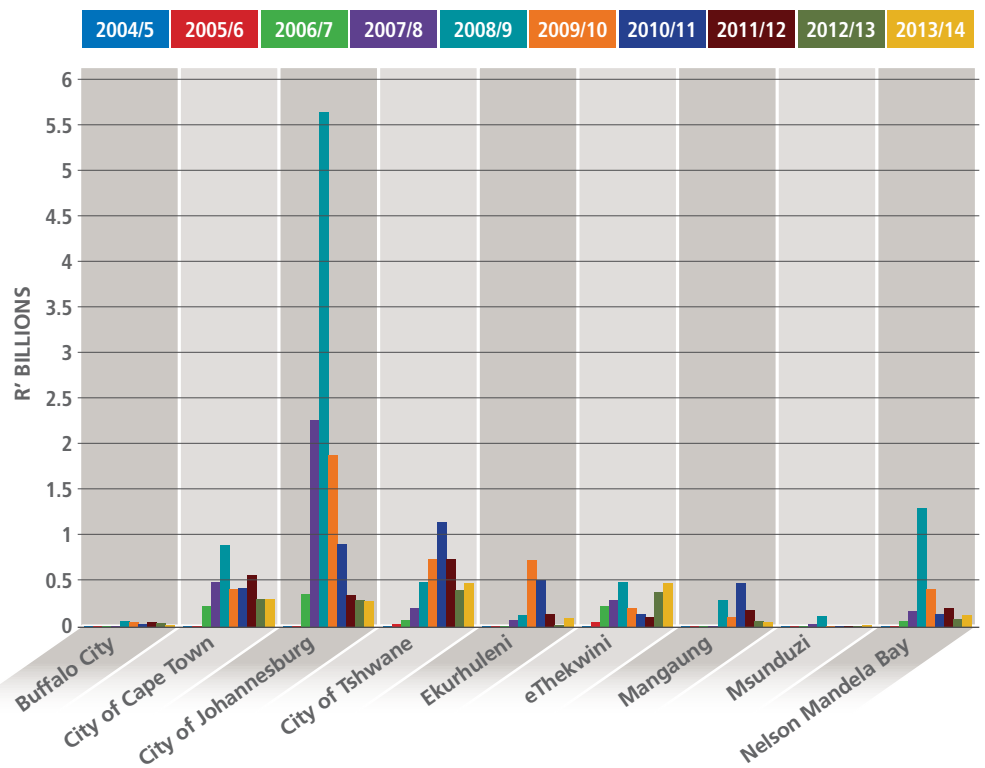


Figure 3.6: Total expenditure (including professional fees) for the 2004/05 – 2013/14 reporting period

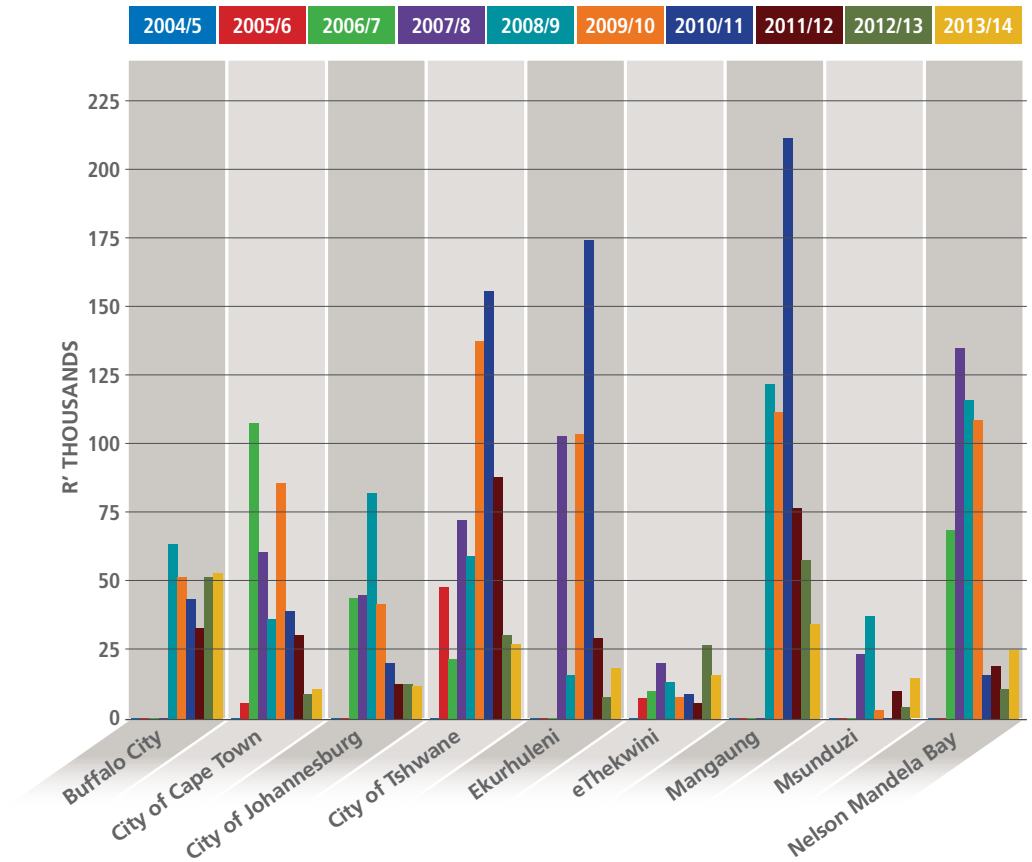


Figure 3.7: Total cost per work opportunity created

Most cities showed a high initial cost at the beginning of Phase 1, followed by a significant decrease as they became more proficient in the implementation of EPWP. The exception was eThekwini: after a low start, the average cost per WO increased in 2007/08 and 2012/13, but is still relatively low. This indicates that the city is efficient in implementing and spending on EPWP projects. The increase in the cost per work opportunity can be attributed to the city's emphasis on longer-term EPWP programmes, evident in the longer duration of employment in the city, which indicates a relationship between the cost per WO and the average length of employment.

In 2013/14, Buffalo City had the highest cost per WO (R53,415.24) of all the cities, but implemented the least number of projects and generated the lowest number of WOs and FTEs. The monitoring and evaluation challenges that the city experienced led to under-reporting on WOs and FTEs, which increased the reflected cost per WO. However, unlike the other cities, Buffalo City's cost per WO has fluctuated very little across the reporting period and the average length of employment is relatively low, which suggests that the city is not efficient in implementing and spending on the EPWP.

On the other hand, Cape Town's low cost per WO does not necessarily indicate efficiency, as it is likely to be a result of implementing small-scale projects with low overheads that generate relatively short-term employment. Similarly, Msunduzi's low cost per WO is directly related to the implementation of small-scale projects at low cost. Msunduzi and Mangaung implemented a similar number of projects, and generated similar numbers of WOs. However, Msunduzi's cost per WO is lower than that of Mangaung, indicating that Msunduzi has been more efficient in the implementation of its EPWP projects.

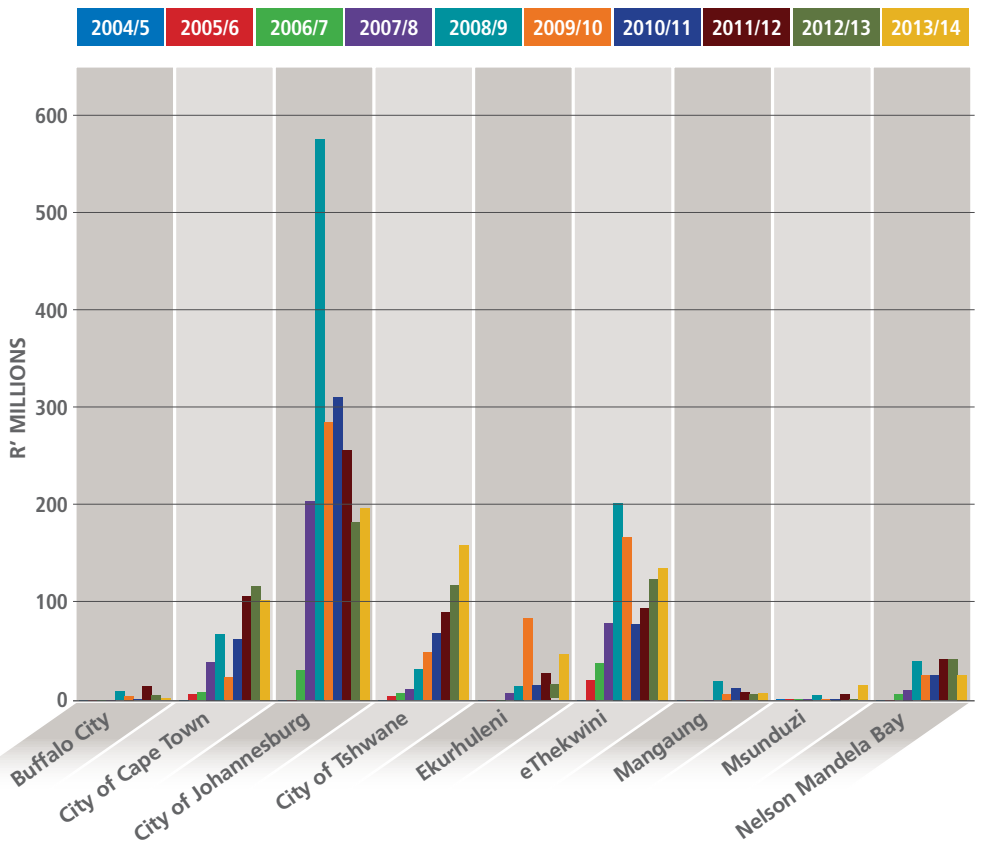


Figure 3.8: Wages paid out to beneficiaries employed on EPWP projects

The total sum of wages paid out and the minimum day-task wage rate are key indicators of the benefits derived from EPWP employment. Figure 3.8 illustrates the total sum of wages paid out during the ten-year reporting period.

As expected, a relationship exists between the number of WOs generated and the total wages paid to beneficiaries. Cape Town, Johannesburg, Tshwane and eThekwini generated the most WOs during this period, and thus paid the most wages to EPWP beneficiaries.

If cities are to reach the demographic targets for women and people with disabilities, they will need to implement more projects in these sectors, as well as finding more effective mechanisms for selecting EPWP beneficiaries.

Although total expenditure on wages increases as the number of WOs increases, this is not an exponential trend. For example, eThekwini generated the most WOs in 2013/14, and as expected, paid the most in wages. But Cape Town's expenditure on wages was low in comparison to the number of WOs generated, owing to the low minimum daily-task wage rate. Expenditure on wages is therefore influenced by the duration of employment as well as the daily-task wage rate.

Demographics of Employment

The demographic targets set for Phase 1 were 40% women, 30% youth, and 2% people with disabilities; for Phase 2, 55% women, 40% youth, and 2% people with disabilities. To assess overall performance against the Phase 2 targets, it is necessary to review the demographic distribution of beneficiaries in each city over the five-year period.

Table 3.2 depicts the demographic distribution of EPWP beneficiaries across all nine cities during Phases 1 and 2.

While most cities have successfully met the targets for youth employment, the absence of people with disabilities in EPWP employment should be noted. This may be explained by the WOs being unsuitable for disabled persons, but may also be the result of the definition of 'people with disabilities' being misunderstood: the term refers not only to persons who are physically disabled, but also includes persons with hearing disabilities and mental disabilities. The absence of people with disabilities could also be because a large number of projects are in the infrastructure sector. As infrastructure-related projects involve physical labour, they are not generally suitable for people with disabilities.

Phase 2 placed great emphasis on implementing projects in the environment and culture and social sectors, which led to an increase in the percentage of women employed on EPWP projects. If cities are to reach the demographic targets for women and people with disabilities, they will need to implement more projects in these sectors, as well as finding more effective mechanisms for selecting EPWP beneficiaries.

Table 3.2: Demographics of EPWP beneficiaries over the 2004/05 – 2013/14 (Phase I and II) reporting period

NELSON MANDELA BAY	MSUNDUZI	MANGAUNG	ETHEKWINI	EKURHULENI	CITY OF TSHWANE	CITY OF JOHANNESBURG	CITY OF CAPE TOWN	BUFFALO CITY		
0.002%	0.000%	0.001%	0.005%	0.002%	0.001%	0.000%	0.001%	0.000%	% Disabled	2013/14
34%	40%	34%	59%	35%	43%	23%	49%	32%	% Women	
36%	45%	58%	36%	58%	51%	53%	60%	49%	% Youth	
0.000%	0.001%	0.002%	0.001%	0.003%	0.000%	0.000%	0.001%	0.000%	% Disabled	2012/13
39%	29%	24%	61%	37%	39%	30%	47%	33%	% Women	
45%	53%	58%	34%	53%	54%	56%	59%	40%	% Youth	
0.000%	0.000%	0.005%	0.001%	0.001%	0.000%	0.001%	0.000%	0.000%	% Disabled	2011/12
42%	60%	22%	70%	38%	22%	37%	35%	33%	% Women	
46%	55%	58%	32%	50%	50%	56%	57%	47%	% Youth	
0.001%	0.000%	0.001%	0.000%	0.003%	0.000%	0.001%	0.000%	0.000%	% Disabled	2010/11
13%	0%	21%	52%	31%	21%	22%	41%	13%	% Women	
45%	0%	58%	46%	51%	51%	53%	53%	56%	% Youth	
0.001%	0.000%	0.000%	0.000%	0.001%	0.000%	0.000%	0.000%	0.000%	% Disabled	2009/10
16%	48%	0%	1%	0%	25%	8%	5%	0%	% Women	
48%	74%	65%	44%	56%	59%	54%	48%	50%	% Youth	
0.004%	0.004%	0.001%	0.000%	1.600%	0.003%	0.002%	0.900%	0.000%	% Disabled	2008/09
21%	36%	34%	41%	29%	30%	17%	38%	23%	% Women	
50%	64%	58%	37%	47%	51%	53%	68%	55%	% Youth	
0.000%	0.000%	0.002%	0.001%	0.900%	0.001%	0.001%	1.100%	0.000%	% Disabled	2007/08
19%	34%	24%	66%	31%	30%	21%	19%	0%	% Women	
57%	51%	58%	36%	46%	37%	41%	59%	0%	% Youth	
0.003%	0.000%	0.005%	0.000%	0.000%	0.000%	0.005%	0.665%	0.000%	% Disabled	2006/07
15%	0%	22%	18%	0%	14%	26%	40%	0%	% Women	
48%	0%	58%	20%	0%	26%	36%	42%	0%	% Youth	
0.000%	0.000%	0.001%	0.001%	0.000%	0.009%	0.001%	0.500%	0.000%	% Disabled	2005/06
0%	0%	21%	43%	0%	29%	0%	33%	0%	% Women	
0%	0%	58%	63%	0%	51%	0%	55%	0%	% Youth	
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	% Disabled	2004/05
0%	0%	0%	0%	0%	0%	0%	0%	0%	% Women	
0%	0%	0%	0%	0%	0%	0%	0%	0%	% Youth	

Training

Training is a core component of the EPWP, and is essential for assisting beneficiaries to make the transition to permanent mainstream employment. One of the key findings of the mid-term review of Phase 1 was that the approach to training and exit strategies had limited impact on unemployment. Recommendations suggested that the EPWP should provide training, and should formulate exit strategies. The nature of each work opportunity would determine the training to be provided. Despite this, Table 3.3 shows that to date, most cities have placed very little emphasis on the provision of training.

Table 3.3: Cumulative summary of the number of Training days reported over the EPWP reporting period

	Training Days	
	Phase 1	Phase 2
Buffalo City	0	0
City of Cape Town	182 381	5 698
City of Johannesburg	741 792	79 816
City of Tshwane	102 191	1 091
Ekurhuleni	13 128	613
eThekwini	122 117	6848
Mangaung	0	1309
Msunduzi	4 935	0
Nelson Mandela Bay	11 221	0

An analysis of training days per EPWP Phase (bearing in mind that reporting on training days has been a requirement since Phase 1) indicates an almost universal decline in the number of days reported. The under-reporting of training data has serious implications. The cities are aware that training data contributes to the overall FTE calculation – and in effect, to the calculation of grants paid to the cities.

Note that the cities must promote training initiatives through the various EPWP projects, and ensure adequate budget is allocated for training. Training should not be limited to the task to be conducted, but should also include aspects such as life skills; this will facilitate social upliftment.

Note that the cities must promote training initiatives through the various EPWP projects, and ensure adequate budget is allocated for training.

Conclusion

EPWP indicators cannot be analysed in isolation. To accurately assess the progress and success of the cities' EPWP implementations, data analysis should occur across all indicators as a collective dataset, in order to reveal correlations and relationships.

One of the biggest challenges in implementing the EPWP across the cities is obtaining buy-in and creating awareness. It's very important to ensure that appropriate institutional arrangements are in place, for efficient coordination. The number of projects implemented is largely dependent on existing institutional arrangements and organisational capacity.

There is a correlation between number of work opportunities and FTEs created, along with overall expenditure. Ideally, the duration of work opportunities should have a direct effect on the number of FTEs created, as illustrated by the City of Tshwane. But for most cities this is not the case; owing to various factors, such as under-reporting, and inefficient management of projects.

Expenditure on the implementation of EPWP has shown substantial variance across the cities. These variances can be explained by differences in available grant funding, as well as differences in internal budgets allocated. During the ten-year period, many of the cities reported substantial expenditure, which can be directly linked to the number of projects implemented. In other instances, expenditure has been low. This can be linked to poor planning and lack of commitment.

Focusing on the implementation of long-term projects that span several financial years, and utilising both the Incentive Grant allocations and internal budget allocations, will result in increased efficiency and success.

The cities have progressed significantly in implementing Phases 1 and 2 of the EPWP. This is evident in the reported achievements. What is also illustrated is the need to strengthen existing institutional arrangements, and to provide assistance with project selection and design. This support will contribute to the creation of sustainable work opportunities and sustainable livelihoods.

References

Department of Public Works (DPW) and South African Cities Network (SACN). 2014. The State of Expanded Public Works Programme in South African Cities, 2012/13 Annual Report. RSA.

DPW and SACN. n.d. The State of Expanded Public Works Programme in South African Cities, 3-Year Annual Report, 2013/2014. RSA.

DPW and SACN. 2015. The State of Expanded Public Works Programme in South African Cities, 2013/14 Annual Report. RSA.

DPW. 2016. Expanded Public Work Reporting System (ERS). Pretoria.

CHAPTER 4

LESSONS LEARNED FROM PHASES 1 AND 2 TOWARDS IMPROVING PHASE 3

Anne Vaughan

This chapter is about the achievements and shortcomings of Phases 1 and 2 of the EPWP, and the lessons learned from them. This leads to suggestions for improving the design and implementation of the Programme for Phase 3.

Both primary and secondary material have been drawn from the web. Primary material includes government policy documents. The minutes of Department of Public Works (DPW) Portfolio Committee meetings have been particularly useful. Secondary material includes discussion papers, articles, conference presentations, and the two Mid-Term Reviews (for Phases 1 and 2 of the EPWP).

The Development of the EPWP

From Phase 1 to Phase 2

Phase 1 of the EPWP was successful in meeting the work opportunity target a year ahead of schedule, in 2008. However, it failed to meet other targets, or significantly affect the unemployment rate. The Mid-Term Review for Phase 1 pointed out major deficiencies – such as shortfalls in person-years, length of work opportunities, budget expenditure, accredited training, and exit strategies – which tended to diminish its broad achievements (HSRC, 2007: x).

However, in light of the over-achievement of targeted work opportunities, it was decided to launch Phase 2, which aimed at creating 4.5 million work opportunities over the next five years.

Experience in Phase 1 suggested a number of innovations for Phase 2:[10]

i. The **non-state sector** was introduced, which includes two programmes – the Community Work Programme (CWP), and the non-profit organisation programme. This replaced the economic sector, which had been the preserve of exit strategies in Phase 1, but had made very little impact (in the Mid-Term Review for Phase 1, provincial coordinators reported dissatisfaction with it: HSRC, 2007: xii). The promotion and support of SMMEs became the responsibility of the Enterprise Directorate within the DPW.[11]

ii. The **Provincial and Municipal EPWP Incentive Grants** were initiated.[12] At a Portfolio Committee meeting in September 2013, the Chief Director of DPW said the Grant had been introduced to reward public bodies that had implemented labour-intensive methods, and to encourage them to meet targets. The Grant is conditional, and must be used on future job creation programmes or projects. At an earlier Portfolio Committee meeting in September 2012, the Deputy Director General of DPW stated that 246 of the 278 municipalities had met the eligibility criteria for the Grant. He spelled out the advantages of the Grant. It was designed to ensure allocations to small and poor communities; to simplify appropriation for treasuries; to be used as a mechanism to track performance; to encourage municipalities to provide project lists for selection purposes; and to encourage implementation through making payment at the beginning of the year. Meth (2011: 32) doubts whether local government has the capacity to access, manage, and report back on the incentive grant. Indeed, capacity constraints are recognised in the DPW. A Portfolio Committee meeting on 18 June 2013 reported that 'the main causes for not meeting targets were a lack of technical capacity to design labour-intensive projects in government bodies, administrative delays in implementing projects, and under-reporting of EPWP opportunities created on projects'. Technical support was being given to remedy these shortcomings.

iii. There was a shift in the conception and design of **training**. In Phase 1, it was generic; during Phase 2 it became more specific. Also, the focus shifted to accredited training. Meth (2011) was critical of the generic nature of training in Phase 1: Because job opportunities in infrastructure projects last between four and six months, with the result that participants are entitled only to 8-12 days of paid formal training, a period in which not much can be accomplished, the EPWP team struck an agreement with the Department of Labour to create a 'generic 10-14 day training course' that would consist of accredited unit standards on: General Life Skills, Awareness of HIV and AIDS, and Labour Markets and the World of Work (DPW, 2004: 9).His opinion was that the ability of such training to enable beneficiaries to enter the formal labour market 'must be close to zero' (Meth, 2011: 18). One could conclude from this that the change in approach during Phase 2 was a step in the right direction.

10. It should be noted that these innovations were intended to be carried forward to Phase 3.

11. It is not clear how much has been done by this Directorate. A presentation dated November 2013 addressing the policy on SMMES suggests this work is in the initial stages.

12. The terms and conditions of the grants differ for each of the sectors. According to the Mid-Term Review for Phase 2, the grants appear to have led to an improvement in labour intensity from 2009/10 (IDT Camissa and Nielsen, 2013: 13).

At an EPWP High Level Proposal Briefing (2013), the universal principles of the EPWP were identified as: adherence to the EPWP minimum wage and employment conditions in the Ministerial Determination; selection of workers must be based on a clearly defined process and criteria; work must provide or enhance public goods and community services; adherence to at least minimum labour intensity appropriate to sector.

iv. A **national minimum wage** was introduced. A year earlier, The Basic Conditions of Employment Act 1997: Code of Good Practice for employment and conditions of work for Expanded Public Works Programmes (RSA Department of Labour, 2011) had been passed. The purpose of the Code is to provide good practice to all stakeholders involved in the EPWP, and to promote a common set of good practices and minimum standards in employment practice for the different South African EPWP sub-programmes. This legislative standardisation meant that public bodies and other implementers could be held to account.

v. The EPWP was no longer informed by notions of a 'first' and 'second' economy; the problem it confronted was identified as unemployment in the **mainstream economy**. Programmes such as Phase 2 of the EPWP were now to be contextualised within the New Growth Path (2010). The EPWP is seen as an important contributor in Jobs Driver 1 (Infrastructure Development), through increasing the labour intensity of government infrastructure investments, and Jobs Driver 4 (Social Capital), through expansion of the CWP.

vi. The **objectives** of the EPWP were more clearly defined: promoting sustainable household livelihoods, developing skills, and providing assets and services (although, as noted below, ambiguities about broader goals have persisted).

The Parameters of Phase 3

At an EPWP High Level Proposal Briefing (2013), the **universal principles** of the EPWP were identified as: adherence to the EPWP minimum wage and employment conditions in the Ministerial Determination; selection of workers must be based on a clearly defined process and criteria; work must provide or enhance public goods and community services; adherence to at least minimum labour intensity appropriate to sector.

A presentation on 9 April 2014 to the Portfolio Committee on Public Works on the

DPW's Strategic Plan for 2014 to 2019 states that the **purpose** of Phase 3 of the EPWP is 'to provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing to development'.

It also indicates that the following **key performance indicators** should be met through the implementation of Phase 3:

- The creation of work opportunities through the application of labour-intensive approaches
- The disbursement of performance-based incentive allocations to eligible public bodies
- The training of beneficiaries through the National Skills Fund
- The participation of youth in the National Youth Service Programme
- The creation of work opportunities in rural municipalities

The following issues are more specifically discussed in the formative documents:

Training

Here, the approach adopted in Phase 2 is strongly echoed. Training will be project-based, but it is recognised that training needs vary between sectors, programmes, and projects, so training strategies will need to be specific. There will be collaboration with the National Skills Fund and the Sector Education and Training Agencies, who will source funding.[13] Those exiting the programme will be encouraged to start their own businesses and/or set up cooperatives. (This idea resonates with the approach in Phase 1, in which such strategies were meant to be provided by the Economic Sector.)

A training policy for Phase 3 will be developed. Programmes are expected to have a training plan and budget in place by the first year of Phase 3. Reporting will be improved.

Targeting

In Phase 3, poverty nodes will be targeted and local labour used. Two sets of criteria will be applied in targeting beneficiaries: EPWP base criteria, and project-specific criteria. Beneficiaries (targeted according to base criteria) are defined as the poor, the unemployed who are willing to work at the rates offered, and local people;

13. In the Mid-Term Review for Phase 2 (IDT Camissa and Nielsen 2013: 95), the tenuous relationship with a range of organisations including the SETAs is noted – 'It was indicated that there was a need to establish and formalise partnerships with SETA's (sic) to ensure that beneficiaries have access to accredited and quality training' – and again, 'The relationship with other key public sector stakeholders such as the SETAs, SEDA, NYDA and state-owned entities (SOEs) is also very weak. It is clear that the EPWP should make substantial efforts to maximise and strengthen the relationship with these stakeholders' (117).

A score card will be developed for public bodies to use, to assist them in testing the eligibility of projects and programmes, and in testing compliance with norms and standards.

with the emphasis being on empowering women, the youth, and people with disabilities. Project-specific criteria will include level of education and existing skills. The target for the duration of work opportunities will be 100 days. The recruitment process will be fair, transparent, and accessible. The DPW will be required to access and consolidate relevant databases to be used by public bodies as a source of recruitment. There will be open advertisement among the local community of the work opportunities available, the criteria that must be met, and the application process. Explanations will be offered in community forums. Public bodies may use existing recruitment processes, as long as these are not subject to undue influence.[14]

The labour-intensity target will be 35% for the Programme, and 37.5% for projects. Minimum wages must be as stipulated in the Ministerial Determination.[15] Projects should be selected on the basis of their contribution to the sector's objectives in one of the agreed focus areas; they should comply with programme and sector norms and standards; and they should be in line with the Ministerial Determination and Code of Good Practice. A score card will be developed for public bodies to use, to assist them in testing the eligibility of projects and programmes, and in testing compliance with norms and standards. References to relevant documents will be provided. Non-complying programmes and projects will be identified through monitoring, and assistance will be given in taking corrective action. Sectors will develop guidelines for appropriate wage rates for different programmes.

Programme Expansion

Strategies to expand the Programme will include the extension of existing projects, the facilitation of cost-sharing among different stakeholders, giving support to community contractors, the development of partnerships, the initiation of new projects, and the redesign of the programmes of other departments so that they contribute to the EPWP.

Institutional Arrangements

In November 2013 – with a view to achieving synergy and coordination between public-employment programmes, and between these and other poverty-alleviation

14. The setting of criteria is obviously a response to the problem of the political hijacking of programmes and projects – see below under lessons learned v) for more detail

15. Low labour intensity has characterised many projects and programmes (see the quotation from HSRC (2008: 41 below)).

Public bodies do not want to take on EPWP projects, because they are regarded as risky; the perception being that labour-intensive methods are slow, and do not produce high-quality work.

strategies – Cabinet decided to establish a Presidential Public Employment Coordinating Commission. The Commission was to be chaired by the President or Deputy President, and would meet quarterly. It was to be composed of relevant Ministers, the nine Premiers, and the South African Local Government Association (SALGA). It would be supported by a Political Management Committee of relevant Ministers, and a Political Secretariat of relevant Ministers and Deputy Ministers. The Commission was to have two major work streams: one focusing on employment, and the other on sustainable livelihoods. The technical secretariat would be the DPW's current EPWP Branch, working in collaboration with line departments.

Focus

In the broadest terms, the focus of Phase 3 should be: the improvement of the strategic and operational aspects of the EPWP; the introduction of greater uniformity and standardisation across programmes through the introduction of universal principles; the improvement of qualitative monitoring and evaluation; the improvement of participant targeting through community participation; and the strengthening of collaboration between lead departments and other stakeholders, to facilitate the sharing of best practice and lessons learned.

Lessons Learned from the Implementation of Phase 2 which should inform the Implementation and Design of Phase 3

A briefing on 5 March 2014 by the Deputy Minister of Public Works and members of the Department to the Portfolio Committee identified six lessons learned from Phase 2, which would need to be borne in mind in designing and implementing Phase 3:

i. There has been a lot of confusion – among public and practitioners alike – about the precise aims of Public Employment Programmes (PEPs). There have been many expectations. The intention is to achieve three outcomes: sustainable household livelihoods, skills development, and the provision of assets and services. Every project should involve these outcomes, but will differ in the degree to which they are achieved. Inevitably, there will be trade-offs.

ii. There should be a better balance between work opportunity headcounts and other outcomes. Programmes and projects should not simply be evaluated numerically. The 'six million' target for work opportunities is non-negotiable, but the quality of services and their impact on participants and communities are also important.

iii. Although the infrastructure sector contributed the greatest number of work opportunities, projects from this sector were largely short-term. It will therefore be necessary to focus far more on the maintenance of existing infrastructure, where the average work opportunity is of appreciably longer duration. A related challenge is that large private-sector construction companies are reluctant to use labour-intensive methods.

iv. Public bodies do not want to take on EPWP projects, because they are regarded as risky; the perception being that labour-intensive methods are slow, and do not produce high-quality work. Public bodies are also concerned about compliance, which is perceived to be an onerous duty. A further concern is the raising of expectations that full, permanent employment will become available.

v. Projects could be prone to political capture. Communities had complained that politicians interfered in the process of selecting participants, so as to increase personal and party support. (This is also mentioned in the Mid-Term Review for Phase 2 [IDT Camissa and Nielsen, 2013: 13].) A danger of patronage is that communities could become divided, and the sense of community ownership lost. Outcomes could be compromised, and community oversight undermined.

vi. There is insufficient coordination within and between Public Employment Programmes; and no coordination between Public Employment Programmes and related initiatives, such as the development of cooperatives, the provision of adult education and training, and the provision of support for SMMEs. Also, the presentation given at the Green Jobs Summit (April 2014) stated that lessons are not adequately shared across programmes.

The DPW Cabinet brief suggested some ways of responding to the lessons learned, and of dealing with the challenges outlined. The aims of PEPs were clarified by referring to the three desired (but not necessarily equally weighted) outcomes listed in (i) above. However, the broad aims of the EPWP have been shrouded in ambiguity since its inception. Meth (2011) points out the discrepancies between claims made by politicians, and the more cautionary statements released by the DPW. He cites a statement from the EPWP (downloaded in July 2009): 'The EPWP will not solve the structural unemployment problem. It is merely one element within a broader government strategy to reduce poverty through the reduction and alleviation of unemployment' (cited in Meth, 2011: 7). When the Programme was launched in 2004, President Mbeki said the unemployed would 'gain skills while they are employed, and increase their capacity to continue working elsewhere once they leave the programme' (2011: 6). Meth points out that (in Phase 1, at least) the training element of the Programme did not meet targets. The impact on unemployment has also been disappointingly small. Interestingly, the DPW continues to make the point that the main aim of the EPWP is not to address structural unemployment.

As noted in (ii) under lessons learned above, in response to the concern that the evaluation of the EPWP could simply become a number-crunching exercise, the Ministerial brief offers the reassurance that 'other important details would not be neglected', such as quality of services and impacts on beneficiaries (EPWP, 2014: 4). From a monitoring and evaluation point of view, this reassurance is vague. How will the quality of EPWP services and impacts be assessed? This question is reopened in the section below headed 'Recommendations'.

An increased focus on maintenance is intended to address the problem arising from the short duration of work opportunities in the infrastructure sector. However, municipalities and other public bodies remain reluctant to participate in the EPWP, on account of the risks attributed to this. (Another question which should be raised is whether such bodies have sufficient capacity.)

The brief also alludes to the fact that typically, private companies do not use labour-intensive methods, and suggests that they be encouraged to do so, since it is essential to have professionals who understand the development needs of the country. (A more concrete suggestion is made in the presentation by the DPW to the Green Jobs Summit of April 2014: that engineers receive training in labour-intensive methods.) In Phase 3, attention will be paid to appropriate labour-intensive approaches.

The potential of the corporate sector to create work by adopting labour intensity is only mentioned in passing. Since the advent of democracy, the relationship between government and the private sector has been uneasy, and characterised by mutual suspicion. More than a decade ago, the Centre for Development and Enterprise (CDE) advocated a large-scale public works programme, designed to assist government to manage 'the difficult politics of economic reform' (2003: 3). The CDE made a number of useful recommendations, one of which pertains to the private sector. It said (4) that:

> *LIPW [Labour-Intensive Public Works] could benefit from the capacity of South Africa's strongest asset: its private sector. Projects should be undertaken by private construction companies, contractually bound to the state to utilise labour-intensive rather than capital-intensive techniques.*

In short, a public works programme should be a public-private partnership. Clearly, the fact that this has not happened means that an inestimable number of work opportunities have not been created.

With regard to the problem of project hijacking, it was noted that community-based and not-for-profit organisations were playing a positive role in countering patronage. The example of the Western Cape was cited as good practice: stipulated terms are to be followed in contracting with sub-contractors. Also, public meetings are held to explain what the opportunities are about and to hand out application forms; double-counted applications, placed in a sealed box, are drawn by the Steering Committee in full view of the meeting, and a database of successful and unsuccessful applicants is kept for future reference. The plan for targeting outlined in the DPW

The structural nature of unemployment in South Africa means that the EPWP will need to be an ongoing programme, in place for at least another ten years.

presentation at the Green Jobs Summit is not mentioned in the Ministerial brief (see above); if properly implemented, clearly that approach will ensure transparency and fairness.

The question of coordination is complex, and the proposed approach to this problem is addressed in some detail in the briefing to the Portfolio Committee. As discussed under 'Institutional Arrangements' above, a key change to be made in implementation in Phase 3 is the establishment of the Presidential Public Employment Coordination Commission, aimed at achieving coordination across a range of Public Employment Programmes, and between these and other developmental initiatives. Also, the Commission will see that more emphasis is placed on maintenance in the infrastructure sector (DPW Portfolio Committee Briefing, March 2014: 2).

Recommendations

The suggestions made in the Ministerial brief for addressing challenges through responding to lessons learned seem useful and appropriate. Also, the comprehensive description in the DPW presentation at the Green Jobs Summit of how Phase 3 will be implemented is evidence that considerable thought has gone into a critical evaluation of the shortcomings experienced in Phase 2. However, there is potential for improvement not touched upon in government documents. There are some useful proposals in the Mid-Term Reviews for Phases 1 and 2 (HSRC, 2007; and IDT Camissa and Nielsen, 2013).

The structural nature of unemployment in South Africa means that the EPWP will need to be an ongoing programme, in place for at least another ten years. Recommendations should bear this in mind in addressing issues both of policy and of practice, and should be founded on the experience of the last ten years. Those that follow are largely drawn from the discussion above, supplemented by suggestions made in the Mid-Term Reviews.

Partnership

Where a very big difference could be made to the creation of work opportunities and FTEs is for government to partner with the private sector, in applying labour-intensive principles to all works contracted out by all three spheres of government. It is unfortunate that government has persisted in its go-it-alone approach for so long. At a Portfolio Committee meeting on 13 June 2013, the Chief Director Operations commented that 'regarding job creation, engineers tended not to want to do things

Monitoring and evaluation should go beyond the calculation of work opportunities created, and consider the quality of assets and services provided, as well as the impact of programmes and projects on communities.

labour-intensively'. A decade earlier, construction-industry leaders and economists were interviewed for a CDE Study (referred to above). One difficulty noted was that there is no framework for agreement on wages and conditions of service. Construction-company bosses said that they would not be interested in labour-intensive approaches if workers had to be employed at the same wages and under the same conditions as in capital-intensive construction (2003: 17).

The legislation passed in 2011 and 2013 has provided the missing framework. Debate on the overall labour environment will continue, but some of the issues raised earlier have been resolved. Through the Presidential Public Employment Coordinating Commission, government must liaise with private-sector interests on entering into a partnership which would see the construction industry applying labour-intensive methods.[16]

Monitoring and Evaluation

Monitoring and evaluation should go beyond the calculation of work opportunities created, and consider the quality of assets and services provided, as well as the impact of programmes and projects on communities. This requires far greater emphasis on qualitative monitoring and evaluation methods. DPW officials are aware of this. A format for the application of qualitative methods of evaluation should be drawn up for the use of the Department, spheres of government, stakeholders, and consultants.[17]

In fact, the monitoring and evaluation system as a whole needs to be revamped and simplified. One component of the system should be the monitoring of adherence to the wage determination. According to an EPWP High-Level Proposal briefing (September 2013), there has been inconsistent adherence to the Ministerial Determination. Adherence should be enforced.

16. Weight is lent to this recommendation by the Mid-Term Review for Phase 2, in which it is stated that 'The EPWP relationship with civil society as well as the private sector is described by managers as weak and non-existent, especially with regard to the private sector. There is a need for stronger partnerships with the private sector, research institutions and universities to assist government with e.g. research on international experience and how to structure PEPs going forward, as well as funding to expand the programme' (117). What is of concern is that the relationship with the private sector outlined here is limited, and does not include drawing the construction industry into the EPWP. Also, in the Review as a whole, the private sector is only mentioned in passing.

17. Qualitative methods could include key respondent interviews, focus group discussions, workshops, participatory rapid-appraisal approaches, and sustainable-livelihoods analysis. Generally, these methods must be applied by experienced researchers and practitioners.

Performance measures

The ILO favours the measurement of performance by FTEs and labour intensity, rather than by work opportunities. The approach to the measurement of performance should be altered in line with the ILO suggestions. (Although the argument put forward by the ILO is of great significance, there is insufficient space for it to be included in this chapter.)

Training

Training was mandatory in Phase 1 of the EPWP, but targets were not met – by a considerable margin. Training in Phase 2 was sector-specific, and was most needed in the Social sector. The Mid-Term Review for Phase 2 (13) suggests there is much room for improvement.

Existing proposals for how training is to be rolled out in Phase 3 (see the section on training above) are appropriate, but two issues should be borne in mind. The first is that it is difficult to provide apposite training. As pointed out in the Phase 1 Mid-Term Review (2007: 10), the target group for the EPWP is the '5.8 million unskilled unemployed' who have not completed secondary school. Both the literacy and the numeracy of this group are likely to be very limited (a point reiterated in the Mid-Term Review for Phase 2: 95). In short, there is a tension between offering training that can be absorbed by the target group, and training that will enable beneficiaries to exit the programme through taking up opportunities in the formal or informal sectors.

The second issue is that training should relate to market demand. If it is provided without reference to this, jobs that match the acquired skills will be few (this point is elaborated in the Mid-Term Review for Phase 2: 52).

Training of officials and implementers in EPWP principles and labour-intensive methods is essential for proper implementation of the Programme.

Exit Strategies

Ongoing beneficiary dependence on EPWP employment is testimony to poor performance in facilitating exit from the EPWP. The Mid-Term Review for Phase 2 (10) says:

> *At the time of this study, more than 80% of the beneficiaries were in employment; the vast majority of these beneficiaries were still employed in an EPWP project, which demonstrates a high degree of dependency on the EPWP. The majority of the beneficiaries have been employed in the programme for more than 3 years.*

Training was mandatory in Phase 1 of the EPWP, but targets were not met – by a considerable margin.

For Phase 3, the Enterprise Development Directorate must build networks with institutions at national and provincial level that have been set up to support small businesses. Networks should be established with both government and private-sector institutions (such as Business Partners).

That dependency and weak exit strategies also characterised Phase 1 of the EPWP is shown by this comment in the Mid-Term Review for Phase 1 (2007: 55):

> *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.*

Clearly, Phase 3 of the EPWP needs to see a considerable improvement in helping beneficiaries to exit the programme, via alternative employment or the setting up of cooperatives or small businesses.

It seems that policy for the promotion and support of SMMEs has only recently been formulated (the EPWP presentation is dated November 2013). The presentation accurately identifies the constraints typically faced by SMMES – lack of skills and start-up capital, and a need for market access. Some proposals are made as to how to deal with these constraints. It is encouraging to see that the Enterprise Directorate plans to link with the DTI and the EDD. However, no mention is made of the Small Enterprise Development Agency or the Small Enterprise Finance Agency. The Mid-Term Review for Phase 2 of the EPWP (117) mentions the EPWP's weak relationship with SEDA. For Phase 3, the Enterprise Development Directorate must build networks with institutions at national and provincial level that have been set up to support small businesses. Networks should be established with both government and private-sector institutions (such as Business Partners).

It is not clear how the Directorate is to approach the establishment of cooperatives. This is a challenging task, which needs specific policy guidelines.[18] Also not clear is how alternative employment opportunities are to be sourced. An approach to this must be developed.

Labour Intensity

Overall, the degree of labour intensity achieved by the EPWP has been very disappointing. The Phase 1 Mid-Term Review (HSRC 2008: 41) states: 'While the Log frame

18. No references to the establishment and support of cooperatives have been found in the literature reviewed for this chapter.

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.' The Mid-Term Review for Phase 2 (103) is less critical, because there have been more recent improvements:

> *EPWP average labour intensity for construction and maintenance projects is fluctuating within a reasonable range compared to international norms. In 2004/5 it was 27% and then trended downwards to 6% in 2009/10 and 2010/11. In 2011/12 the average labour intensity for the infrastructure sector was trending upwards for all spheres at 12%, reaching a figure of 20% in 2012/13 (DPW, 2013). The initial slower growth in infrastructure LI for period 2009-2011 resulted in capacity-building initiatives launched, and results are clearly visible in strong growth from the 2011/12 financial year, also supported by incentive grants introduced in 2009, taking off in 2011 as municipalities became more familiar with EPWP processes.*

However, the Phase 2 Review (128) does state the need to increase labour intensity by building the capacity of government officials, contractors, and consultants in labour-intensive methods of project implementation.

For Phase 3, targets have been set for labour intensity (see above); for the Programme it will be 35%, and for projects, 37.5%. Given past performance, these targets may be hard to achieve. It may be more practical to set targets for each sector, as there will be differences in what each of the sectors can achieve (with the social sector able to achieve higher targets). The essential point is that labour intensity must increase, and must be monitored as an essential measure of programme and project success.

Target-Setting

It would seem from the opinions of departmental and provincial officials that the way in which targets are set is contentious. From the Mid-Term Review for Phase 2 (12):

> *Managers from other departments have indicated that all implementing public bodies, especially at provincial and local level, are dissatisfied with the way in which targets are being 'imposed' on them by NDPW, despite the claims that they are being consulted and targets are being 'workshopped'. According to national and provincial officials, targets need to be set and aligned to their capacity to execute and deliver on EPWP targets. An approach to target-setting needs to be developed that accommodates both top-down and bottom-up approaches to target-setting.*

This is a sound recommendation. The setting of unrealistic targets can only lead to perceptions of inadequacy or failure. Targets must be set with 'real' measures such as FTEs and Labour Intensity – instead of simply in terms of work opportunities, which do not reveal much about what has been achieved.

Conclusion

This chapter articulated the way in which the experience of Phase 2 of the EPWP could inform implementation and design in Phase 3. The private sector, particularly the construction sector, must be drawn into EPWP design and implementation; the monitoring and evaluation system must be reviewed and simplified, and impact must be measured through both qualitative and quantitative methods; performance must be measured by labour intensity and Full-Time Equivalents rather than by work opportunities; both accredited and unaccredited training must be offered, and training must relate to labour-market demand; labour intensity must be increased, and be used as an essential measure of good practice; and performance targets must be set realistically and collaboratively.

References

Centre for Development and Enterprise. 2003. Labour-Intensive Public Works, Towards providing employment for all South Africans willing to work, CDE In Depth, 1 April. Available at: www.cde.org.za/images/pdf/Labour-intensive%20public%20works.pdf

Department of Labour (DoL). 2011. Basic Condition of Employment Act, 1997: Code of good practice for employment and conditions of work for Expanded Public Works Programmes.

DoL. 2012. Basic Conditions of Employment Act 1997: Ministerial Determination 4: Expanded Public Works Programmes. Available at: http://www.epwp.gov.za/documents/Sector%20Documents/Employment%20Conditions/Ministerial%20Determination%204%20Expanded%20Works%20Programmes%204%20May%202012.pdf

Department of Public Works (DPW). 2010. Expanded Public Works Programme Incentive Grant Performance: Department of Public Works, Financial and Fiscal Commission, National and Provincial Treasury Reports (2007). Available at: http://www.pmg.org.za/report/20100518-follow-meeting-department-public-works-national-treasury

DPW. 2011. Expanded Public Works Programme II Progress Report: Department of Public Works briefing to the Portfolio Committee. Available at: http://www.pmg.org.za/report/20110621-department-public-works-expanded-public-works-programme-ii

DPW/Expanded Public Works Programme (EPWP). 2013a. EPWP High Level Proposal Briefing.

DPW/EPWP. 2013b. Policy on Small Medium and Micro Enterprise.

DPW. 2014a. Expanded Public Works Programme: Phase 2; Overview by Department of Public Works, Portfolio Committee Briefing. Available at: http://www.pmg.org.za/report/20130618-expanded-public-works-programme-phase-2-overview-department-public-works

DPW. 2014b. Presentation to the Portfolio Committee of Public Works on the DPW's Strategic Plan for 2014 – 2019, 9 April. Available at: http://www.epwp.gov.za/documents/Sector%20Documents/Employment%20Conditions/CODES%20OF%20GOOD%20PRACTICE%20-%20EPWP.pdf

DPW. 2014c. Presentation to the Green Jobs Summit.

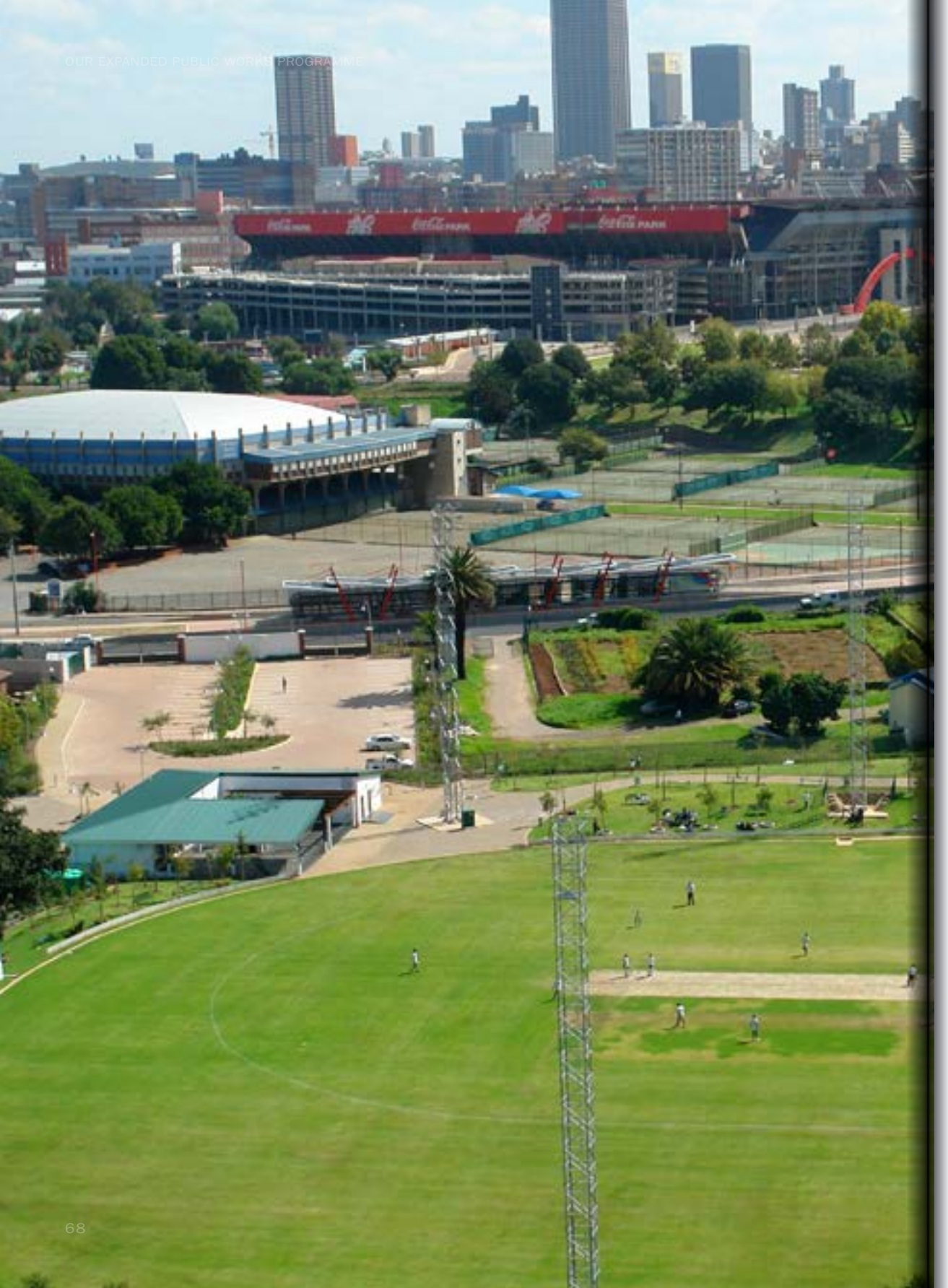
Human Sciences Research Council/EPWP. 2008. Mid Term Review – Phase 1.

IDT, Camissa and Nielsen/EPWP. 2013. Mid Term Review - Phase 2.

International Labour Organisation and DPW. 2012. Study on Enhancing Labour Intensity in the Expanded Public Works Programme – Final Report. Available at: http://www.epwp.gov.za/documents/Infrastructure/Provincial%20roads/Final_Report_Study_to_Enhance_Labour_Intensity_of_EPWP_2012.pdf

Meth C. 2011. Employer of Last Resort? South Africa's Expanded Public Works Programme. *Southern Africa Labour and Development Research Unit Working Paper 58*. Cape Town: SALDRU.

SA News 24, 8 March 2011.http://www.publicworks.gov.za/PDFs/documents/StrategicPlans/Strategic_Plan2014-19(03-04-2014).pdf



CHAPTER 5

A CRITICAL REVIEW TOWARDS IMPROVEMENT IN PHASE 3

Professor R McCutcheon and F Taylor Parkins

South Africa has very high levels of unemployment and poverty. In 2004, a strategic approach to generating employment and alleviating poverty included initiation of the Expanded Public Works Programme (EPWP). At the conceptual core of the Programme was greater use of labour-intensive methods.

Between April 2004 and March 2014, just before Phase 3 began, R163 billion was spent on the EPWP, of which R129 billion was spent on its infrastructure component. It is obvious that the EPWP is a mega-project, though comprised of more than ten thousand smaller projects.

First, this chapter will outline the background to the Programme. Then it will provide a broad analysis of the Programme, before focusing on the infrastructure sector – in particular, on why implementation has not yet resulted in the levels of employment that should have been achieved, if proper labour-intensive methods had been used. Various reasons will be put forward for the inability to achieve the potential. These shortcomings threaten the achievement of major objectives for Phase 3. The threat to the targets applies particularly to the infrastructure sector, for which employment is based on a labour intensity of about 26%; the average achieved during the first two phases was only 10%.

The chapter will demonstrate the centrality of labour-intensive methods to the Programme. It will summarise the overall results of Phases 1 and 2, and the projections for Phase 3. The focus will then shift to the results in the infrastructure sector, for two main reasons: it has been the largest sector, as far as both allocation and expenditure are concerned, and it is the component of the Programme which does not require additional state expenditure, because the funding is already earmarked.

There are several reasons for being positive about Phase 3. The following are in place: policy, legislation, regulation, guidelines, training material, the very existence of the Programme, and a national, provincial, and local framework for implementation.

However, to date the Programme has not resulted in the skills development envisaged, or in a significant increase in employment per unit of expenditure. It will be argued that there is scope for a considerable increase in the latter. To realise this potential, the following is required: thorough re-engineering, in-depth training, systematic programmes, and linking training with the construction and maintenance of public building and infrastructure. The establishment of coordinated construction and training programmes should result in an 'in-house' capacity to implement projects, and an ability to monitor and evaluate outsourced contracts.

The importance of the Programme may be judged by its inclusion as one of the Public Employment Programmes mentioned in the National Development Plan, and more recently, in the Minister of Public Works' statement: 'The Expanded Public Works Programme remains an effective part of government's response to the triple challenge of poverty, unemployment and inequality' (Thulas Nxesi, Budget Vote Speech for 2013/2014, Parliament, May 2013).

The central importance of labour-intensive construction to the Programme has been made explicit in the objective of Phase 3. However, it has always been at the core of the Programme.

Given the central importance of 'labour-intensive construction', it is essential to define the term, and make a few cautionary comments.

DEFINITION

Labour-intensive construction (and maintenance) may be defined as the economically efficient employment of as great a proportion of labour as is technically feasible – ideally throughout the construction process, including the production of materials – to produce as high a standard of construction as demanded by the specification and allowed by the funding available; labour-intensive construction results in the generation of a significant increase in employment opportunities per unit of expenditure by comparison with conventionally capital-intensive methods. By 'significant' is meant at least 300% to 600% increases in employment generated per unit of expenditure.[19]

This definition formulated by the authors is the result of extensive theoretical analysis, practical experimentation, and large-scale implementation over a period of at least 40 years. Several levels of labour intensity are possible, depending on the type of project and the parameters used to define economic efficiencies. Once systems

19. A major problem with the use of the term 'labour-intensive' is the use of the word 'labour', which immediately leads to misconceptions (see McCutcheon, 2007b). The authors prefer the term 'employment-intensive', which has broader, more acceptable implications. In South Africa, however, the legislation does use the term 'labour-intensive'. Most of the 'labour-intensive' work in South Africa has been done through contracts and contractors; for this reason, it is essential to use the term employed in the legislation.

have been established, the first stage of labour intensity is cost-competitive with conventional capital-intensive methods: that is, a 300-600% increase in employment is obtained without compromising cost, time, or quality.

Despite its sound conceptual foundation and positive characteristics, it has not been a simple matter to apply labour intensity in South Africa. There are many reasons; the most important being the existence of a heavy equipment-based construction industry. In the face of such a powerfully embedded socio-technical system, it has not been easy to implement an alternative one based on the use of labour-intensive methods at scale.

Despite the disappointments regarding employment generation, there are several reasons for being positive about Phase 3 of the EPWP – as cited above. However, it will be argued that other factors need attention, and leave much to be desired. These are mostly in the fields of engineering, education, and training.

Having emphasized the central importance of the concept of labour intensity, the next section will examine the EPWP as a whole, bearing in mind that the Infrastructure Sector is such a large component of the Programme that it affects the overall results.

Table 5.1 EPWP 2004/05 to 2013/14: Allocation, Expenditure, Full-Time Equivalents, and Wages: Total and Infrastructure Sector

EPWP	Total Allocation Billions	Total Expenditure (Billions)	%	Infrastructure Allocation (Billions)	Infrastructure Expenditure (Billions)	%
Phase 1 2004/05-2008/09	R99	R49.7	50.2	R70.7	R41.8	59.12
Phase 2 2009/10-2013/14	R657	R113.3	17.2	R472.1	R86.7	18.36
Total 2004/05-2013/14	R756	R163	21.6	R542.8	R128.5	23.67

EPWP	Total FTEs	Total Wages (Millions)	Infrastructure FTEs	Infrastructure Wages (Millions)
Phase 1 2004/05-2008/09	550 918	R7,626	312 227	R4,507
Phase 2 2009/10-2013/14	1 147 699	R18,000	469 206	R8,500
Total 2004/05-2013/14	1 698 617	R4,726	781 433	R13,007

Phase 1: 2004/05 to 2008/09 (All Sectors)

The Presidential Report failed to mention that the original budget was R21 billion. Between 2004 and 2009, the total allocation was in fact R99 billion, with actual expenditure amounting to R49.7 billion. Actual expenditure thus amounted to 50.2% of allocation.

The first phase of the Programme covered four sectors: infrastructure, environment and culture, social, and economic. In this section, reference will be made to data aggregated from all four sectors.[20]

THE OBJECTIVE OF THE FIRST PHASE WAS:

To alleviate unemployment for a minimum of one million people (at least 40% women, 30% youth, and 2% disabled) by 2009

In 2010, it was reported that this objective had been achieved a year ahead of schedule.[21]

The Presidential Report failed to mention that the original budget was R21 billion. Between 2004 and 2009, the total allocation was in fact R99 billion, with actual expenditure amounting to R49.7 billion.[22] Actual expenditure thus amounted to 50.2% of allocation.

The large amount spent in excess of allocation indicates a difference between the South African economy and that of most sub-Saharan countries: additional expenditure was generated internally, without reliance on donor funding. Furthermore, the actual 2004 to 2009 budget allocations amounted to more than four times the original budget, or twice the actual expenditure. Although this indicates a severe inability to remain within the allocated budget, it also makes evident the scale of South Africa's internal resources.

That the amount allocated was 470% greater than the amount budgeted provides evidence of government's commitment to the Programme. At 50.2% of total

20. All data has been derived from the DPW/EPWP Quarterly Reports from First Quarter 2004 to Fourth Quarter 2008, including Annexures A-E, and other official reports. EPWP Quarterly Reports available online at: http://www.epwp.gov.za/

21. DPW/EPWP Unit. 2010. Expanded Public Works Programme Five-Year Report 2004/05-2008/09: Reaching the one million target.

22. DPW/EPWP Unit. 2010. Presidential Report: Contributing to a working nation.

allocation, Full-Time Equivalents (FTEs)[23] amounted to 550 918; at 100% expenditure, this number would have risen to 1 097 446. Actual wages amounted to R6,726 million; at 100% expenditure, this would have risen to over R13,000 million. These numbers were (or would be) achieved at low levels of labour intensity. Use of proper labour-intensive methods would have ratcheted the numbers up significantly.

THE OBJECTIVE OF PHASE 2 WAS:

To create 2 million FTEs or 4.5 million work opportunities for the poor and unemployed so as to contribute towards halving unemployment by 2014, through the delivery of public and community services

In November 2013, it was stated that: '[t]o date, more than 3.5 million work opportunities equal to 924 000 FTEs have been created.'[24] It might be concluded that Phase 2 had failed to achieve its objectives – while allocation amounted to R657 billion, only R113.3 billion was spent (17.2%).

There are two reasons why the discrepancy between expenditure and allocation was larger than for Phase 1. There was an even more severe inability to deliver; and while this accounts for some of the discrepancy, a large element of over-optimism also contributed to under-expenditure (below, we will see that for Phase 3, allocations have been severely reduced).

Nonetheless, at 17.8% expenditure there were 1 147 699 FTEs (this amounted to an average of 230 000 per year). If expenditure had been in line with allocation, this could have been over six and a half million FTEs (an average of over 1 300 000 per year). Actual wages amounted to R18 billion; this could have been R92 billion.

As with Phase 1, these numbers were (or would be) achieved by low levels of labour intensity. Use of proper labour-intensive methods would have increased numbers significantly.

THE OBJECTIVE OF PHASE 3 IS:

to provide work opportunities and income support to poor and unemployed people through the delivery of labour-intensive public and community assets and services, thereby contributing to development.

23. A 'work opportunity' is the average number of days worked by an individual worker. This varies from sector to sector. For the infrastructure sector, the average period was 60.7 days during Phase 2. A 'Full-Time Equivalent' equals the number of work opportunities divided by 230 working days in a year.

24. EPWP High-level Proposal for Phase 3: 2014-19 Final Version DPW/EPWP Unit 2013: 5

Table 5.2 EPWP Phase 3 2014/15 to 2018/19 Total Work Opportunities, FTEs, and Budgets for all Sectors

	Infrastructure	Engineering & Construction	Social	Non-Profit Organisations	Community Work Programme	TOTAL
Work Opportunities	2 386 000	115 1150	1 038 929	247 045	1 128 000	5 951 124
Full-Time Equivalents	778 235	447 884	570 815	135 338	490 435	2 422 707
Baseline Budgets	68 843 243	28 164 112	35 217 048	2 553 966	13 173 000	147 951 369

From Table 5.2, it may seem that the total budget for Phase 3 has been reduced from R657 billion (in Phase 2) to R148 billion. Although this is a huge reduction from the Phase 2 allocation, the budget is 30% larger than the R113.3 billion actually spent during Phase 2. In fact, it is sensible that the proposed allocations have been severely reduced; it will still be a challenge to achieve these objectives.

In Phase 1, expenditure in the infrastructure sector (R41.8 billion) accounted for 84% of total EPWP expenditure (R47.9 billion); in Phase 2, the R86.7 billion on infrastructure accounted for 76.5% of the total expenditure (R113.3 billion). In sum, from 2004 to 2014, the R128.5 billion spent on infrastructure amounted to 78.8% of the total expenditure (R163 billion). Thus, in Phases 1 and 2, the infrastructure sector accounted for the bulk of the EPWP expenditure (78.8%). It has been reduced to 40.9% as a target for Phase 3.

Thus, in Phases 1 and 2, the infrastructure sector accounted for the bulk of the EPWP expenditure (78.8%). It has been reduced to 40.9% as a target for Phase 3.

Phase 1: Infrastructure

The allocation of R70.7 billion to infrastructure amounted to 71.4% of the total EPWP allocation (R99 billion). Actual expenditure on infrastructure amounted to 280% of the 2004 budget estimate of R15 billion. Total infrastructure expenditure of R41.8 billion amounted to 84.1% of total EPWP expenditure (R49.7 billion), and to 59.1% of the R70.7 billion allocation. Labour intensity amounted to 10.8%. Given the stated importance of labour-intensive construction, this falls far short of what is potentially possible. Various reasons will be given below.

Official Projections and Physical Results

The 2004 Consolidated Overview (EPWP, 2004: 7) states that:

> *Of the one million temporary work opportunities, 750 000 would be created in the infrastructure sector and 250 000 in the environmental, social and economic sectors. These work opportunities would be created during the normal provision of public assets and services. In the infrastructure sector, 37 000 kilometres of road, 31 000 kilometres of pipelines, 1500 kilometres of storm-water drains, and 150 kilometres of sidewalks were to be constructed using labour-intensive methods.*

The Presidential Report, 2010 (18) states that:

> *Approximately R15 billion (or one-third of the total budget) was spent on labour-intensive construction and maintenance. On average, the labour content of infrastructure projects was increased from 5% to 30% of project costs, being highly competitive with machine-intensive construction methods.*

This is a distortion. The original budget for the infrastructure component of the EPWP was indeed R15 billion, which was 75% of the original budget. In the event, R41 billion was spent on infrastructure through the EPWP; that is, 280% of the original budget for the construction projected for the various categories in 2004. To claim that 'R15 billion (or one-third of the total budget) was spent on labour-intensive construction' is sleight of hand. While this Report may make the Programme appear to be more successful than it is, it also detracts from the actual potential of labour-intensive construction, and the immense improvement this would lead to with regard to skills, employment, income, and poverty alleviation.

More importantly, the Presidential Report (DPW/EPWP, 2010: 18) claimed:

> *As per the targets set in this regard, approximately 37 000 kilometres of roads, 31 000 kilometres of pipelines, 1500 kilometres of storm-water drains, 150 kilometres of urban sidewalks have been constructed using labour-intensive methods.*

The failure to collect any data on the type and quantity of infrastructure has persisted in Phase 2.

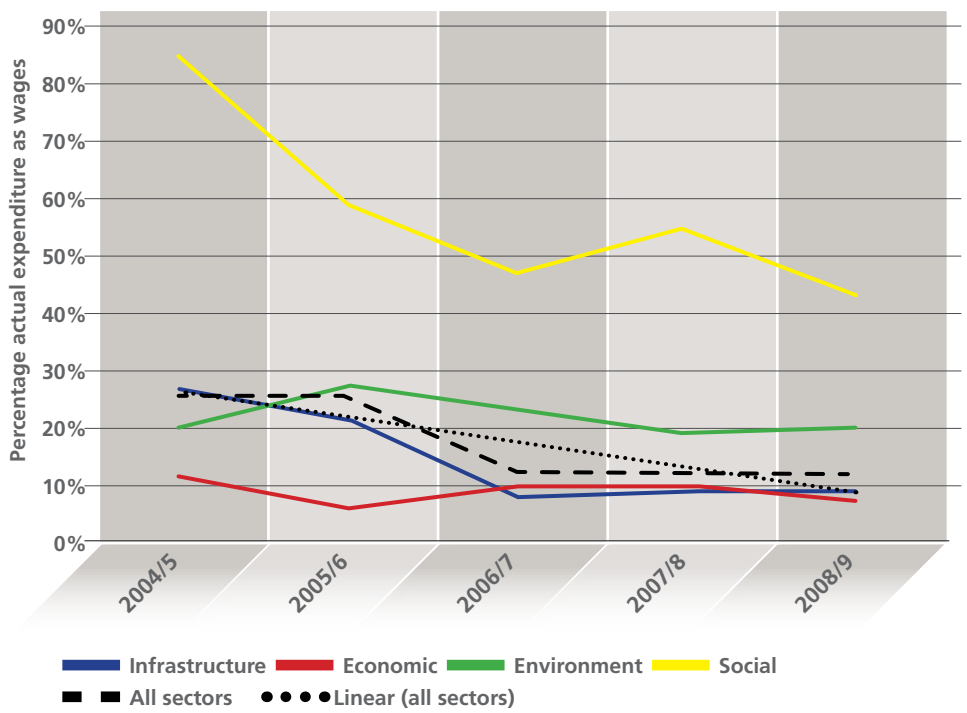
This is an egregious misrepresentation of reality. No aggregated data was collected regarding the quantity of infrastructure constructed, let alone data differentiated by category. It is doubtful whether it would be possible to find out the amount of infrastructure constructed without an immense, countrywide investigation of each project. The absence of actual evidence did not prevent the Presidential Report from claiming that the amount of infrastructure produced had been approximately as declared in the original 'Consolidated Programme Overview' (EPWP, 2004).

It is extremely disturbing that no attempt has been made to obtain total figures for the different types of assets produced during the expenditure of over R40 billion; especially given the amount of time and effort focused on the recording of the details relating to the number of work opportunities. This indicates that the infrastructure component began to be viewed as social welfare. It thus diverged from the original objective of serious engineering.

The failure to collect any data on the type and quantity of infrastructure has persisted in Phase 2. There has been no universal attempt to produce data about the infrastructure constructed.

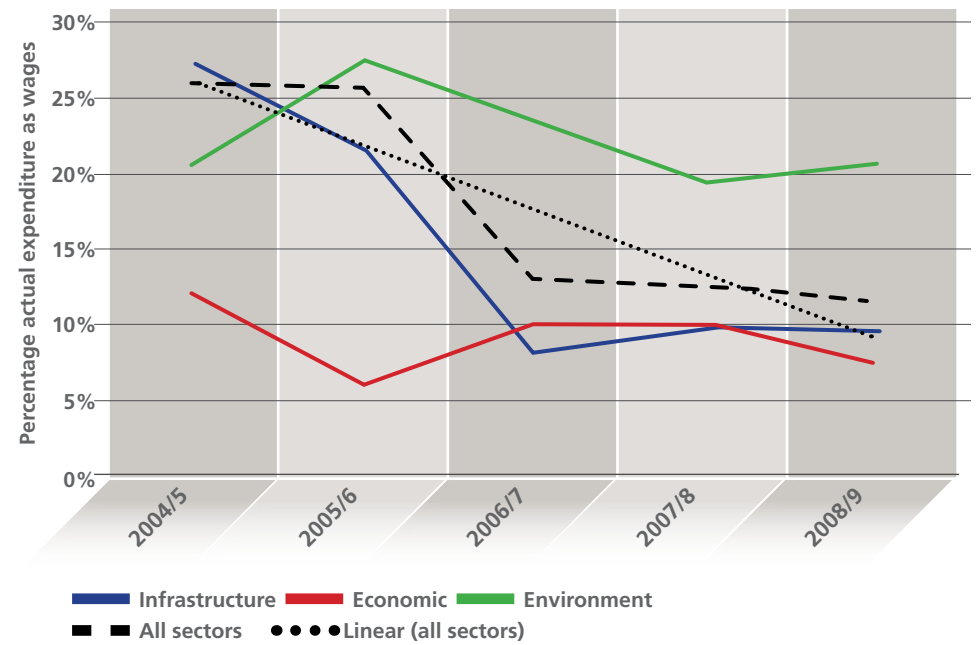
Labour intensity

Figure 5.1: Labour intensity by EPWP sector



There was a steady decline in labour intensity, from 26% at the start of 2004 to 11.3% at the end of the fourth quarter of the 2008/09 financial year. Even the social sector fell, from 85% to 43% (Figure 5.3).[25] This is interesting: unlike the other sectors, the social sector was not expected to generate a significant increase in employment per unit of expenditure; after all, it is associated with the production of a physical product. The decrease in labour intensity in this sector indicates either that administrative costs rose appreciably over time, or that the data is faulty:

Figure 5.2: Labour intensity by EPWP Sector, excluding Social Sector



Labour intensity in the infrastructure sector fell from 27% in 2004/05 to 9.4% in 2008/09 (Figure 5.4). The amount of employment generated per unit of expenditure, therefore, fell by two-thirds. The average labour intensity in the infrastructure sector was 10.8%. In a nutshell, the labour intensity in the infrastructure sectors reflects 'business as usual', that is the use of conventional capital/machine-intensive construction.

For Phase 1, opportunities were foregone at the labour intensity of 10.8%, FTEs amounted to 312 227, and wages to R4,507 million. For the categories of infrastructure, which form the focus of the EPWP, labour intensity should be at least 30%. So, for the actual expenditure, FTEs and wages should have been of the order of 867 297 and R12,519 million.

25. For the financial year 2010/11, this fell further to 6%.

The allocation of R472 billion to infrastructure in Phase 2 amounted to 71.8% of the total of R657 billion allocated to the entire EPWP. Total infrastructure expenditure of R86.7 billion amounted to 76.5% of total EPWP expenditure (R113.3 billion). Expenditure of R86.7 billion amounted to 18.4% of the R472 billion infrastructure allocation. This leaves much to be desired. Labour intensity amounted to 9.8%. As with Phase 1, given the stated importance of labour-intensive construction, this falls far short of the potential.26 The failure to collect any data on the type and quantity of infrastructure constructed will be addressed in Phase 3.

In Phase 2, FTEs in the infrastructure sector amounted to 469 206, and wages to R8,500 million. This corresponds to a labour intensity of only 9.8%. If expenditure had matched allocation, then FTEs and wages could have risen to 2 550 033 and R46,200 million respectively.

For the categories of infrastructure, which form the focus of the EPWP, labour intensity should be at least 30%. So, for the actual expenditure, FTEs and wages should have been of the order of 1 436 345 and R26,020 million. If labour-intensive methods had been properly used and expenditure had matched allocation, then FTEs and wages could have risen to 7 823 230 and R141,721 million. One of the reasons for separating the data for Phases 1 and 2 is to show how labour intensity continued to decrease.

Phase 3: Potential

In this section, the implications of the first two phases for achieving Phase Three projections will be discussed.

Using the wage rate of R100 suggested by the EPWP for Phase 3, the labour intensity will be 25.94%, which is a 265% improvement on the labour intensity achieved during Phase 2 and a 240% increase on Phase 1.

It is acknowledged that this would require everything to be working with regard to expenditure and the proper use of labour-intensive methods. However, this potential is surely worth aiming for. It will be seen below that several modifications must be introduced to current practice to achieve this potential.

For the EPWP as a whole, a serious discrepancy was noted between allocation and expenditure, which had a detrimental effect on employment creation. Focus on

26. This is a serious decrease from the proportion in Phase 1. The huge difference between allocation and expenditure in infrastructure is one of the main reasons why considerable efforts are being made to classify a great deal more infrastructure as not being suitable to be addressed using labour-intensive methods, instead of insisting that labour-intensive methods should be used properly. It is the major reason why there has been a move away from the potential towards a social-welfare orientation of the whole EPWP, instead of an insistence on engineers re-engineering the product and process. Various consultants (department advisors, without great standard knowledge and experience) have tried to downgrade the potential and reduce its application to rural roads.

The 'internal' reasons for the failure to increase labour intensity significantly relate to the difficulty of establishing an alternative socio-technical system of construction founded on the use of labour-intensive methods.

the infrastructure sector and the labour-intensive objective led to several pertinent conclusions being reached, some of them extremely curious:

- Projects were simply labelled labour-intensive, even though conventional methods were actually used: i.e. 'business as usual'.
- Consultants did not re-engineer the projects: new designs were not prepared; the greater use of productive labour was not the 'design driver'; and appropriate specifications were not included in supposedly labour-intensive contracts.
- Some of the contracts included clauses that indicated labour-intensive methods should be used, but these clauses were ignored.
- Contracts were awarded to small contractors who did not know how to use labour-intensive methods
- Not only were contracts implemented using capital-intensive methods; in some cases, extra people were hired to sit under a tree alongside the site where the equipment was operating in order to raise the numbers. In most cases, even this degree of tokenism was not considered necessary.
- Very unfortunately, these essentially machine-intensive, conventional methods resulted in costs per kilometre varying from two to four times the costs that would have been incurred using machine-intensive methods, had the projects been implemented outside the umbrella of the EPWP.
- As far as can be ascertained, contractual clauses were not enforced.

Added to these factors is the prevailing prejudice against labour-intensive methods in the civil construction industry (McCutcheon et al, 2007b). Unfortunately, detailed research during Phase 2 has substantiated most of the conclusions reached during Phase 1. Even more unfortunately, there are additional disturbing developments: the introduction of the Incentive Grant has led to municipalities claiming that more construction was carried out by labour-intensive methods than was actually the case.

Over the past twenty years, considerable progress has been made with regard to the creation of an enabling environment for labour-intensive construction. Despite this, the statistics for the past ten years show that there has not yet been a significant increase in employment creation per unit of expenditure.

Although various guidelines exist, considerable time and effort is required to incorporate the recommendations into standard designs and documentation. This is more complex than might be anticipated.

The main reasons for this failure may be classed as 'external' or 'internal'. The main 'external' reason is a socio-technical construction industry based on the use of fuel-driven, heavy-equipment construction. Another is the lack understanding among the authorities responsible for expenditure of the principles and potential of labour-intensive construction. Consequently, there is little conception of what has to be put in place to achieve the potential.

The 'internal' reasons for the failure to increase labour intensity significantly relate to the difficulty of establishing an alternative socio-technical system of construction founded on the use of labour-intensive methods. Thorough incorporation of these methods into individual projects can only be achieved by re-engineering the whole construction process, including design, contract documentation, and implementation:

- This may be achieved by designing the project to be built by hand from the start.
- In formal project-management language, an objective such as this is referred to as the 'design driver'.
- Once the project has been designed to be built by hand, productive labour must be rigorously incorporated into the contractual documentation, including each section of the contract – project specifications, bills of quantities, and the tender and evaluation process.
- Subsequent construction must be in accordance with the contract.

Although various guidelines exist, considerable time and effort is required to incorporate the recommendations into standard designs and documentation. This is more complex than might be anticipated. In addition, there are too many 'cop-out' clauses. For example: 'use labour-intensive methods wherever feasible'. The engineers and managers simply say: 'these methods are not feasible for these categories of construction'. This is partly a reflection of their lack of knowledge, and partly a reflection of their lack of requisite 'in-house' experience. In response to the time and cost implications of the re-engineering, it is temptingly easy to reject the labour-intensive component from the outset. Municipal managers do not have the experience to be able to counter this response. The result: 'business as usual', using fuel-driven, heavy-equipment construction.

Serious in-depth training is required at all levels. Engineers must commit to essential re-engineering. At the site level, time and effort is required to produce a person who can organise and productively control the technical activities of groups of people. This person is the Construction Processes Site Supervisor (NQF4). As mentioned above, accredited courses have been developed, but very little systematic training of Construction Processes Site Supervisors has taken place, though some contractors have been trained. There are people out there who must be found and utilised.

Nowhere in South Africa is there a formal programme that links the essential formal training required with an actual structured construction programme. All the major metropolitan municipalities could have such programmes. Smaller urban and rural municipalities could co-ordinate with regard to the production of the human resources required to implement the work. Linkages with Further Education and Training institutions (FETs – now Technical Vocational Education and Training (TVETs)) should be established. The lack of enforcement on the part of officials and consultants has allowed the default construction position: 'business as usual' – or worse, tokenism.

There is also no effective contracting capacity. For contractors, the immediate need to run a successful business is more important than skills development and employment creation.

Part of the reason for this sorry state of affairs is that there is very little 'in-house' technical capacity or competence at most public bodies. Technical responsibilities are outsourced to consultants. Unless those consultants have been properly trained, they cannot design labour-intensive projects or prepare appropriate contract documentation. Furthermore, the lack of 'in-house' capacity to implement labour-intensive construction from design through contract documentation to site work means that there is also no 'in-house' capacity to assess the quality of implementation. In turn, this is one of the reasons for the lack of 'enforcement' of the contractual conditions and specifications.

There are other reasons for the lack of progress, such as prejudice against using what are regarded as backward and outdated methods. Neither consultants nor contractors know that effective use of labour-intensive methods is based on new information and techniques. Their prejudices are based on four 'lies': that labour-intensive methods cost more, take more time, are inferior in quality of product, and are more difficult to manage.

Part of the reason for this sorry state of affairs is that there is very little 'in-house' technical capacity or competence at most public bodies. Technical responsibilities are outsourced to consultants.

Conclusions and Recommendations to Improve Phase 3 2014/15 to 2018/19

As noted previously, there is a lot to be positive about with regard to the prospects for Phase 3. The principle of using labour-intensive methods remains at the core of the EPWP's infrastructure sector. However, there are both external and internal reasons why this sector has not been as effective as it should have been. These reasons have been discussed above; what must be reiterated here, in connection with the external reasons, is the lack of re-engineering required to establish an alternative labour-intensive construction industry. Very little attention has been paid to re-engineering design and specifications. Another reason is the lack of understanding, among the authorities responsible for expenditure, of the principles and potential of labour-intensive construction.

At the Programme level, there has been greater concern for social welfare – at the expense of attention to technical detail. This is epitomised by failure to collect data at project level concerning the physical assets put in place. Consequently, there is no aggregated data as to what infrastructure has produced for expenditure of over R128 billion.

Concerning the process of implementation, the contractual method was adopted. Guidelines were produced, with recommendations regarding both contractual details and specifications. However, the wording of these Guidelines has allowed for a weak interpretation of the extent to which labour-intensive methods should be employed. Furthermore, the contract documentation required to ensure that labour-intensive methods were actually used was not properly compiled. In addition, neither the public authorities nor the consultants enforced the contracts. The combination of the above led to 'business as usual', exemplified by the extremely low level of labour intensity of 10% over the ten years. Formal linkages were not established between construction projects and technical, supervisory, and contractual training.

Although accredited training was carried out, it was obviously ineffective, given the lack of improvement in labour intensity. It seems that the difficulties of actual implementation overcame any knowledge gained during the training. In addition, it is probable that there was insufficient orientation for senior decision-makers.

With regard to the establishment of an alternative socio-technical system, the reliance on the use of the contract (and therefore on the intermediary operations of contractors) has compromised performance.

In the infrastructure sector, at least, needs to return to an original objective: the construction of much-needed public infrastructure and building, with a positive socio-economic spin-off in skills development and employment creation, using existing budgetary allocations. There must be a change of approach from the social-welfare one, and the public-sector client must understand the principles and potential of the Policy and implement it properly.

At the Programme level, there has been greater concern for social welfare – at the expense of attention to technical detail. This is epitomised by failure to collect data at project level concerning the physical assets put in place.

Under current conditions, the project consultant must re-engineer product and process. The contractor must fulfil the demands of the contract. This requires knowledge and experience on the part of the client, the consultant, and the contractor, to ensure that the design and contract documentation is correct. The stipulations of the contract must be enforced, just as they would be in the conventional construction industry.

Large-scale implementation requires the establishment of linked training and construction programmes. Education and training are required at all levels, and particularly among engineers regarding design, contract documentation, and overall supervision.

Public-sector works institutions should set up proper long-term programmes, and implement through instruction rather than through the cumbersome and ineffective intermediary action of contracts and contractors, for whom the running of a successful business has priority.

Development of 'in-house' capacity in the agencies responsible for public building and infrastructure – such that a component of the demand can be met by instruction, rather than by contract (especially while systems are still being established) – will result in improved capacity to implement and evaluate. Orientation and education is essential for decision-makers and managers in the institutions responsible for the funding and delivery of public building and infrastructure.

Public funding is being used for the construction and maintenance of public infrastructure. It is reasonable that government should set criteria for the use of public funding. Where are there similar possibilities in the national economy to generate skills and employment opportunities for the poor and unskilled, using money that has already been allocated?

References

Department of Public Works (DPW). 2004. Guidelines for the Implementation of Labour-Intensive Infrastructure Projects under the EPWP. Pretoria.

DPW/Extended Public Works Programme (EPWP). 2014. Guidelines for the implementation of labour-intensive infrastructure projects under the EPWP, Third Edition. Working draft. June.

EPWP Unit. 2004. Consolidated Programme Overview and Logical Framework, Version 6. June.

EPWP Unit. 2009. EPWP Phase 2: Consolidated Programme Overview, Version 1. January.

EPWP Unit. 2013. EPWP High Level Proposal for Phase Three, Final Version. November.

Hattingh J and McCutcheon RT. 2005. Labour-based Macadam black top surfacing. Paper presented at *11th Regional Seminar for Labour-based Practitioners*, Mombasa, Kenya, 2-7 October.

McCutcheon RT. 2001a. Employment generation in public works: Recent South African Experience. *Journal of Construction Management and Economics 19*: 275-284.

McCutcheon RT. 2001b. Using employment-intensive methods to construct and maintain infrastructure. *Proceedings of the Institution of Civil Engineers, Municipal Engineer 45 (4)*: 273-284.

McCutcheon RT et al. 2006. Re-Engineering Construction for Employment and Development: Labour-intensive construction of access and high-standard roads in the EPWP. Keynote address: *3rd IRF/SARF Regional Conference for Africa: Roads for the African Renaissance*. ICC, Durban, 10-12 September.

McCutcheon RT and Richardson AE. 2007a. Practical implementation of a philosophy towards increased job creation for the construction industry as a whole. *DPW/ILO 12th Regional Seminar for Labour-Intensive Construction*. Durban, 8-12 October.

McCutcheon RT et al. 2007b. Re-engineering high standard heavily trafficked roads to achieve the objectives of the EPWP. *71st Conference of Institution of Municipal Engineers of South Africa*. Durban, 22-28 October.

McCutcheon RT et al. 2007c. Challenges facing the implementation of the South African EPWP. *ILO/DPW 12th Seminar.* Durban. October.

McCutcheon RT. 2008. The Generation of Productive Employment Opportunities for the Unskilled: Principles, potential and pitfalls of labour-intensive construction. Keynote address: *10th Path to Full Employment Conference/15th National Unemployment Conference Centre of Full Employment and Equity*. Newcastle, Australia, 4-5 December

McCutcheon RT and Taylor Parkins FLM. 2009. South Africa's EPWP: A case study in government sponsored employment creation and poverty alleviation focusing upon the infrastructure component: rhetoric, reality and opportunities foregone. In Wrightson G (ed.) *Labour Underutilisation, Unemployment and Underemployment, incorporating the 11th Path to Full Employment Conference on Unemployment*. University of Newcastle, Australia.

McIntosh, Xaba, and Associates. 2009. Review of Selected Reports and Focus Group Discussions: Meta-analysis and systematic review of selected EPWP reports and research, April 2004 to March 2009 (and) social impact survey of EPWP beneficiaries and stakeholders in selected EPWP projects. September.

Philip K. 2008. Review of Second Economy Programmes, Executive Summary. January. Unpublished.

Quainoo HA and McCutcheon RT. 2009. A comparative study of four

country-specific labour-intensive infrastructure development programmes: Policy implications for sub-Saharan countries including South Africa. In Wrightson G (ed.) *Labour Underutilisation, Unemployment and Underemployment, incorporating the 11th Path to Full Employment Conference and 16th National Conference on Unemployment*. University of Newcastle, Australia, 3-4 December.

RSA *Government Gazette*. 2002. No R63: Basic Conditions of Employment Act, 1997. Ministerial Determination No 3: Special Public Works Programmes (and) No R64: Basic Conditions of Employment Act, 1997. Code of Good Practice for employment and conditions of work for Special Public Works Programmes. No 23035, 25 January.

SECTION II

EFFICACY OF THE EPWP

CHAPTER 6

SUBSTITUTION AND DISPLACEMENT IN THE EPWP

Russell Butler and Katie Cartwright

There is a very high level of unemployment in South Africa. Many people are out of work; some have never been employed, while others have not been employed for a long time. The aim of the EPWP is to address this situation in two ways: first, by giving as many unemployed people as possible an experience of work (a 'work opportunity'), and second, by providing training, so that the beneficiaries may be better placed to obtain more lasting employment, and thus reduce the numbers of the unemployed.

The overall aim of the Programme, then, is to reduce unemployment – given that initially, this will be by means of short-lived work opportunities. It is recognised that the creation of short-lived work opportunities is only a temporary measure, and cannot be a long-term solution to unemployment. The long-term solution can only lie in the creation of more permanent jobs, something which is outside the scope of the Programme.

Some processes have been allowed to happen within (or under the auspices of) the EPWP that are not in accord with its aim of reducing unemployment by providing short-lived work opportunities to as many as possible of the unemployed. These processes may be divided into four categories: substitution, displacement, relabelling, and the recycling of work opportunities over and over again to the same people, instead of to those who have not yet experienced them. The focus of this chapter is on the first three of these categories (the fourth category, the recycling of work opportunities, is examined in the chapter on training). To this end, use has been made of documents (published and unpublished), case studies, and interviews with trade union officials and metropolitan council staff carried out during May and June 2015.

It is necessary to begin with a couple of definitions. In the literature on 'substitution' and 'displacement', these terms are often used in a loose or even inconsistent manner. Sometimes an attempt is made to discriminate between them, while at others they appear to be used interchangeably. In this chapter, a specific meaning will be given to each of them. This has the virtue of clarity and consistency – though.

In this chapter, then, 'substitution' refers to EPWP beneficiaries who are not unemployed when they become beneficiaries, but who give up work (albeit of a casual or informal kind) to join the Programme.

It also means that on occasion, the way the terms are used here will differ from the way they are used in the literature quoted. When this occurs it will be pointed out, to avoid unnecessary confusion.

In this chapter, then, 'substitution' refers to EPWP beneficiaries who are not unemployed when they become beneficiaries, but who give up work (albeit of a casual or informal kind) to join the Programme. In effect, they 'substitute' an EPWP work opportunity (and the training that accompanies it) for the casual or informal work they had previously. 'Displacement', on the other hand, refers to EPWP beneficiaries who take work away from non-beneficiaries. In effect, they 'displace' non-beneficiaries. According to these definitions, both substitution and displacement are contrary to the aim of the EPWP, because they do not create new work, and thus reduce unemployment. Instead they merely circulate work, by shifting workers from one job to another or by replacing one set of workers (non-beneficiaries) by another set (beneficiaries). Displacement is a more complex phenomenon than substitution, and may take a variety of forms, as will be seen below.

Substitution

It is evident that substitution, as defined above, is not in keeping with the prime purpose of the EPWP. Taking up a work opportunity because it seems better than the low-paid job already occupied is not the same thing as taking up a work opportunity because it offers a first experience of remunerative work, or the first such experience for a long time. The consequences of such a distorted use of the work opportunity are two: first, it denies that work opportunity to a person who is actually unemployed; secondly, it gives a false impression of the success of the Programme in providing an experience of work to the unemployed. Obviously, the significance of these two unwanted consequences will be in proportion to the extent to which substitution is happening. If it is happening on only a small scale, the damage it causes will be limited; on the other hand, if it is happening on a large scale, the damage will be much more serious.

The Programme clearly recognises that substitution is incompatible with its aim. An EPWP document,[27] for example, states that: 'The aim is not to displace workers from existing employment to new EPWP projects' (quoted in DPW (Department of

27. EPWP. Available at: http://www.epwp.gov.za/cross_training.html.

Public Works), 2011).[28] (Note that this is one of those cases in which the terminology used in the quotation differs from that used in this chapter: what is referred to is understood in the chapter as substitution, not displacement.)

McCord[29] made a study of two Public Work Programmes (PWPs) prior to the inauguration of the EPWP: Gundo Lashu (a short-term programme) and Zibambele (which offered sustained employment to participants). Obviously, what she found cannot be taken as evidence of what is happening in the EPWP; it only provides the basis for an inference derived from what has tended to happen in PWPs in South Africa. In any case, she found that a substantial proportion of the sample of workers in both programmes admitted engaging in substitution (33% of the Gundo Lashu workers, and 28% of the Zibambele workers). By contrast, 34% of the Gundo Lashu workers claimed to have had no previous experience of work through the labour market.

However, McCord suspected that more workers had actually engaged in substitution than admitted doing so. Her reasons for believing this were two: first, that many respondents did not consider the piece work or casual work they had been doing to be 'real' work, and so worth reporting (see also Adato et al., 2003); second, they feared being excluded from the Programme if they admitted that they had been working immediately prior to joining it. She concluded therefore that the degree of 'labour market distortion' through substitution was likely to be higher than the figure represented in her survey. Further focus-group work confirmed that work forgone in order to take up PWP work had almost certainly been underreported, which would have produced a bias (in the direction of understatement) in the results of the survey.

The reason substitution took place in these programmes, McCord found, was that the wage levels in the local informal sectors were extremely low. However, in some cases workers had chosen to move into the Programme even though it offered a lower wage than they had earned in the informal sector, because it seemed to provide a relatively regular and secure (even though, in the case of Gundo Lashu, only temporary) form of employment. Another factor is that the process of moving in and out of informal sector work is comparatively easy.

McCord found, then, that a rather high percentage of workers in the two PWPs she investigated have engaged in substitution. But this did not lead her to conclude that the occurrence of substitution was very significant in its overall effect. In her estimation, for example, it had not given rise to market distortion, by reducing the availability of labour or by increasing the wage rate. This is because in the

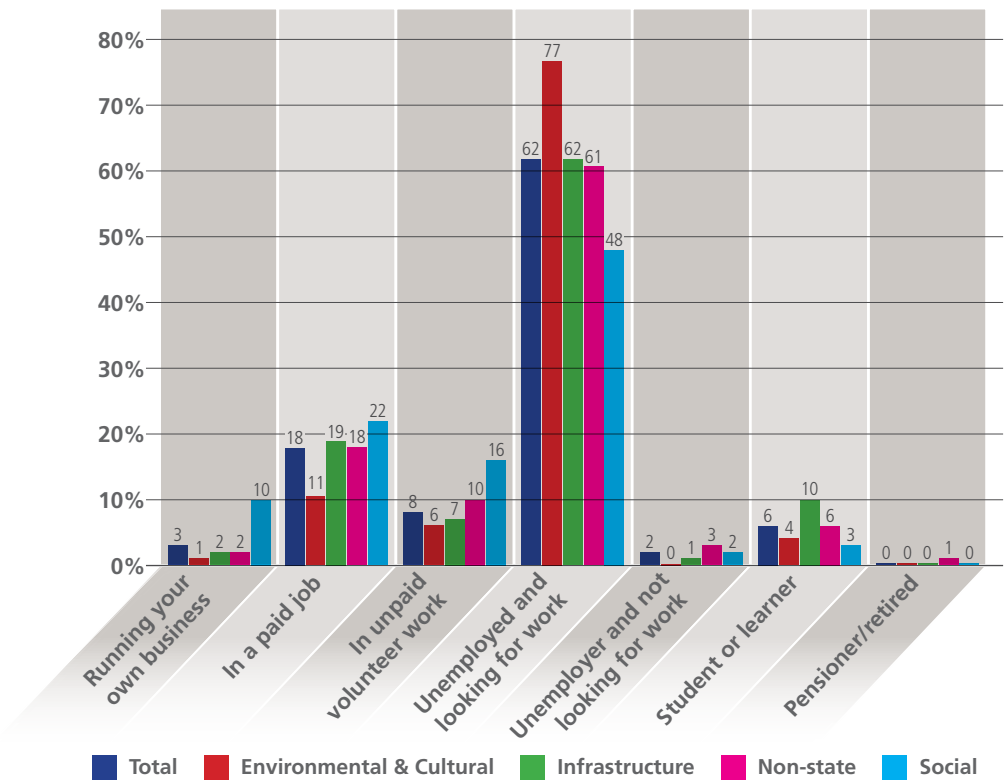
28. DPW. 2011. Expanded Public Works Programme: Non State Sector, Procedure Manual Version 1 2011/12. Available at: http://www.epwp.gov.za/documents/Sector%20Documents/Non%20State%20Sector/REVISED_PROCEDURE_MANUAL.pdf.

29. McCord A. 2002. Public Works as a Response to Labour Market Failure in South Africa. ***CSSR Working Paper*** 19, November. Available at: http://www.saldru.uct.ac.za/pwp/papers/PWP%20as%20a%20Response%20to%20Labour%20Market%20Failure%20WP19.pdf.

context of mass unemployment, the amount of labour absorbed into the PWPs was comparatively very small. Also, the Gundo Lashu programme had a short duration.

McCord's point about the insignificance of substitution in the wider context resonates with the findings on the EPWP (Phase 2) contained in the DPW statistics from the Medium Term Review (MTR) 2011. These are that the vast majority of beneficiaries had previously been unemployed (see Figure 6.9, below). According to the DPW (2014), approximately 29% had been unemployed for more than 5 years, and just under 20% for three to five years.

Figure 6.1: Work status of beneficiaries prior to employment on EPWP projects.



Source: DPW, EPWP. EPWP Phase 2 Performance, November 2014.30

So the statistics indicate that the great majority of EPWP beneficiaries were who they were meant to be: those for whom a work opportunity was a first experience of work, or the first in a very long time. However, it is still a matter of some concern (*pace* McCord) that a significant minority of beneficiaries were engaging in substitution. This

30. DPW, EPWP. 2014. EPWP Phase 2 Performance, November 2014

means that they were depriving people without work of an EPWP work opportunity. What increases the concern this arouses is the fact that, according to Figure 1, the proportion of beneficiaries who were previously unemployed dropped substantially over four of the five years recorded, from a high of just over three-quarters in the second year to a low of just under a half in the fifth year. So, in the fifth year recorded, *less than half* of the beneficiaries had been previously unemployed! In going so much against the aim of the Programme, this is very hard to understand, unless by this time recycling had already begun to have an effect (see below).

Displacement

Displacement is also not in keeping with the aims of the EPWP. The prime purpose of the Programme is to reduce unemployment. This is to be achieved by applying labour-intensive methods, so as to create work opportunities. Displacement, on the other hand, does not involve reducing unemployment by creating work. Instead, it involves the taking of work away from non-beneficiaries to give it to beneficiaries. It has been suggested that this does (or could) happen in three different contexts: first, in the labour market, where EPWP beneficiaries take over jobs previously held by other low-paid workers (presumably, on the basis of the advantage they acquire from their EPWP training); second, in municipal employment, where EPWP beneficiaries take over work previously performed by private labour; and third, in municipal employment again, where EPWP beneficiaries take over work previously done by municipal workers.

Government clearly recognises the incompatibility of displacement with the aims of the Programme, just as it recognises the incompatibility of substitution. For example (DPW, 2011): 'EPWP projects must not displace existing permanent jobs' (Growth and Development Summit Agreement, June 2003); 'Projects and programmes should not result in the displacement of existing workers or in the downgrading of existing workers employment conditions"' (DPW, 2011).

Government also recognises that if EPWP beneficiaries are not to displace non-beneficiaries, some form of economic growth is necessary. According to an EPWP document (2005):[31] 'To avoid displacement, the EPWP should take place in growing sectors of the economy'. Of course, given that the market is not growing, or not growing nearly enough to absorb the unemployed, then the application of labour-intensive methods to public works could be seen as a surrogate, temporary form of 'growth'.

The question, then, is whether displacement actually takes place, despite being contrary to the purpose of the Programme. Evidence on this will be examined in the next three sections.

31. EPWP/DPSA. 2005. National Perspectives on the Implementation of the EPWP, 30 March. Available at: http://www.dpsa.gov.za/dpsa2g/documents/networks/mpumalanga%202005/philips.pdf.

As well as being short and not correlated to vacancies in the labour market, the training provided by the EPWP has other limitations as a means of providing access to formal employment.

Displacement of other low-paid workers in the context of the labour market

Beneficiaries of the Programme receive two benefits from it: the experience of a work opportunity, and training. The latter is intended to give them a better chance of employment in the labour market. But given that there are many more work-seekers than jobs available, what does this really mean? McCord and Van Seventer (2004)[32] found that the only sectors of the labour market where the above is not true (in other words, the only ones where there are more jobs available than work-seekers) are those for labour with intermediate and high skills. However, vacancies of this kind are extremely few in comparison with the total number of the unemployed. What is more, the training provided by the EPWP is not correlated to this shortage, as McCord also argues in the Mid-Term Review (2007).[33] Only a small proportion of its training programmes attempt to develop skills that are in short supply.

The training offered in different sectors of the Programme has an average duration of eight days. McCord (2005a)[34] assessed whether this would be sufficient to raise trainees out of the low/unskilled segment of the labour force and into the segment with intermediate skills, and found that it would not. The HSRC came to the same conclusion (2004: 6).[35]

As well as being short and not correlated to vacancies in the labour market, the training provided by the EPWP has other limitations as a means of providing access to formal employment. McCord (2008)[36] thought that it was sometimes of poor quality, while the Mid-Term Review (2007)[37] found that although the majority of

32. McCord A. and Van Seventer D. 2004. The Economy-Wide Impacts of the Labour Intensification of Infrastructure Expenditure in South Africa. *CCSR Working Paper* 93.

33. McCord A. 2007. EPWP Mid-Term Review: Component 1 International PWP Comparative Study, September 2007, SALDRU, University of Cape Town.

34. McCord A. 2005a. A critical evaluation of training within the SA National Public Works Programme, *Journal of Vocational Education and Training* 57 (4) .

35. HSRC (Human Sciences Research Council). 2004. Framework for Evaluating the Expanded Public Works Programme. Employment and Economic Policy Research Unit, HSRC. Available at: www.hsrc.ac.za/en/research-data/ktree-doc/1241.

36. McCord A. 2008. Recognising Heterogeneity: A Proposed Typology for Public Works Programmes. *Working Paper Series 26*. Available at: http://opensaldru.uct.ac.za/bitstream/handle/11090/29/2008_26.pdf?sequence=1.

37. HSRC. 2007. Mid-Term Review of the Expanded Public Works Programme COMPONENT 3 Analysis and Review, October 2007.

beneficiaries were able to access accredited training, most of the projects had not compiled a training plan or exit strategy to assist them in finding other work.

It follows that only a very small number of beneficiaries could hope, through their training, to get jobs in the sectors of the labour market where displacement is unlikely to arise: those for labour with intermediate and high skills. If they are to get jobs anywhere, it is much more likely to be in the low/unskilled sector. But this is just where displacement is also much more likely to occur, given that this is the sector with many more work-seekers than vacancies. In other words, when a beneficiary gets a job in the low/unskilled sector of the labour market, this is at the expense of another, disappointed work-seeker, or even at the expense of a worker who held the job previously (see McCord, 2008).

Even so, the incidence of displacement at this level seems to be small. The reason for this has to do largely with the limitations of the training. In discussing the infrastructure sector of the EPWP, for example McCord (2005b: 573)[38] states that:

> *even the substitution impact of one set of low/skilled workforce by another is unlikely, since workers engaging in infrastructure programmes perceived lack of jobs, skills and funds for job search as the main constraints to their improved labour market performance, even after EPWP experience and training.*

(Note that, in this quotation, 'substitution' is used where 'displacement' is understood in this chapter.)

Inferential evidence in support of the above conclusion can be derived from another piece of research conducted by McCord: that mentioned earlier into the Gundo Lashu programme. She compared levels of unemployment among former PWP workers (at Gundo Lashu) and those who had not participated in a PWP, and found that it was higher (79%) among the former than among the latter (65%). This suggests that PWP participants are not necessarily more successful in the labour market than non-participants (indeed, in this instance they were less so). It challenges the assumption that participation in PWPs is advantageous in getting subsequent employment.

COSATU in the North West Province had this to say (Interview, Solly Phetoe, 2015)[39] about the effectiveness of EPWP training: 'The few who receive training are provided with skills that are not conducive to future formal employment. These are mainly based on personal development and project-specific tasks'. McCord (2006)[40] conducted a study to assess the infrastructure component of the EPWP in the

38. McCord A. 2005b. A Critical Appraisal of the EPWP Component of the Department of Public Works Annual Report 2004/5, Parliamentary Portfolio Committee on Public Works, SALDRU, School of Economics, University of Cape Town.

39. Interview with Solly Phetoe, COSATU North West Provincial Secretary, June.

40. McCord A. 2006. The Current Status of the EPWP (Infrastructure) in the Western Cape, SALDRU, University of Cape Town, March. Available at: http://www.saldru.uct.ac.za/documentation/reports-and-studies-1/147-the-current-status-of-the-epwp-infrastructure-in-the-western-cape-1/file.

Western Cape. She concluded that neither the experience gained from the work opportunity nor the skill derived from the training served to distinguish the beneficiaries from other low-skilled workers. Focus-group participants said that: 'Sometimes you go to contractors around here and tell them about the training you did [with the Community-Based Public Works Programme], but then they will tell you that it is not enough', and that: 'You need more than three weeks' training; you need at least a few months for it to be enough'. These comments found support from a commentator:

> *The current training in the EPWP is completely misplaced. It doesn't really provide any sustainable advantage or distinguish you from the rest. A guy needs a proper training qualification that shows he can manage people and that sort of thing. It only takes a few people who can do this and I promise you they will be able to create much more work in an entire community than if everyone just has a 10-day course under their belts.*

One could conclude, then, that displacement of other low-paid workers by EPWP beneficiaries in the context of the labour market is not likely to occur on an alarming scale.

Displacement of private labour in the context of municipal employment

The displacement of private labour in the context of municipal employment introduces a new theme into the discussion: that of municipal self-interest. As has been noted repeatedly, the reason for creating an enormous number of work opportunities through the EPWP is to reduce unemployment, albeit on a short-term basis. However, this does have a secondary effect. The wage level for EPWP beneficiaries has to be set lower than the market wage for low/unskilled work, among other reasons to avoid the 'market distortion' that would be brought about by a mass migration of workers from the market to the Programme. However, this means that they are very low-paid workers: grateful, perhaps, even for such small remuneration, when the alternative is unemployment. This is where municipal self-interest comes in, for the presence of such a large body of workers accustomed to very low wages could act as a temptation to municipalities to employ them at the very low rate of pay to which they had grown accustomed, instead of private workers at a higher rate of pay (and the same applies under the heading below, with regard to full-time municipal workers). By giving way to this temptation, municipalities could save on their wage bills the difference between the very low wages paid to beneficiaries and the higher wages paid to private labour (or municipal workers). And this is just what some have claimed is actually happening. If it is happening, then this is clearly a distortion of the aims of the Programme, for it involves allying the initial motive of the Programme with a very different motive.

Displacement of private workers by EPWP beneficiaries (to the extent that it occurs) is contrary to the purpose of the Programme, since old work is being transferred from one set of workers to another, rather than new work being created.

Samson (2007)[41] argues that there has been a shift towards employing EPWP beneficiaries to service black working-class areas, instead of (as previously) using SMME channels to get this work done. This is because these beneficiaries can be given very low wages, and because they have very limited labour rights, benefits, and employment security. She also points out that this serves to entrench the distinction between the places historically assigned to white people and those historically assigned to black people, because it is in the latter that the displacement described above has occurred. The former continue to be serviced by full-time employees, with associated rights and benefits. She suggests that one way to resist this downgrading of work is through the unionisation of EPWP beneficiaries.

Lal et al (2010)[42] challenge Samson's argument. They claim that beneficiaries are involved in waste collection in places where municipalities cannot afford to employ full-time workers for this purpose. This means that the EPWP does not displace actual workers, but 'hypothetical jobs which would be created only if the local government could afford them'.

One example of where displacement of private labour in the context of municipal employment is alleged to have occurred in is the celebrated Zibambele Road Maintenance Programme. McCord (pers. comm., 2015)[43] told the writers of this chapter:

> *In terms of displacement, this was certainly an issue in relation to the KwaZulu-Natal Department of Transport (KZN DoT), as there was a massive restructuring within the DoT prior to the implementation of Zibambele. This led to large numbers of formally contracted DoT workers laid off, with Zibambele workers being used to implement some of the regular maintenance tasks in their stead.*

Another example is a school building maintenance programme in the Western Cape. According to the Project Steering Committee (PSC, 2007), learners' parents were employed to do cleaning and maintenance tasks at participating schools. Beneficiaries worked two days a week for six to twelve months, at R50 per day.

41. Samson M. 2007. When Public Works Programmes Create "Second Economy" conditions, Africanus 37 (2): 244-256.

42. Lal R. et al. 2010. Public Works and Employment Programmes: Towards a Long Term Development Approach, *UNDP Poverty Group Working Paper* 66, June. Available at: http://www.ipc-undp.org/pub/IPCWorkingPaper66.pdf.

43. McCord. Personal communication, June 2015.

The Community Work Programme (CWP) was designed to reduce the risk of displacement.

Rainbow Cleaning Services, a private company, won a tender with the Western Cape Department of Education to organise these services and provide training courses. The PSC thought that displacement might have been involved here, as parents were trained to provide cleaning, painting, and other maintenance services which might otherwise have been performed by existing workers and small-scale contractors.

Displacement of private workers by EPWP beneficiaries (to the extent that it occurs) is contrary to the purpose of the Programme, since old work is being transferred from one set of workers to another, rather than new work being created. At the same time, this displacement may seem to provide an example of the success of the Programme, since it arises from the extension of work opportunities into a new context. This would certainly be a false impression. Of course, how worrying this is depends on how much displacement of this kind is going on. Unfortunately there is a dearth of information. Some allegations have been made, but not nearly enough information is available to make a comprehensive assessment. The urgent need for more satisfactory forms of data collection is raised again in the Conclusion.

Displacement of municipal workers

A study (Amissa, 2015)[44] conducted for the National Economic Development and Labour Council (NEDLAC) found that it was widely believed among labour and community respondents to its survey that replacement of permanent municipal workers by EPWP beneficiaries might be going on. Of possible relevance to these suspicions was the fact (as noted by the study) that the metropoles of Johannesburg, Tshwane, and Ekurhuleni had high vacancy rates (from 14% to 40%). EPWP officials and human resources managers were consulted for their opinions. All considered allegations of displacement a serious issue, although they did not agree on whether it was occurring.

The Community Work Programme (CWP)[45] was designed to reduce the risk of displacement. It offers part-time work on an ongoing basis, two days a week. One of the ideas behind this (according to Philip, advisor to the Presidency on the CWP) is that 'part-time work is unlikely to displace full-time work, regardless of the wage

44. Amissa, 2015.

45. Department of Cooperative Governance. 2011. CWP Implementation Manual, July 2011.

rate, reducing concerns about labour market displacement' (Philip, 2012).[46]

However, Philip (2013a)[47] also acknowledged the 'risk' that:

> *PEPs are used as a form of cheap labour in the public sector, allowing local government in particular to shift such work off its payroll and into a public employment programme – typically with much lower wages and benefits. In South Africa, for example, in wealthy municipalities municipal workers (or workers employed by contractors) clean the streets; in poor neighbourhoods, public employment programmes often do so instead.*

This conforms very closely with what was said in the previous section concerning displacement of private workers in the context of municipal employment; and in particular, to the allegations of Samson.

A further point on this issue is made by Samson (2004).[48] She says that municipalities may adhere in a merely technical sense to the principle of not causing displacement. In other words, they will not go so far as to dismiss workers in order to replace them with beneficiaries. Instead, they will wait for the permanent work force to be reduced by natural attrition, or for certain activities (for example, street cleaning) to be dropped from its schedule, and then use beneficiaries to fill up the vacuum.

The City of Cape Town (CCT) was the scene of an altercation on the issue of displacement of municipal workers, with emphatic opinions on both sides of the questions. In July 2012, SAMWU workers marched on the CCT, protesting against the EPWP. Its regional secretary, Mario Jacobs, said of the Mayor's EPWP: 'All you have done is to recycle job opportunities from one poor, unemployed person to another, with no prospect of that leading to quality employment.' He added that EPWP contracts were being used to replace work previously performed by permanent staff, thus leading to an increase in casualisation (Centre for Civil Society/IOL News, 2012).[49]

EPWP workers picketed the CCT in December 2014, demanding permanent employment. Among their grievances was a lack of benefits, 'even though they are doing the same job as municipal staff.' (COSATU, 2015) SAMWU said that the 'issues that the workers are not happy about range from the taking over of municipal functions

46. Philip, K. 2012. Public Employment: New Opportunities for Socially Useful Work, Presentation for the *WRC Conference*, 15 August. Available at: http://www.wrc.org.za/SiteCollectionDocuments/WRC%20PRESENTATIONS/Public%20Employment%20-%20New%20Opportunities%20for%20sociall%20useful%20work%20by%20Kate%20Philip.pdf.

47. Philip K. 2013a. The transformative potential of public employment programmes. TIPS/ Graduate School of Development Policy and Practice. Available at: http://www.durban.gov.za/City_Services/Economic_Development/PSIR/Documents/KatePhilip_Transformative%20Potential%20of%20Public%20Employment%20Programmes.pdf.

48. Samson M. 2004. Organizing in the Informal Economy: A Case Study of the Municipal Waste Management Industry in South Africa. *ILO SEED Working Paper* 66. Available at: http://www.municipalservicesproject.org/sites/default/files/SAMSON%20Organizing%20Informal%20Economy.pdf.

49. Centre for Civil Society. 2012. Municipal union demands more rights, IOL News, 5 July. Available at: http://ccs.ukzn.ac.za/show.php?ID=10009.

The displacement of permanent municipal workers (to the extent that it occurs) is contrary to the purpose of the EPWP.

by EPWP coupled with exploitation of EPWP workers' (COSATU, 2015).[50]

Mikel Khumalo, SAMWU regional secretary,[51] claimed EPWP beneficiaries performed municipal functions in every single department in the CCT. In some departments, he said, EPWP personnel were being used as supervisors/drivers, positions subject to promotion within the municipal structure. He did not provide details, but spoke in general of how the CCT allowed the permanent staff to be reduced through natural attrition (not filling jobs that fell vacant). According to him, EPWP staff, who are 'paid peanuts, and not given the right clothing or conditions' are 'performing exactly the same functions' as municipal staff (Pers Comm Mikel Khumalo) He described the problem as being especially acute in the Western Cape, but thought that its example could be followed by other municipalities, just as other union branches could learn from the response of the WC SAMWU branch.

In response to these allegations, Xanthea Limburg, Mayoral Committee Member (Isaac, 2014),[52] pointed out that the CCT had created more than 100 000 work opportunities, and could not afford to convert these into permanent staff in addition to its existing complement. However, the City had enabled thousands of beneficiaries to find work in the private sector.

She also pointed out that claims that the City's Solid Waste Management Department had more than 5000 vacancies were incorrect, since it had only 3010 full-time positions, 259 of which were vacant at the time (Isaac, 2014).

Limburg (interview, 2015)[53] said further said that EPWP beneficiaries were not displacing permanent municipal workers, but were providing 'active top-up services' that enabled the CCT to extend cleaning services into wards that had not previously benefited from them. She also pointed out that far from having huge numbers of vacancies, the CCT had a low vacancy rate in most departments (7%).

The same points apply here as were made at the end of the previous section. The displacement of permanent municipal workers (to the extent that it occurs) is contrary

50. COSATU. 2015. SAMWU Calling Mass EWPW General Meeting, COSATU Press Release 9 February 2015. Available at: http://www.cosatu.org.za/show.php?ID=10009.

51. Interview with Mikel Khumalo, SAMWU Regional Secretary, Western Cape, June 2015

52. Isaac J. 2014. Hundreds of extended public works employees picket in city centre, *GroundUp,* 4 December. Available at: http://groundup.org.za/article/hundreds-extended-public-works-employees-picket-city-centre_2507#sthash.WbvzTgEu.dpuf.

53. Interview with Cllr Xanthea Limberg, CoCT Mayoral Committee Member: Corporate Services, June 2015.

to the purpose of the EPWP; while at the same time, it may seem to reflect the success of the Programme, because of the increase in work opportunities to which it gives rise. As to the extent to which it is happening (if, indeed, it is happening at all), here too information is lacking on which to make a comprehensive assessment.

Relabelling

Part of the subject of the previous sections has to do with creating a false impression: the impression that work is being created, when in fact the work of non-beneficiaries is merely being replaced by the work of beneficiaries. This section is wholly to do with creating a false impression: the impression that certain work falls under the EPWP and should be credited to the Programme, when in fact it does not, and should not. The main reasons for creating this false impression would seem to be to show compliance (as a municipality) with EPWP requirements, and to win plaudits for the number of work opportunities created.

A further factor might be that there is a certain amount of confusion concerning the boundaries of the EPWP. One might think that there would be no need to create this false impression, if municipalities were as effective in creating work opportunities through the application of labour-intensive methods as they are supposed to be. It may be that the proper application of labour-intensive methods is the crux of the whole matter. This will be taken up again in the Conclusion.

As to whether relabelling is happening, the Public Services Commission (2007)[54] claimed that 'there are many continuation programmes and projects that are now "relabelled" as EPWP'. In the Mid-Term Review's Survey of Implementing Agents (HSRC, 2007), the perceptions of public sector officials and other implementers of the EPWP were assessed. Of the senior officials interviewed, 38% thought that relabelling was 'definitely' happening, 24% that it could happen, and 21% that it could not. In addition, 70% thought that projects and programmes currently not included in the EPWP could be relabelled as such. These responses show that on the whole, senior officials did not regard relabelling negatively. Given what was said above about the creation of false impressions, this is surprising – unless one takes the pressure to report progress in achieving EPWP targets into account. (Of course, acceding to this pressure by creating a false impression is no excuse.)

Of the senior officials interviewed, 38% thought that relabelling was 'definitely' happening.

54. Public Services Commission. 2007. Report on the Evaluation of Government's Poverty Reduction Programme. Available at: http://www.psc.gov.za/documents/2008/WEB%20PSC%205.pdf.

Two specific examples of relabelling may be mentioned briefly. McCord (2006) thought that there was: 'a high likelihood of the "relabelling" of some pre-existing activities as "EPWP"'. She cited the Building Maintenance Pilot Project in the Western Cape. This is a ring-fenced EPWP project to which all Public Works divisions contribute resources. After analysing the project, McCord found that it did not conform to EPWP requirements with respect to creating new jobs, increasing labour intensity, and offering training opportunities. She questioned its EPWP compliance, given that cleaning is inherently labour-intensive.

Budlender and Proudlock (2011: 8)[55] claim that from the early years of the EPWP, some provincial departments of social development labelled existing ECD centre subsidies as EPWP:

> *EPWP reporting is even more unreliable (and contradictory) than reporting for other sources of funds. Some of the ECD-related activities funded (for example, centre subsidies and funding for community-based ECD assistants) have been 're-labelled' as EPWP achievements. There is therefore serious danger of double-counting, and while many ECD activities are reported against the EPWP, this does not necessarily reflect 'new' funding.*

Conclusion

There are two points to make in this conclusion. One concerns the lack of data necessary for a thorough analysis of the incidence of substitution, displacement, and relabelling. The other concerns the possibility that the root cause of these problems (insofar as there are problems) may lie in a failure to apply labour-intensive methods on the scale required.

For years there have been calls for monitoring of displacement, and for more rigorous research (including the conducting of longitudinal studies); for example, in the Mid-Term Review (MTR, 2007). The government must engage in more thorough and systematic data collection, and more detailed and long-term micro-level analyses are required. However, official documents continue to show a lack of urgency in this regard.

McCord (2004) made the point that systematic study had not been undertaken of PWPs of the kind which could have provided concrete evidence on which to base policy development. She attempted to begin to redress this lack in her research. In the Amissa study for NEDLAC (see above), the officials consulted conceded that they did not monitor displacement, and could not provide information about it. The report (NEDLAC, 2015) concludes that:

55. Budlender D. and Proudlock P. 2011. Funding the Children's Act: Assessing the adequacy of the 2012/13 budgets of the provincial departments of social development, University of Cape Town, Children's Institute. Available at: http://www.ci.org.za/depts/ci/pubs/pdf/researchreports/2012/summary_ca_budget_analysis_provs_2012_2013.pdf.

Given the limitations of the research and lack of information within provincial departments and metros, one cannot conclusively say whether EPWP or CWP workers are replacing or displacing permanent workers.

Given the limitations of the research and lack of information within provincial departments and metros, one cannot conclusively say whether EPWP or Community Work Programme (CWP) workers are replacing or displacing permanent workers. It is therefore important that EPWP and CWP officials monitor this concern by making it part of their monitoring indicators and quarterly site visits.

Philip (2013b)[56] argued for clearer rules and stronger enforcement mechanisms to tackle displacement. She also thought that the involvement of the unions in the process of identifying work that is for the public good but does not encroach on public sector work should play a role (although the unions cannot be present in all contexts).

The application of labour-intensive methods in the EPWP was intended to create new work on a very large scale: large enough to absorb millions of the unemployed, at least in the short term (in 2004, the Division of Revenue Act made this application mandatory). If this aim had been carried out fully, there would have been no grounds for any recourse to displacement. However, allegations that it is occurring give rise to the suspicion that there may have been a failure to apply labour-intensive methods to the extent required. This question is addressed at a higher level in another chapter (that by Professor McCutcheon, Chapter 5). Here, by way of conclusion, the argument of McCutcheon and Taylor Parkins (2009)[57] may be cited: between 2004 and 2009, they claim, labour intensity in the Programme did not increase, but decreased (from 26% to 9%); and nowhere near as much employment was created as might have been in a well-planned labour programme.

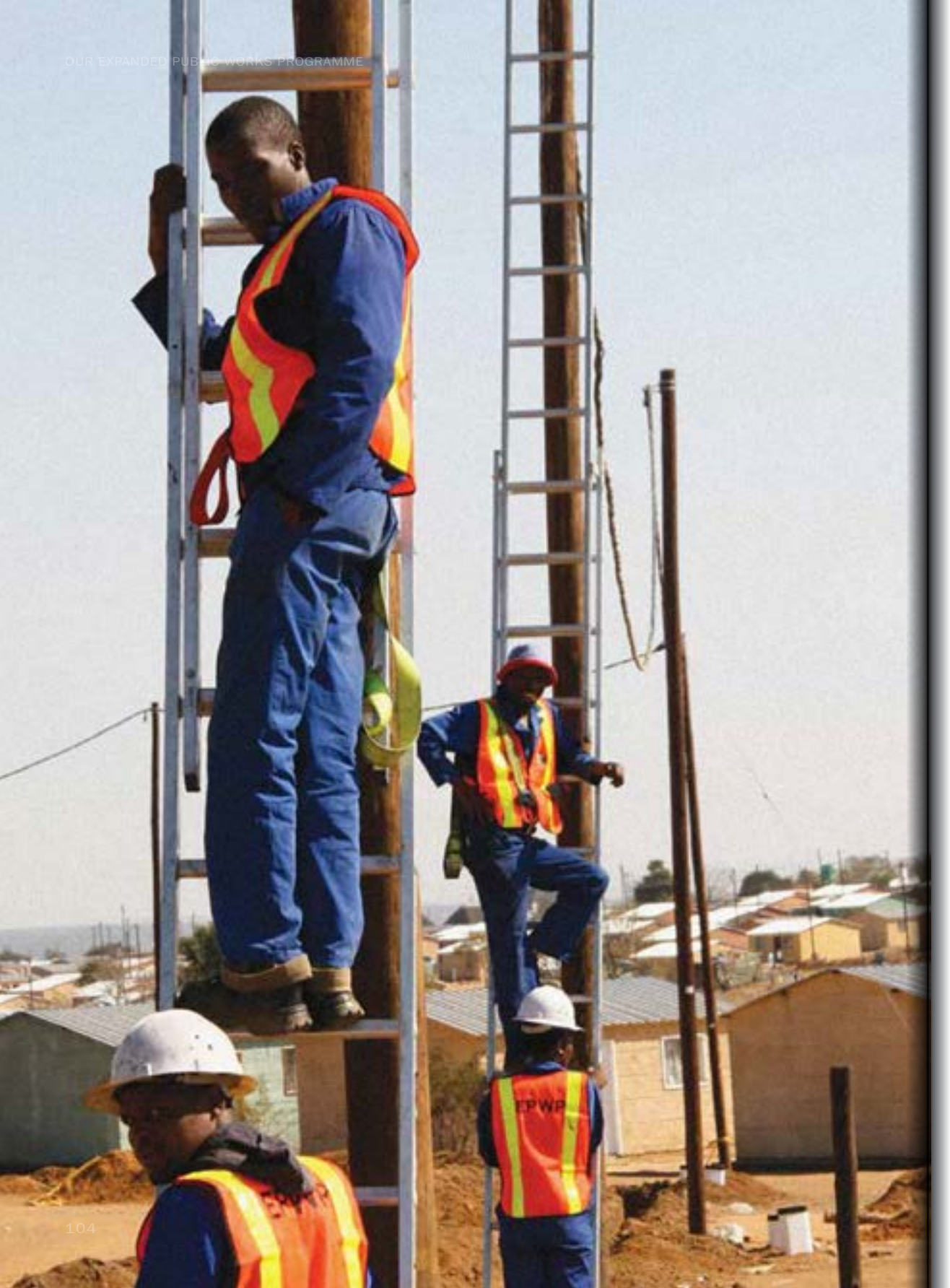
References

Amissa. 2015. The Expanded Public Works Programme, Review Report Conducted for NEDLAC, March 2015.

NEDLAC. 2015. Final TOR for the Research into EPWP as at 23 June 2014.

56. Philip K. 2013b. The Community Work Programme: Building a Society that Works. ***Employment Sector Employment Working Paper*** 149. Available at: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/---invest/documents/publication/wcms_223866.pdf.

57. McCutcheon R. and Taylor Parkins F. 2009. South Africa's Expanded Public Works Programme: a case study in government sponsored employment creation and poverty alleviation focusing upon the infrastructure component. Available at: http://www.robert-mccutcheon.com/resources/Newcastle%20CofFEE%2009%20RM%20FTP%20Paper%20as%20Published%20Dec09.pdf.



CHAPTER 7

THE EPWP AND THE ADOPTION OF A LABOUR-INTENSIVE APPROACH TO MAINTENANCE

Dr Felicity Kitchin

SECTION II EFFICACY OF EPWP

This chapter begins by considering the context in which the EPWP adopted a labour-intensive approach to maintenance. It then looks briefly at other contexts in which the same idea has been put into practice. This leads to a focus on the principles associated with good practice in this regard. Next, obstacles that must be overcome if these principles are to be established are discussed. Finally, a question is posed regarding the broad rationale of the approach. The argument draws on a desk-top review of national and international experience, supplemented by interviews with key people in the field.

The context of the EPWP's adoption of a labour-intensive approach to maintenance

Unemployment in South Africa is acute. Officially, the unemployment rate is 24.3% (approximately 4.9 million people); however, an expanded version including those who no longer seek work raises it to 34.6% (approximately 8.1 million people) (Eyewitness News, 2015).[58]

What makes the problem of unemployment here especially formidable is the nature of the national economy. In many African countries, large-scale capital does not dominate the economy, and this leaves plenty of scope for small businesses. In South Africa, on the other hand, large-scale capital is so dominant that mass-produced

58. Eyewitness News. 2015. South Africa's unemployment rate drops. Available at: (http://ewn.co.za/2015/02/10/SAs-unemployment-rate-drops).

commodities find their way into the most rural areas. In consequence, small businesses are largely reduced to retailing these commodities. It follows that small-scale entrepreneurship is unlikely to bring about a significant reduction in unemployment. The shrinking labour requirements of big business also mean that in the foreseeable future, market forces are very unlikely to either.

This provides the context for the emergence of the EPWP. Government was forced to step in to do what the market could not achieve: alleviate poverty and unemployment. To this end it created the EPWP, as the institutional focus for the application of a labour-intensive approach to maintenance in public works.

A labour-intensive approach to maintenance in public works has two advantages. Most importantly, it creates work. What distinguishes a labour-intensive approach is the fact that it assigns to labour the highest possible proportion of the costs of a project, consistent with efficiency and cost-effectiveness. Through the reduction of capital costs, more money is made available for the payment of labour.

Secondly, it provides a means of addressing the challenge posed by maintenance backlogs and demands. These are enormous. In 2008, the electricity backlog (for distribution, maintenance, and rehabilitation) was R24.7 billion. By 2012, this figure had grown to R35 billion (Cloete, 2012).[59] In February 2013, the Water Research Commission reported that almost half of South Africa's water had been stolen, wasted, or leaked away, a revenue loss (in 2012) of R7.8 billion (Water Research Commission, n.d.).[60] In 2014, Transnet had an infrastructure maintenance backlog of R30 billion.[61] In 2012, the backlog for road maintenance was R149 billion. Conservatively estimated, South Africa needs R80 billion a year to sustain the existing road network; the actual allocation is R36 billion (Infrastructure news and service delivery, 2013).[62]

There is, then, enormous scope for an extension of maintenance work, especially since the maintenance responsibilities of post-apartheid municipalities are much more extensive than those of the apartheid era. They are also very varied – and much of that variety is well suited to a labour-intensive approach, and to being undertaken by small business enterprises[63]. Key areas where this approach might readily be applied are the environment, health and community development, general service delivery, and road maintenance. There is also great potential for this work to alleviate poverty and unemployment – not only because of its extent and variety, but also because it is regular and ongoing (unlike construction work, which occurs in fits and starts).

59. Cloete K. 2012. The Eskom crisis: R35bn backlog... and climbing. Available at: http://www.moneyweb.co.za/moneyweb-south-africa/r35bn-backlog-and-climbing.

60. Water Research Commission. (n.d.) Public Employment: New Opportunities for Socially Useful Work. Available at: http://www.wrc.org.za/SiteCollectionDocuments/WRC%20PRESENTATIONS/Public%20Employment%20-%20New%20Opportunities%20for%20sociall%20useful%20work%20by%20Kate%20Philip.pdf

61. Engineering News, 2014.

62. Infrastructure News and Service Delivery. 2013. South Africa's infrastructure needs intervention. Available at: http://www.infrastructurene.ws/2013/08/20/south-africas-infrastructure-needs-intervention.

63. Amod and Wall.

There is a fear that a labour-intensive approach cannot be as cost-efficient as one that is capital-intensive. The ILO argues that this need not be the case.

Xaba and Manicum (2009: 15),[64] in their discussion of the Zibambele programme in KwaZulu-Natal as an example of good practice, say: 'It is logical to assume therefore that if the programme were to be replicated in Provinces and Municipalities throughout the country, the effects on reducing unemployment would be astronomical.'

In general, there is far more scope for increasing labour intensity in maintenance than in construction. The International Labour Organisation (ILO), in a study focused on enhancing labour intensity in the EPWP, found that maintenance made up 73% of road work. This maintenance work achieved a labour-intensity rate of 27%, as against 4.7% for road construction. The average cost of creating a Full-Time Equivalent (FTE) was much lower in maintenance than in road construction: R54,000, as against R368,000 (ILO and Department of Public Works (DPW), 2012: 3).[65]

There is a fear that a labour-intensive approach cannot be as cost-efficient as one that is capital-intensive. The ILO argues that this need not be the case. Of course, careful planning and skilled supervision are required, but the very simplicity of a labour-intensive approach can have advantages over the complexity of a capital-intensive approach, even in economic terms. Local labour and resources are comparatively cheap, and yet can possess enough by way of simple and yet flexible techniques (given the planning and supervision mentioned above) to cope adequately with what is required. Reliance on heavy equipment, on the other hand, is not only expensive but can also lead to long delays when breakdowns occur.[66] In connection with the Zibambele programme, the point was also made that: [67]

> *Traditionally, roads are maintained through the setting up of Area Maintenance Offices. Staff who are stationed there are picked up every morning and trucked long distances out to the various roads, where they will spend the rest of the day, before returning to base sometime in the afternoon. Not only is this both highly inefficient and costly, but it provides little in the way of financial benefit to local unemployed residents alongside the road.*

International experience shows that a labour-intensive approach can reduce costs by

64. Xaba G. and Manicum M. 2009. The KwaZulu-Natal Department of Transport's Zibambele Low Intensity Road Maintenance Programme. Available at: insitu-asphalt.com/wp-content/uploads/2009/.../12th-ILO-Zibambele.doc

65. ILO and DPW. 2012. Study on Enhancing Labour Intensity in the Expanded Public Works Programme – Final Report. Available at: http://www.epwp.gov.za/documents/Infrastructure/Provincial%20roads/Final_Report_Study_to_Enhance_Labour_Intensity_of_EPWP_2012.pdf

66. Ibid.

67. Xaba and Manicum: 1.

Results in Laos's SIDA Pilot Road Maintenance Area showed that labour-intensive methods can compete with the use of equipment in road maintenance and rural road rehabilitation.

10% to 30% and foreign exchange requirements by 50% to 60%, as well as creating two to four times the employment from the same amount of investment.[68]

While developing guidelines for labour-intensive routine maintenance in the Republic of Timor, the ILO noted that the economic benefits of prevention are undeniable, given that maintenance costs only a fraction of the initial investment. It also pointed out that a labour-intensive approach not only creates work and helps reduce backlogs, but also helps improve the lives of the poorest – because it is generally they who suffer most from lack of services.[69]

Good practice examples of a labour-intensive approach

World-wide

These are some of the most celebrated labour-intensive programmes from across the world that are also relevant to South Africa.

Kenya's Rural Road Access Programme (together with its Minor Roads Programme) constructed and maintained over 12 000km of gravel road, employed 10 000 people in construction and 5000 in maintenance at its peak, and created over 120 000 years of employment.[70] In 1986, the World Bank regarded it as 'one of the best-organised labour-intensive road construction programmes anywhere'.[71]

In 1998, Botswana implemented a Road Maintenance Demonstration Project, aimed at reducing poverty. It was found (in 2002) that although households were employed in 'blocks of time, rather than continuously, the level of earnings was sufficiently high to enable them to meet immediate basic needs and make other "investments"', which 'often created casual employment opportunities for other people in the community'.[72] The pilot project demonstrated that it was possible, using labour-intensive methods, to produce low-cost, technically sound work.

68. Majeres and De Veen, 2001: 4.
69. ILO, 2009: 5.
70. Mlawu, (n.d.): 542.
71. McCutcheon, 2008: 13.
72. McCutcheon, 2008, cited in Musekene, 2010: 90.

In Ghana, small contractors were trained to use labour-intensive methods to rehabilitate and maintain feeder roads.[73] In Colombia, too, roads were maintained through micro-enterprises. In 1993, about 400 micro-enterprises maintained approximately 25 000km of road and employed 5000 unskilled workers. These enterprises established themselves as a legal association recognised by the National Cooperatives Department.[74]

In Nepal, the focus is on developing a sense of local road ownership through the continuous contribution to the road maintenance programme of both the local authorities and the local communities. The beneficiaries make key decisions about project selection, labour management, group formation, and resource distribution and utilisation. Local resources are used, in the form of labour, material, and finances. Road maintenance requires 200 to 300 person-days per kilometre per annum (similar to Botswana). [75]

Results in Laos's SIDA Pilot Road Maintenance Area showed that labour-intensive methods can compete with the use of equipment in road maintenance and rural road rehabilitation.[76] In other road-maintenance programmes a collective approach has been adopted, with villages rather than individual workers being contracted to maintain stretches of road. In Timor Leste, the focus is on community contractors, who are allocated sections of road close to their villages, and paid according to work performed.

There are variations among the examples above. In some, the lengthman system was seen as the most cost-efficient means of maintaining a road network in deep rural communities (for example, Kenya,[77] Laos, and on occasion Botswana). This involves allocating each worker a short stretch of road and paying a set wage. Another system is to use roving gang leaders as focal points.[78] Here, sections of road are made the responsibility of gang leaders who are familiar with construction and maintenance and can work unsupervised, and who recruit workers (with previous experience of construction) from villages along the route. A worker is assigned one kilometre of road, as with the lengthman system. In Botswana this was found to be the most suitable method,[79] and comparison with the programme in Kenya showed that the Botswana programme was more labour-intensive (labour wages made up 65% of the overall cost), as well as comparing well with a capital-intensive approach.[80]

In some places, payment was determined by work accomplished rather than by time spent. In Nepal, this was found to enhance productivity.

73. Musekene, 2010: 170.
74. Ibid.
75. Klatzel, 2000: 3.
76. ILO, 1996: 16.
77. Mlawu, n.d.: 542.
78. Muatjetjeja, 2006: 98.
79. Ibid: 59.
80. McCutcheon, 2008: 17.

Local

There are several examples of good practice among labour-intensive programmes in South Africa.

Limpopo began its Gundo Lashu programme in the 1990s, using a labour-intensive approach to rural road maintenance. The programme 'aimed to improve roads in poor and disadvantaged rural areas in order to increase access to basic services such as health and education and to markets and economic activities'.[81] Local people were employed on a project-by-project basis. The programme improved more than 370km of rural roads up to Roads Agency Limpopo (RAL) standards, and generated 1.3 million workdays of employment (5600 FTEs).[82] In 2003, an evaluation of the programme showed that the average cost of the rehabilitation of the road per kilometre was similar to that when using machines.[83]

Zibambele is a routine road-maintenance programme (developed along the lines of the Kenyan Road Access Programme)[84] inaugurated by the Department of Transport in KwaZulu-Natal. It has grown in strength, in about a decade and a half increasing the number of its immediate beneficiaries from 2700 to 40 000.[85] It started as a poverty relief programme, but has several features not usually associated with such a programme. Households are appointed rather than individual persons, and the work is of such a nature as to provide not only relief from poverty, but also the dignity of performing a useful service. Training includes technical skills on how to maintain roads, as well as a social development and life-skills component.[86]

The Sakha Sizwe, in the Eastern Cape, is a similar routine road-maintenance programme. In 2011, it employed about 25 000 households. Ninety per cent of the total expenditure was devoted to labour wages.[87] Siyatentela, in Mpumalanga, is another programme of this kind.

In 2008, eThekwini Municipality adapted the Zibambele approach to an urban context, in response to the emergence of the EPWP.[88] It retained some of its original, distinctive features: the selection of women-headed households (because of their association with the most dire poverty), and the linking of the contract to other support activities (opening bank accounts, getting identity documents, forming savings clubs, etc.).[89]

81. DPW, 2012: 8.
82. DPW, 2012b: 47.
83. Taylor et al, 2003.
84. This section draws largely on Xaba and Manicum, n.d. The KwaZulu-Natal Department of Transport's Zibambele Low Intensity Road Maintenance Programme.
85. Impumelelo Social Innovations Centre. (n.d.) Zibambele Road Maintenance System. Available at: http://impumelelo.org.za/awards-programme/our-winners/zibambele-road-maintenance-system
86. ILO, 2012.
87. ILO, 2011: 6.
88. Robbins and Hobbs, 2012. Cities with Jobs: Confronting the Employment Challenge – An examination of approaches to employment in two South African case study cities, Employment Intensive Investment Programme.
89. Ibid: 33.

Mangaung is currently extending a labour-intensive approach to all directorates and units, in accordance with EPWP policy.

Mangaung has implemented the Zibambele Poverty Alleviation Programme Pilot Project.[90] As in eThekwini, this is a gravel-road-maintenance programme using labour-intensive methods. Once again, the contract is with households (which protects other members, if the main member is unable to continue working). These are selected by the communities, and each works a maximum of 60 hours per month.[91]

The City of Johannesburg tries to ensure that all projects are based on labour-intensive principles, using local, unemployed people. The new Jozi@work programme epitomises this approach.[92] The Executive Mayor, in his 2014 State of the City address, highlighted the labour-intensive technologies used in major programmes such as road-building, upgrading, and maintenance programmes (including the Rea Vaya BRT). In 2014/15, the City dedicated 10% of its operating budget to this developmental service delivery model, as well as 5% of its capital budget.[93] In 2011/12, the City won four Kamoso Awards (linked to its EPWP and maintenance performance).[94]

Mangaung is currently extending a labour-intensive approach to all directorates and units, in accordance with EPWP policy. Its Food for Waste project (which falls under the environment and culture sector of the EPWP) has been very successful. It aims to reduce waste collection backlogs in unserviced households. In the first year, 100 beneficiaries were employed, servicing more than 17 000 households.[95] They were trained in waste and general environmental management, and encouraged to register as recycling cooperatives once they had completed their work opportunity.

The project helped reduce the municipality's backlog in waste-management services[96] (the programme had to change its name to Cash for Waste, since legislation forbids using food as payment for work).[97]

90. E-mail correspondence, Mr G Van Rooyen, PMU, Mangaung Metro Municipality, 9 July 2014.
91. SMEC, 2013: 34.
92. See discussion later in this report.
93. Available at: http://www.joburg.org.za/index.php?option=com_content&view=article&id=9050:state-of-the-city-address-2014-speech&catid=88:news-update&Itemid=266#ixzz37Ain68oA
94. Available at: http://www.joburg.org.za/index.php?option=com_content&view=article&id=9015:07-03-2014-joburg-exceeds-150-000-public-works-jobs-target&catid=220:press-release-2014&Itemid=114#ixzz37AgI9BhU
95. SACN, 2013/14: 69.
96. Business Trust, 2007.
97. Interview with Mangaung city official.

Principles associated with good practice

Political support

The change to a labour-intensive approach cannot be successfully made unless it receives continuous political support at every level, from national to local. Policy-making needs to be imbued with an appreciation of the benefits of this approach, and a thorough understanding of its implications.[98] This appreciation and understanding also need to filter through to the local level.

A great deal depends on how municipalities implement the approach. Both the City of Johannesburg and Mangaung have a dedicated EPWP structure and officials; these are examples that other municipalities would do well to follow. This implementation can raise the profile of the approach, especially if the structure reports directly to the City Manager or Executive Mayor. However, it is important not to isolate the EPWP in one structure, but to ensure that it is implemented across the municipality. Mechanisms must therefore be developed to ensure that labour-intensive principles are applied across the municipality.

Labour-intensive maintenance programmes and projects should be included in the municipality's IDP and sector plans. Greater weight could also be given to the approach by ensuring that their role in implementing it is included in the performance agreements of senior officials (this is already done by the City of Johannesburg).

The involvement of the local municipality in the approach is critical to its success. Gundo Lashu is one programme that although initially successful, could not maintain its impetus – largely because of the lack of involvement of the municipality.[99]

Coherent planning and implementation at a national level require a degree of centralisation. On the other hand, the participation of communities, contractors, and NGOs in all aspects of the Programme at a local level requires a degree of decentralisation. Attention therefore needs to be paid to developing an institutional structure in which a balance is struck between these opposed requirements.[100]

In Botswana, the institutional capacity to construct and maintain good quality roads was built into all Botswana's District Councils. This is an example of the balance mentioned above, with particular reference to the relationship between national and local government. Nepal and Laos, on the other hand, offer examples of that balance in the relationship between local government and the community. In Nepal, a strong emphasis was placed on participatory planning and the creation of Road Coordination Committees to help resolve local disputes. Building local capacity helped bring about a 'self-help' attitude. In Laos, it was found that entering into contracts with communities only worked if these communities were thoroughly committed to the project.

98. McCutcheon, 2008: 20.
99. Musekene, 2010: 186.
100. ILO, 2012: 69.

A programme of labour-intensive work needs to be located within a well-defined institutional framework, and the organisational responsibility for the programme must be clearly defined.

Political support must also express itself through financial commitment. In this regard, although something has been achieved, there is also room for improvement. National government encouraged the use of a labour-intensive approach to construction by making grants (such as the Infrastructure Grant to Provinces, and the Municipal Infrastructure Grant) partially conditional on this use. This facilitated bringing labour-intensive techniques into normal budgetary procedures. Then, in 2009/10, a wage incentive was introduced, to help mobilise provinces and municipalities by funding additional wage costs.[101] This seems to have had a positive effect.[102] In Phase 2, there was an increased emphasis on maintenance and greater participation in the labour-intensive approach. According to one official, municipalities actually find maintenance projects easier to run than construction projects.[103] Even so; although provinces are increasingly adopting a labour-intensive approach to maintenance, there are still many municipalities that are not doing so.[104]

A point made in an interview conducted for this research is that there is no fund for maintenance equivalent to the funds available for infrastructure. Once the infrastructure is built, municipalities need funds to maintain it. Often, it is the poorest municipalities which – having received very large amounts in funding for infrastructure – are least able to maintain it.[105]

Planning

A preliminary step is to investigate every type of maintenance performed by the municipality, across all departments (that is, conduct a maintenance audit). This could then be the basis for an identification of the tasks most suited to a labour-intensive approach.

Based on the maintenance audit, the municipality should develop a long-term (say, 10-year) programme of maintenance. Careful preparatory work and institution-building should precede project implementation.[106] A programme of labour-intensive work needs to be located within a well-defined institutional framework, and the

101. Gauteng Province, 2012.
102. Interview with Mangaung municipal official.
103. Ibid.
104. Interview with Chief Director, DPW.
105. CSIR, 2006: 27.
106. Muatjetjela, 2006: 21.

Zibambele provides striking evidence of the virtues of two key planning principles: careful attention to practical detail, and the avoidance of a top-heavy management structure, so as to ensure high labour intensity.

organisational responsibility for the programme must be clearly defined.[107] Preliminary investigation of all aspects of labour-intensive maintenance work, before the programmes themselves are actually implemented, should among other things lead to existing institutions and practices being adapted, or new ones being created.

In Kenya, the success of the programme depended on initiatives of this sort. Management systems were tailor-made, new designs and specifications for low-volume rural roads were developed, task rates were established, good-quality tools were procured to ensure high productivity, and the wage rate was set above the government minimum. In addition, a multi-faceted training programme was set up.[108] In Botswana, too, there was an extensive lead-in time. Careful attention was paid to the initial design and planning, to training of technical supervisory staff, and to establishing the proper organisational systems. Wages were paid at or close to the industrial minimum wage.[109]

Zibambele provides striking evidence of the virtues of two key planning principles: careful attention to practical detail, and the avoidance of a top-heavy management structure, so as to ensure high labour intensity. It has been able to achieve a labour-intensity rating far higher than the average – not simply in the roadworks component of the infrastructure sector of the EPWP, but also in the EPWP as a whole. The ILO points out[110] that:

> *The total annual expenditure in the Zibambele programme in KwaZulu-Natal for the 2010/11 financial year was R225 million, of which R206.9 million was spent on wages. This generated nearly 45 000 work opportunities equivalent to 16 000 Full-Time Equivalents (FTEs) or Personyears.*

The Programme in Mangaung is perhaps an example of good practice under this heading. A Project Management Unit has been established, to monitor the project on an ongoing basis. The number of personnel has to be in proportion to the number of beneficiaries. The project is headed by a team leader who manages coordinators and reports to the administration. The coordinators support the contractors and overseers, and are the link between management and the beneficiaries. The overseers are selected from the same communities as the contractors, on the grounds both

107. Ibid: 209.
108. McCutcheon, 2008: 13.
109. Ibid.
110. ILO 2011: 6.

of leadership ability and of acceptance in the community. They have daily contact with contractors, and monitor their attendance and general performance. The Ward Structures/Area Committees from the most disadvantaged communities select the contractors. They carry out low-intensity maintenance on their section of road.

A vital aspect of a successful programme is effective monitoring and evaluation, and here software can play a helpful role. A system was devised in eThekwini which enables the project team to call up information on the beneficiaries. This improves accountability and transparency.[111] Contractors can be verified using a handheld GPS data logger, with the data being captured through a web-based platform. The data base used in eThekwini could be adapted for use in Mangaung. It appears that if this were done, monitoring and evaluation (coupled with reporting) over a period of five months would enable Mangaung to claim R1.1 million in grant funding for the 510 beneficiaries in the pilot project. This means that the costs of setting up the database would be offset by the benefits accrued.[112]

Training

Since another chapter in this book is devoted to training, only a few points will be made here – specifically, those relevant to training for maintenance (of course, training to compete in the job market is not really a concern of this chapter).

The quality (and quantity) of training is integral to the success of a labour-intensive project. This was recognised in the Gundo Lashu programme, which provided for several tiers of training. RAL's technical staff and private consultants were trained in the management and supervision of labour-intensive road works, the contractors' supervisory staff were trained in the management of work based on labour-intensive methods, and emerging contractors were given extensive training (both formal and on-site) in labour-intensive road works, over a period of 21 months.

In Botswana, too, the training component extended across three tiers: technical officers, technical assistants responsible for supervising four to six gang leaders, and gang leaders responsible for site supervision of gangs of up to 25 labourers. It was necessary to create new institutions to implement this training infrastructure.[113]

In general, successful large-scale programmes of labour-intensive construction and maintenance have always been linked to specific training.[114] Detailed guidance is needed for managers, consultants, and contractor staff on how to carry out labour-intensive work.[115] Small contractors must be educated in the virtues of a labour-intensive approach. This requires the development of appropriate training material and procurement documents. Candidates for supervisory or leadership positions should

111. SMEC, 2013: 7.
112. Ibid.
113. Muatjetjeja, 2006: 129.
114. McCutcheon, 2014.
115. ILO, 2012: 3.

One merit of the Vuk'uphile programme in Mangaung (it was found, in a review conducted in 2007) is that learners developed different skills through working on different projects (roads, and water and sanitation)

be carefully selected on the basis of their aptitude for these roles. The training of supervisors should include numeracy and literacy skills, and provide a strong technical grounding (site supervisors need NQF4 (matric) and 18 months training). Entrepreneurial training should only take place after a skill has been developed.[116] The training must also be monitored.

Where possible, training should be accredited, and beneficiaries encouraged to pursue training in order to earn a full qualification. Where skills cannot be provided in-house, the municipality should approach a local FET college (or other training institution) to work with it in developing appropriate training.[117] McCutcheon and Parkins recommend the establishment of a National Training College for Labour-intensive Construction (which was originally planned in the EPWP Consolidated Overview, 2004). This would set common standards and curricula, with actual training decentralised to provinces and major metros.[118]

One merit of the Vuk'uphile programme in Mangaung (it was found, in a review conducted in 2007) is that learners developed different skills through working on different projects (roads, and water and sanitation). This gave them more chance of getting further employment.[119]

Obstacles to be overcome

Most obstacles to be overcome in implementing the principles associated with good practice in a labour-intensive approach to maintenance occur because many municipalities are not ready for the task.

There are great shortfalls in maintenance policies and practice in many municipalities.[120] This is compounded by the fact that there is no legislation covering the full scope of asset management, along the lines of international best practice. This leads to poor asset management in most municipalities, 'because they have no road-map for planning, budgeting and spending on infrastructure maintenance and renewal. Municipalities under-budget and under-spend on maintenance when compared to

116. McCutcheon interview.
117. Ibid.
118. McCutcheon and Parkins, 2010: 209.
119. Business Trust, 2007.
120. CSIR, 2006: 26.

international best practice benchmarks',[121] on average spending less than half of what they should on maintenance.[122] In some areas, this threatens the sustained provision of municipal services.

Poor asset management is compounded by other failings, such as lack of capacity and resources. The CSIR points out[123] that many municipalities fail to address their maintenance backlogs or run a preventative maintenance programme, owing to:

> *inadequate revenue and budgets (either because these municipalities are in a distressed financial state and thus unable to fund infrastructure maintenance; or, even if they are not distressed, infrastructure maintenance is not prioritised in the planning and budgeting process), and inadequate skills (especially technical skills) and experience to plan and implement appropriate maintenance programmes.*

This criticism is echoed by Musekene, who argues that a widespread lack of involvement in the Programme arises from 'a lack of resources for future maintenance by municipalities, limited knowledge of labour-intensive construction projects by municipalities, and structural challenges resulting from roads which fall within the cross-boundary municipalities'. [124]

Earlier (in the section on Political support), it was suggested that municipalities might be encouraged to participate more in labour-intensive maintenance projects if this were to be linked to funding similar to the funding available for labour-intensive construction. In the present context, however, a word of caution is required. The Financial and Fiscal Commission (FFC)[125] warns that:

> *despite the need, increasing funding provisions for asset care will have limited value given the current regulatory, planning and institutional arrangements. Areas that need addressing first are the quality of the existing regulatory regime, the poor asset management practice, and the current system of intergovernmental funding for capital versus maintenance expenditure.*

Clearly, the obstacles to be overcome in implementing good practice in a labour-intensive approach to maintenance are daunting.

A question posed

The ILO notes that it is important to distinguish between the optimal (and efficient) use of labour and the maximisation (and possibly inefficient) use of labour. The use of labour may well be maximised, possibly in an inefficient manner, in projects where

121. FFC (Financial and Fiscal Commission), 2013.
122. CSIR, 2006: 26.
123. CSIR, 2006: 27.
124. Musekene, 2010: 186.
125. FFC, 2013: 3.

income generation and job creation are the main objectives – for example disaster relief, or food for work. These are temporary projects in which quality and productivity are usually low. A sustainable labour-intensive approach needs to optimise the use of labour and ensure that programmes 'do not degenerate into 'make-work' approaches where cost-effectiveness and quality aspects are ignored'.[126] The ILO believes that employment-intensive works programmes should develop local productive capacity through cost-effective investments targeted at the poor, with the goal of longer-term economic growth.

However, it is questionable whether the EPWP is going in this direction. It could be argued that in general, the Programme has not aimed to create sustainable employment opportunities but rather to generate an increased volume of employment in the short term, thus enabling beneficiaries to experience a work environment. The Community Work Programme only goes beyond this in the sense that it provides part-time employment on an ongoing basis. It may be significant that spokespersons for the EPWP have always emphasized the number of work opportunities created, and been much less forthcoming about the assets these opportunities have produced. This suggests that (for the infrastructure component, at least) the EPWP is still seen as a relief programme, rather than as a programme that could generate more lasting forms of employment.[127]

126. Majeres and de Veen, 2001: 2.

127. McCutcheon and Parkins, 2010: 207.

References

Amod, S and K Wall. 2007. A 'Report card' of South Africa's engineering infrastructure, Science in Africa, March 2007.

Antonopoulos, R. 2008. 'Impact of Employment Guarantee Programmes on Gender Equality and Pro-Poor Economic Development', Policy brief. Case study on South Africa, Levy Economics Institute of Bard College. http://www.levyinstitute.org/pubs/UNDP-Levy/South_Africa/Policy_Brief_EPWP_South_Africa.pdf.

Business Trust. 2007. Expanded Public Works Support Programme: Review of Vuk'uphile programme.

CDE. 2003. Labour-intensive public works: Towards providing employment for all South Africans willing to work, CDE In Depth, Issue 1 April 2003.

City of Johannesburg. 2011a. City Parks, 2011, 29 July, Policy title: EPWP Phase 2 Management.

City of Johannesburg. 2011b. Annual report, 2010/11.

City of Johannesburg. 2013. Annual report 2012/13.

City of Johannesburg. 2014. Jozi A City@Work: 2012/16 Integrated Development Plan. 2014/15 Review.

City of Polokwane. 2014. EPWP Presentation for the National EPWP Summit, 27-28 November 2014.

Cloete, K. 2012. The Eskom crisis: R35bn backlog... and climbing. http://www.moneyweb.co.za/moneyweb-south-africa/r35bn-backlog-and-climbing.

CSIR. 2006. National Infrastructure Maintenance Strategy.

Department of Public Works. EPWP Five Year Report 2004/5 – 2008/09.

Department of Public Works. n.d. EPWP Vuk'uphile Creating opportunities.

Department of Public Works. 2012a. EPWP newsletter, January 2012. http://www.epwp.gov.za/news_room/Newsletter/EPWP%20january%202012%20newsletter.pdf.

Department of Public Works. 2012b. Study on Enhancing Labour Intensity in the Expanded Public Works Programme: Road Infrastructure Projects, Final Report

Department of Public Works, Free State Annual report 2012/13 http://www.provincialgovernment.co.za/department_annual/25/2013-free-state-public-works-annual-report.pdf.

Department of Public Works. 2014. Draft Guidelines for the implementation of labour intensive infrastructure projects under the EPWP.

Department of Public Works. EPWP Five Year Report 2004/5 – 2008/09

Donaldson Trust, Labour intensive training and engineering. http://www.donaldsontrust.org/1/index.php/changing-lives/64-labour-intensive-training-and-engineering.

Engineering News, 2014. Transnet has R30bn maintenance backlog. http://www.engineeringnews.co.za/article/transnet-has-r30bn-maintenance-backlog-2014-10-08.

Eyewitness News. 2015. South Africa's unemployment rate drops. http://ewn.co.za/2015/02/10/SAs-unemployment-rate-drops.

Financial and Fiscal Commission. 2013. Poor Maintenance and Renewal Threatens Municipal Service Delivery. Policy Brief 2/2013.

Gauteng Province. 2012. Review of the Extended Public Works Programme in Gauteng, 2009-2014, unpublished report.

Greyling, E. 2012. Opportunities for Employment Creation through SME Development in the Construction Sector, Free State.

Klatzel, F. 2000. GTZ Food for Work, Nepal, 2000 Green roads: Building environmentally friendly, low maintenance rural roads through local participation.

Infrastructure News and Service Delivery. 2013. South Africa's infrastructure needs intervention. http://www.infrastructurene.ws/2013/08/20/south-africas-infrastructure-needs-intervention/.

Impumelelo Social Innovations Centre. n.d. Zibambele Road Maintenance System http://impumelelo.org.za/awards-programme/our-winners/zibambele-road-maintenance-system.

International Labour Organization and Department of Public Works (2012) Study on Enhancing Labour Intensity in the Expanded Public Works Programme – Final Report http://www.epwp.gov.za/documents/Infrastructure/Provincial%20roads/Final_Report_Study_to_Enhance_Labour_Intensity_of_EPWP_2012.pdf.

International Labour Organization and Democratic Republic of Timor Leste. 2009. Guidelines for labour-based routine maintenance.

International Labour Organization. 1996. Strategy Document for a Labour-based Road Works Programme in Lao PDR. http://www.ilo.org/public/english/employment/recon/eiip/download/lao_strategy.pdf.

Majeres, J and J. de Veen, ILO. 2001. Labour based works methodology.

Mangaung municipality. 2014. Mayor's budget speech 2014/15.

McCord, A. 2006. The current status of the EPWP (Infrastructure) in the Western Cape, Prepared forWestern Cape Provincial Treasury & Department of Transport and Public Works.

McCord, A. 2007. EPWP Mid Term Review: Component 1 International PWP Comparative Study, SALDRU, University of Cape Town.

McCutcheon, R. 1994. A review of recent developments in labour-intensive construction in Sub-Saharan Africa: The implications for South Africa, The SAICE Journal, Vol.36 (3), pages 1-10.

McCutcheon, R and F Taylor Parkins. South Africa's Expanded Public Works Programme: a case study in government sponsored employment creation and poverty alleviation focusing upon the infrastructure component.

McCutcheon, R and F Taylor Parkins. 2010. The Expanded Public Works Programme: policy, rhetoric, reality and opportunities foregone during the expenditure of over R40 billion on infrastructure, Development Policy Research Unit Conference 2010, 27th-29th October 2010.

McCutcheon. 2008. Employment Creation in Large-Scale Public Works Programmes, Labour-intensive Construction and Maintenance in Sub-Saharan Africa: The World Bank played a critical role during the 1970s and 1980s; What are the prospects for the future? A paper for discussion at the World Bank on 7 April 2008.

McCutcheon, R. 2014. Presentation to Council for the Built Environment: Stakeholder Forum Towards Development of Built Environment Professionals Relevant to South African Needs - Labour-intensive Techniques, Malani Padayachee & Associates (Pty) Ltd, Ekurhuleni 1st October 2014. http://www.cbe.org.za/upload/LI%20Techniques_Professor%20McCutcheon%20Presentation.pdf.

Meth, C. 2011. Employer of Last Resort? South Africa's Expanded Public Works Programme (EPWP). A Southern Africa Labour and Development Research Unit Working Paper Number 58. Cape Town: SALDRU, University of Cape Town.

Mlawu, J (Director, Development KwaZulu-Natal Department of Transport, South Africa). n.d. Developing pathways out of poverty: The role of labour intensive road construction and maintenance methods in the political economy of a democratic South Africa.

Muatjetjeja, MM. 2006. Labour intensive work in Botswana: A description and evaluation of six programmes.

Musekene, EN. 2010. A geographic perspective of labour-intensive methods in the development and maintenance of transport infrastructure, PhD Thesis, UNISA.

Portfolio Committee on Public Works. 2012. Report of Portfolio Committee on Public Works on its oversight visit to the Free State, 22-27 January 2012, dated 20 March 2012.

Robbins, G and S. Hobbs. 2012. Cities with Jobs: Confronting the Employment Challenge: An examination of approaches to employment in two South African case study cities, Employment Sector: Employment Working Paper No. 127 2012, International Labour Organisation.

SACN. 2014. The State of Expanded Public Works Programmes in South African Cities: 3-year report 2009–10 2010–11 2011–12.

SMEC. 2013. Mangaung municipality: Zibambele Poverty alleviation: Pilot programme and implementation plan.

Taylor, GA Bester, P Delius. 2003. Limpopo Province Labour Intensive Rural Roads Maintenance Programme (Gundo Lashu) Output to Purpose Review.

Tettey, C. 1990. A comparative study of labour intensive and capital intensive road works in the Bekwai Road District, Master of Science in Development Planning thesis, Kwame Nkrumah University of Science and Technology, Kumasi.

Van Oel, P. 2002. Improving Sanitation in Mohlaletse Village: Community based approach for the Employment-intensive construction of Sanitation facilities as part of the Mohlaletse Youth Service Programme, Master Thesis Civil Engineering, University of Twente, The Netherlands.

Van Rooyen. n.d. undated Implementation of EPWP, Mangaung municipality.

Water Research Commission. n.d. Public Employment: New Opportunities for Socially Useful Work. http://www.wrc.org.za/SiteCollectionDocuments/WRC%20PRESENTATIONS/Public%20Employment%20-%20New%20Opportunities%20for%20sociall%20useful%20work%20by%20Kate%20Philip.pdf.

Xaba G, and M Manicum. 2009. The KwaZulu-Natal Department of Transport's Zibambele Low Intensity Road Maintenance Programme. insitu-asphalt.com/wp-content/uploads/2009/.../12th-ILO-Zibambele.doc.

Interviews conducted

Arlyo, Ignatius Chief Director. DPW, 28 January, 2015, Pretoria.

McCutcheon, Robert. 14 January, 2015, Randburg.

Mohlakoana, Gloria Manager: Service Delivery Monitoring, Mangaung municipality, 15 January, 2015 (telephonic).

CHAPTER 8

PROMOTION AND SUPPORT OF SMALL BUSINESSES THROUGH THE EPWP

Anne Vaughan

With the advent of democracy in 1994, the South African government undertook to facilitate and support the development of small enterprises. The intention was to create employment and foster entrepreneurship, particularly among black South Africans; it being commonly accepted that small businesses create many more jobs than do large corporations.

The first measures to create an enabling environment for small enterprises were articulated in the White Paper on a National Strategy on the Development and Promotion of Small Enterprises in South Africa, in 1995. To consolidate these measures, a number of support institutions were established. In the twenty years since, institutional arrangements for the support of small businesses have been rationalised, and the range of support broadened. A national network of non-financial support has been put in place through the establishment of the Small Enterprise Development Agency (seda), originally under the auspices of the Department of Trade and Industry (dti). The Small Enterprise Finance Agency (sefa) was established to provide financial services. In 2014, government established a dedicated Ministry of Small Business Development.

Despite the commitment to promote and support the development of small businesses, challenges remain; and the outcomes of offering support have been disappointing. What needs to be acknowledged is that the structure of the South African economy renders the support of small-scale enterprises very difficult. As noted in the Global Entrepreneurship Monitor Report for 2014, South Africa has a very low rate of entrepreneurial activity for a developing country, only one-quarter that in other sub-Saharan countries. Despite very high levels of unemployment, the number of necessity-based business start-ups is low.

This is the context for the attempt made here to assess efforts to support and render sustainable small businesses participating in or exiting from the Expanded Public Works Programme (EPWP).

As a developing country, South Africa could be expected to have an entrepreneurial uptake of more than 10% of the adult population; in fact, the figure is much lower than this.

The objectives in this chapter are to outline how small businesses are being supported within the EPWP, and to evaluate both policy and practice. There is a twofold rationale for considering how the EPWP has dealt with small-business development in the past, and how it proposes to deal with it in the future. First, the establishment of sustainable small businesses is key to the EPWP approach to the creation of jobs over the longer term, and is an important means of assisting beneficiaries to exit the Programme. Second, the EPWP has a significant role to play in the National Development Plan.

The chapter begins with a reflection on the inhospitable business environment in which small businesses operate in South Africa. An overview of the literature is presented. The support for small businesses offered by the EPWP and through the EPWP's Enterprise Development Directorate is outlined and analysed, followed by a scrutiny of practice focused on flagship programmes. Policy and practice are then reviewed, and improvements are suggested. The chapter concludes with a synopsis.

The Anomaly of Small Business Development in South Africa

There is a considerable literature devoted to the anomalous situation of small business development here. As a developing country, South Africa could be expected to have an entrepreneurial uptake of more than 10% of the adult population; in fact, the figure is much lower than this (spb, 2013: 3). Also, the SME Growth Index Headline Results indicate that more and more firms are shedding staff (spb, 2015). There is a lot of other evidence that the sector is not performing well.

A longitudinal study offering a profile of small businesses in South Africa makes it evident that their success has a lot to do with the standard of education of the participants. In some degree, therefore, shortcomings in the education system can be held responsible for the poor performance of the sector: 'many young people enter the workforce without adequate academic or even cognitive training, and are unable to find work that would hone skills for a career as value-adding entrepreneurs' (spb, 2013: 3).

Spb also argue that policy-makers do not have a sufficiently intimate understanding of the sector: 'lack of empirical information has led to policy decisions that rely on anecdote, theory or ideology'. A better grasp, they suggest, would lead to more closely targeted policies and more appropriate regulations.

One of the most serious constraints facing small businesses is the excessive amount of red tape. This has a more damaging effect on them than it does on big businesses, which have the resources to accommodate its impact. The survey mentioned above asked which aspects of red tape affected small businesses most. It (2013) found that:

> *The top five account for some three quarters of responses. These are: inefficiencies in the South African Revenue Services; mandatory regulations; labour laws and regulations; Broad-Based Black Economic Empowerment; and municipal issues.*

The argument in the literature is not for deregulation but for more appropriate regulation, the probable effects of which have been thoroughly researched before the regulations are implemented. A correlative point is that greater efficiency in implementing policies is required. Inefficiencies add to the burdens of small businesses.

The creation of the Small Business Ministry (in 2011) could help improve the small business environment. However, this will depend on the Ministry's ability to acquire detailed knowledge of the sector, and put this to use in formulating appropriate policies and regulations (spb, 2014: 4).

(The theoretical position adopted in this critique falls clearly within the Market Development Paradigm; this will be explained in more detail below.)

The Department of Public Works Enterprise Development Directorate

During the first phase of the EPWP an Economic Sector to promote and support small businesses was introduced, with the target of establishing 3500 businesses. Lack of success with this approach – in some provinces, the Economic Sector was not even established – led to a rethink. From 2009, the Economic Sector ceased to exist as a separate sphere of intervention; instead, an Enterprise Development Directorate took its place within all sectors of EPWP.

In reviewing its mandate during Phase 2, this body identified a number of challenges. One was the 'survivalist' nature of many of the assisted enterprises, which meant they lacked the capacity to operate outside a protected environment. The flagship programme of the Directorate was the Cooperative Sub-Programme, which established 60 cooperatives throughout the country. Here, development and support were emphasized, but at the expense of ensuring long-term sustainability. Also, too much reliance was placed on the provision of business support through agencies, rather than through building up the internal capacity of the Directorate.

Consequently, there is to be a shift in an approach during Phase 3, with more emphasis on business viability and sustainability, and more focus on training and capacity-building.

The Policy Framework – Intended Approaches and Outcomes

The Policy states that training and capacity-building will be offered to eligible programmes identified on an annual basis, not to individual entrepreneurs. Development interventions will be more widely advertised and more firmly based on partnership relationships, will target public bodies beyond the well-known EPWP programmes, and will be better monitored through EPWP reporting systems.

It is envisaged that the Policy will serve to guide all those responsible for (or with an interest in) the provision of enterprise development within the context of the EPWP. In particular, it will constitute a framework for Enterprise Development Managers in the Enterprise Development Directorate, both nationally and provincially. It will also apply to the dti and those of its agencies that provide non-financial and financial services, and to provincial departments of economic development.

The Directorate is to be responsible for developing and updating training and capacity-building interventions; advertising Enterprise Development products and services; advising EPWP sectors and sub-programmes of Enterprise Development initiatives; and developing and implementing the annual Enterprise Development Business Plan in line with articulated needs.

A wide range of training and capacity-building materials will be derived from various sources. In some cases, the Directorate will enter into agreements with large programmes to provide training for contractors on those programmes. The work of the Directorate is to be based on an annual Business Plan, drawing on the support needs conveyed by sectors, programmes, or departments.

Fundamental to the capacity-building interventions will be an assessment of the operation and capacity-building needs of each enterprise. Enterprises will have developmental files with the Enterprise Development Managers. They will be monitored on a quarterly basis, and on the basis of this, the Enterprise Development Directorate will liaise with Programme leaders concerning remedial action. Each enterprise will be assisted to develop a business plan and company profile, and will be required to show evidence of registration on a government or private-sector database.

Training and capacity-building support will only be offered to enterprises and programmes that meet certain conditions. Ideally, they should have a duration of

It is envisaged that the Policy will serve to guide all those responsible for (or with an interest in) the provision of enterprise development within the context of the EPWP.

Fundamental to the capacity-building interventions will be an assessment of the operation and capacity-building needs of each enterprise.

at least twelve months. It is up to the programme to provide technical and project-management support. The Enterprise Development Directorate will monitor the support provided, and inform programme leaders and implementers of shortcomings. Remedial action will then be required, if enterprise-development support is to be continued. The programme should be registered on an EPWP reporting system. Only company owners will be provided with training, and only once official company details have been received. No worker training will be provided.

Mentoring and coaching will be provided by Enterprise Development Managers, and the Directorate will maintain a database of support drawn from each enterprise's development files. Sustainability indicators will be developed.

The Policy replaces any previous policy on enterprise development, and will apply to all enterprise development interventions under the umbrella of the EPWP. It is premised on wide consultation.

Additional insights on enterprise development policy in the EPWP can be gleaned from a presentation given at the Francis Baard Small Business Week (November 2014). It seems (for the information is not altogether clear) that each municipality should establish an enterprise development forum or committee drawn from all programmes supported by the Enterprise Development Directorate. The role of these committees is to report quarterly on enterprise development, in accordance with the annual plan. At national level, the Directorate is to report on performance to the lead sector meetings, the National Coordinating Committee, and National Treasury.

The Municipal Technical Support Committee will continue to support municipalities in the use of labour-intensive methods. A sub-programme (it is not clear which one) is to work on the institutionalisation of EPWP approaches within municipalities, by ensuring that tender documents, contractors, and consultants adhere to EPWP requirements. Training of officials and consultants in labour intensity will continue.

The small business development Policy mentions cooperatives only once. As noted above, the Cooperative sub-programme was the flagship programme of EPWP Phase 2. There is not much information on this. Judging from the mention of cooperatives in the policy document, a major concern is with sustainability. Another concern (and this applies to all small businesses) is that these entrepreneurs are job-seekers, and thus require a lot of support (telephone conversation with Irene Nematsatoni).[128]

128. Telephone conversation with Irene Nematsatoni, Director of Enterprise Development Unit, 20 March 2015

Policy Analysis

First, the broad characteristics of the Policy will be identified and described. Second, policy gaps, limitations, contradictions, and a number of unrealistic assumptions are pointed out.

It must be acknowledged that the documents drawn on may not yet have been finalised; however, a web search did not reveal any updates. It is important to note that the document containing the most detail – 'EPWP Policy on Small, Medium and Micro Enterprise' (October 2013) – is quite rudimentary. Evidently it is a work in progress; but its lack of clarity in many places is of concern, since it is intended as a framework and guide.

The Policy intended to guide the implementation of enterprise development in Phase 3 of the EPWP is highly interventionist. Despite the claim to a shift in emphasis, the approach is not innovative, but proposes a familiar set of interventions; it is not designed to assist very small or survivalist enterprises; and there are criteria for assistance that many programmes and small enterprises will not be able to meet. Each of these points is elaborated below.

The statement that the Policy is highly interventionist can be explained with reference to a range of possible approaches to enterprise development. Three can be identified. It should be noted that there are enterprises that fall outside the parameters of the approaches outlined here – for example, social enterprises facilitated through the Community Work Programme. First, a neo-liberal approach regards the free play of market forces as essential to the proper functioning of the economy. Businesses, including small businesses, should be left to function on their own.

Second, and in contrast, an interventionist (or Keynesian) approach adopts the premise that market forces cannot guarantee the just and equitable distribution of wealth. The state must therefore intervene with policies imposed from above to correct the inequitable distribution arrived at by unimpeded market forces (Torppa: 8-9).This is clearly the thinking that underpins the policy on SMMEs emanating from the EPWP Enterprise Development Directorate.

Third, there is a market-development approach (MDA). According to Lusby (2006: 346), this encompasses strategies that promote market-based and sustainable solutions to the constraints and opportunities facing small enterprises. MDA resembles neo-liberal economics in seeing the market as the key to social well-being; it therefore opposes any 'distortion' of market forces (Torppa: 10-11). But it also resembles Keynesian interventionism in advocating state intervention, because it recognises that market forces cannot bring about social well-being unassisted.

MDA focuses on how markets operate, on their limitations, and on how to overcome these limitations (10). The MDA concept of facilitation involves the idea that intervention by the state and the donor community should not take the place of market competition, but complement it. This implies that government and donor agencies

Although the Policy of the Directorate indicates a shift towards more focus on business viability and sustainability, the proposed interventions are disappointingly run-of-the-mill.

act in sympathy with market forces, rather than being hostile to or suspicious of them. In addition it implies a detailed understanding of market operations, and a readiness to collaborate with other stakeholders on the basis of pooled skills and knowledge (Torppa, drawing on Hitchins: 18; Orford, 2005: 26).

This chapter argues that the Enterprise Directorate in the EPWP could be more effective in promoting and supporting SMMEs if the Policy were to shift towards an MDA approach. This argument is in accord with that advanced in much literature on the subject, which points to the bad effects of overregulation on small enterprises (see for example the Global Entrepreneurship Monitor Annual Reports – http://www.gemconsortium.org/country-profile/108). To counteract such effects, it is suggested, a less interventionist (although not unregulated) approach to economic development should be adopted.

Although the Policy of the Directorate indicates a shift towards more focus on business viability and sustainability, the proposed interventions are disappointingly run-of-the-mill. It is of concern that the conception of what should be done to support small enterprises is narrow, and remains within conventional parameters; for example, that training will build capacity in and of itself is taken as a given.

The Policy is aimed at supporting enterprises that are formal or can formalise quite rapidly, and this implies the targeting of more substantial enterprises. This makes sense, in that the Directorate lacks the capacity to assist myriads of informal businesses that do not have the resources to operate within a broad market environment.

Given the criteria for support, and bearing in mind that workers are excluded, it is likely that relatively few EPWP participants will qualify for assistance. Clearly, a choice is being made here, but it seems sensible to focus resources where they are likely to have the most impact.

Now to turn to gaps, limitations, contradictions, and unrealistic assumptions. There is a strong emphasis on building partnerships and working in tandem with other departments and institutions. However, this is not spelled out. It is concerning to read that during Phase 2 there was over-reliance on business support agencies (whether government or private-sector agencies is not made clear). The implication is that capacity to support selected or qualifying enterprises should be internalised within the Directorate. A more effective approach would surely be to use a system of referrals drawn from government and private-sector support networks. Replicating roles and responsibilities is wasteful.

> **As is recognised in the Policy, thought must be given to how cooperatives will be able to sustain themselves through becoming viable businesses.**

As noted above, the presentation on the Policy states that an enterprise development committee or forum should be established in each municipality. This suggests an upward reporting line to national institutions and departments. However, there is no indication of how this committee will fit into the framework of municipal structures and functions, how it will relate to procurement and tendering, or to local economic development units or personnel, and to planning; or how enterprise development will be reflected in Integrated Development Plans. Many municipalities have small-business strategies as part of their local economic development plans. What will be the role of the proposed committees and of the Directorate in effecting such strategies? In short, much more thinking is required on how the Directorate could interface at municipal level.

A further issue is capacity at local-government level. Municipalities struggle to fulfil basic mandates such as service delivery; is it realistic to devolve a further responsibility and reporting requirement on them?

The Policy stresses the need to base interventions on proper diagnostics. To determine the training and capacity-building required, the capabilities and needs of small enterprises will be established. This seems to be doubly contradictory. First, only some of the training materials will be designed in-house; use will also be made of already existing training programmes. Secondly, training will be offered not to individual entrepreneurs, but to groups of (at least five) businesses. This suggests the use of generic training materials. A contradiction emerges, between the assessment of specific needs and the use of generic training materials.

The implications of this are that more thought needs to be given to Policy principles, as well as to implementation. Suggestions are made in Section III below.

Lessons learned from other research (MXA, 2009) suggest that the establishment of sustainable cooperatives requires intensive institutional as well as technical training, which is costly and time-consuming. The rate of failure among cooperatives supported by the KwaZulu-Natal Department of Economic Development has been found to be a staggering 97%. Indications from previous studies suggest that the establishment of formalised groups poses a challenge. Those set up to meet the objectives of a specific government programme (as was the case in the study referred to above) will almost inevitably fail. Preparatory work should involve intensive community engagement, including the identification of existing groups and structures which may serve as a foundation for new enterprises. As is recognised in the Policy, thought must be given to how cooperatives will be able to sustain themselves through becoming viable businesses.

What should be done within the Enterprise Development Directorate?

Reviewing Policy

The existing Policy for the creation and support of small enterprises during Phase 3 of the EPWP should be revisited. Its orientation and shortcomings have been outlined above. One major problem is that the Policy is not responsive to the current environment for small-business creation and support. It was drafted ahistorically, and in some respects might as well have been formulated prior to the transition to democracy in 1994. Government needs to review the legislation and regulations that impinge on small businesses, to ascertain exactly what impact they have. This should not lead to deregulation, but rather to adjustments, ensuring that the regulations do not place an unwarranted burden on small enterprises but foster an environment in which they can prosper. It is beyond the bounds of the Directorate to achieve this, although it can lobby for such adjustments.

So what can the Directorate do within the compass of its present mandate? Although training of small enterprises to compete in the market is mentioned, in reality the Directorate thinks of intervention as providing access to projects within the ambit of the EPWP. It must broaden its perspective to include collaboration with the private sector in identifying opportunities for trained and capacitated small businesses. Achieving this will mean entering into new partnerships. Given the suspicion with which government and private enterprise regard each other, this may not be easy to achieve. However, this barrier must be overcome if progress is to be made.

Other shifts in orientation are suggested by this analysis. The Directorate needs to overcome the contradiction between the individual diagnosis of companies and the generic use of training materials. It must also clarify its institutional location of support for small enterprises. Also, the proposed relationship with municipalities needs attention.

The internalisation of support to small enterprises must be revisited. Coordination across agencies may be better than the development of internalised capacity, since the latter could well lead to the creation of parallel and competing functions. This coordination will demand outreach to other departments, as well as drawing in private-sector business-development agencies.

Reviewing Practice

As already noted, the Directorate's intervention amounts to little more than training (considered to incorporate capacity-building). Could it do more? On its own, the answer is no; in partnership, much more could be done. Small businesses could be assisted to identify and access markets through liaison between the Directorate and private-sector businesses. There are examples of good practice in promoting small

businesses in the private sector: for example, the South African Breweries (SAB) Foundation Trust and Anglo American's Zimele Programme. Through SAB Zenele, in excess of 42 000 new shareholders and beneficiaries have benefited since 2010. The SAB Foundation Trust supports entrepreneurship projects. The Anglo American Zimele Programme, founded 26 years ago, aims to help previously disadvantaged South Africans to establish their own small businesses through funding and support.

The Directorate could also link with corporates in the infrastructure sector to negotiate opportunities for contractor companies exiting the Vuk'uphile Programme. In general, larger established businesses should be encouraged to enter into contractual relationships with small businesses for the provision of goods and services.

Effective liaison could mean lobbying local government for the provision of essential facilities such as operational space. The Directorate could engage with municipalities on the question of procurement. Large construction projects could be broken up into smaller elements that are 'do-able' by small enterprises. It would probably be more useful to compile a small-business database at local-government level than for the Directorate to draw up its own, as envisaged in the Policy (many municipalities already have such a database in place). The Directorate could play a role in ensuring that current databases are up to date, and that municipalities that do not have this support mechanism address this deficiency as a matter of urgency.

Conclusion

After the small-business policy of the Enterprise Development Directorate was subjected to close scrutiny, the conclusion was reached that the Policy is firmly located in an interventionist paradigm. The approach of the government to supporting small businesses has remained essentially the same since the 1980s. The Global Entrepreneurship Monitor Report (2014) sums up the situation:

> *A good infrastructure and banking system are the biggest enablers of entrepreneurship in South Africa. Major constraints are an inadequately educated workforce, inefficient government bureaucracy, high levels of crime, and onerous labour laws.*

There is no evidence that the Policy has taken into account the hostile business environment within which small businesses operate. It is sanguine about the efficacy of the conventional approach – capacity-building through training – that it promotes. A reassessment of legislation and regulations lies beyond the scope of the Directorate's mandate. The Directorate would have greater success in promoting and supporting small businesses were a market-development approach to be adopted. This means appreciating the need for well-targeted regulations, broadening the concept of partnerships, and exploring possibilities for partnering with private-sector interests in finding opportunities for small businesses exiting EPWP programmes.

References

Department of Public Works: Enterprise Development (2013). Available at: http://www.epwp.gov.za/cross_enterprise.html

Econologics Africa. 2012. The Impact Assessment of the Effectiveness of the Vuk'phile Contractor Development Programme. Prepared for the Department of Public Works.

Expanded Public Works Programme (EPWP) Enterprise Development Directorate. 2014. Expanded Public Works Phase III (2014/2015-2018/2019). Enterprise Development Handbook.

EPWP Enterprise Development Directorate. 2013. EPWP Policy on Small, Medium and Micro Enterprises.

EPWP Newsletter. 2013. Passenger Rail Agency of South Africa (PRASA) and the Expanded Public Works Programme Form Cooperatives.

EPWP. 2014. Presentation on EPWP Phase III Enterprise Development Policy Framework. Presented at the Francis Baard Small Business Week.

EPWP. n.d. Vuk'uphile Learnership Programme Brochure.

Global Entrepreneurship Monitor. 2014. An alarmingly low level of entrepreneurial activity in spite of high unemployment. Available at: http://www.gemconsortium.org/country-profile/108

Johnston S et al. 2004. A Key to Growth: Supporting South Africa's emerging entrepreneurs. *Centre for Development and Enterprise Research Report 12*.

Lusby F. 2006. Useful Principles for Adopting a Market Development Approach for Enterprise Development Organizations. *International Journal of Emerging Markets* 1 (4).

McIntosh, Xaba, and Associates. 2008. Analyse the Impact, Achievements and Challenges of the Co-operatives and SMME Programmes Consultancy Report for the KwaZulu-Natal Department of Economic Development.

Orford J. 2005. The Role of Provincial Governments in Supporting Small Enterprise Development, *Trade and Industrial Policy Strategies (TIPS),* Working Paper 8.

Rogerson C. 2005Johannesburg: Pro-Poor Growth through Support of the SMME Economy SMME ECONOMY arch paper. Available Online: http://siteresources. worldbank.org/INTLED/Resources/339650-1144099718914/ProPoorJohannesburg.

Torppa R. 2006. A Market Approach to Small-Scale Enterprise Development in South Africa. Master of Management Research Report, University of the Witwatersrand.

Vaughan A and Payne A. 2002. A Strategy to Mobilize and Develop Small Business in Cato Manor, Report for the Cato Manor Development Association.

Department of Trade and Industry. 2005. Integrated Small-Enterprise Development Strategy – Unlocking the potential of South African entrepreneurs. Available at: www.thedti.gov.za

The dti n.d. Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises. Available at: www.thedti.gov.za

SBP (Business environment specialists). 2012. SBP alert – Current state of legislation in South Africa. Available at: http://www.sbp.org.za/uploads/media/SBP_Alert_-_Current_state_of_Legislation_in_South_Africa.pdf

SBP. 2013. SBP alert – Developing a new path for SMEs in South Africa, SBP Alert Issue Paper 1. Available at: www.sbp.org.za.

SBP. 2014. SBP alert - examining the challenges facing small businesses in South Africa. Available at: http://www.sbp.org.za/uploads/media/SBP_Alert_-_Examining_the_challenges_facing_small_businesses_in_SA_01.pdf

SBP. 2015. SBP alert - sme growth index headline results. Available at:http://www.sbp.org.za/uploads/media/SBP_Alert_2_2015_SME_Growth_Index_Headline_Results.pdf

CHAPTER 9

A REVIEW OF TRAINING IN THE EPWP

Dr Doreen Atkinson & Mark Ingle

The Expanded Works Programme (EPWP) was ten years old in 2014. A major assumption built into its founding rationale was that it would serve as a conduit between joblessness and gainful employment. It was to function as more than a transitional safety net, because there was to be a value-added component that would differentiate EPWP 'graduates' from the run-of-the-mill unemployed: namely, skills acquisition achieved through a combination of formal and on-the-job training.

Even by the most charitable reading of the available literature, it has to be said that the training outcomes envisaged for the EPWP have not been realised (Mid-Term Review (MTR), 2013). This failure can be linked not so much to 'mistakes' (which could easily be rectified) having been made, as to fundamental misconceptions about the role that training could play in the South African context. Meth (2011: 5) observes that:

> *in South Africa the implementation of welfare-to-work policies such as one finds in the UK is impossible. This is so because of (a) the absence of the jobs into which the unemployed and economically inactive may be placed, and (b) the absence of the resources (institutional and human) to place them, even if such jobs existed.*

In light of this, Meth (45) suggests that: 'The question of whether or not it is sensible even to attempt to link training with short-term employment creation needs to be thoroughly aired.' This suggestion is taken up here.

This chapter draws on a survey of numerous sector-specific case studies (in postgraduate theses), on the Final Phase 2 Mid-term Review, and on the more general scholarly literature. It begins with an introduction aimed at establishing distinctions between training, tuition, and workplace experience. It then raises the problem faced by the EPWP of beneficiaries being reluctant to leave the programme. This leads to a description of specific operational challenges, revealing the need for more in-depth research. The chapter closes with suggestions for the future trajectory of training in the EPWP.

Training in the EPWP

Training in PWPs can have various dimensions, formal and informal. It is not simply a question of transferring technical skills; although, of course, that is very important. However, what is also important is to break the cycle of disempowerment that accompanies joblessness: 'Unemployment is typically associated with the depreciation of skills, motivation and work habits. By employing those who might not have been employed and by offering training and education, PWPs can help to maintain or even appreciate human capital' (Moeti, 2013: 22). Informal training involves valuable exposure to the 'world of work', through which individuals acquire self-esteem, and through which social networks are built and extended. However, there has been little research specifically focused on the effectiveness of the training and work experience offered.

The Department of Labour (DoL) is responsible for training in the EPWP through the various sector education and training authorities (SETAs). The EPWP Training Steering Committee, which consists of representatives of the EPWP sector coordinating departments, DoL, the South African Qualifications Authority (SAQA) and the SETAs, oversees training initiatives and learnerships. It has developed a standard 10- to 12-day training course for those workers in short-term employment in the Infrastructure and Environment and Culture sectors. This provides workers with general life skills, awareness and understanding of HIV/AIDS, labour market information, and information about EPWP exit opportunities (EPWP, 2005a).

Because 'training' is frequently used as a catch-all term in the EPWP literature, it is necessary, in the interests of clarity, to draw distinctions – such as that between 'tuition' (a formal type of training) and 'work experience' (a broader, more informal category of learning). It is possible that the EPWP may not be equally successful in both these types of training. The EPWP also offers various levels of training, such as management training (for emergent contractors), skills training (for beneficiaries and contractors), and life-skills training. Here, once again, it is possible that different degrees of success may accompany these different levels of training.

According to the MTR of Phase 2 (2013: 28), 'The aim of the Expanded Public Works Programme is to bring the unemployed into a temporary working environment during which time they will obtain skills, work experience and receive a stipend to enhance their chances of future employment.' This implies that the EPWP is a stepping-stone between unemployment and (non-EPWP) employment. The training that should be of primary concern here, then, is that which increases beneficiaries' chances of finding employment (either self-employment or employment through the labour market).

> **The intention of the EPWP is that the experienced and trained beneficiaries should get alternative employment.**

The problem of beneficiaries' reluctance to exit the Programme

The intention of the EPWP is that the experienced and trained beneficiaries should get alternative employment (McCord cited in Hough, 2010: 26). In 2002, in the context of the then-PWP, government regulations required that there be a definite 'exit strategy' for beneficiaries; that is, those who had participated in the project for more than two years in a project cycle of five years (Hough: 41).

According to Hough (4), the available evidence indicates a reluctance on the part of beneficiaries to exit EPWP programmes, and: 'raises questions about whether they perceive the employment provided by the programmes as temporary, or rather as an alternative to searching proactively for non-governmental employment'. One explanation for this could be that they do not believe that they will find a suitable job outside the Programme.

The MTR (10) reiterates the point several times that continuous reemployment is taking place, and that, for example, the 'majority of the beneficiaries have been employed in the programme for more than three years'. It would appear that the EPWP's steady mutation from a short-term strategy to a long-term one (Meth: 44) is being shadowed by a parallel progression from short-term to long-term employment. The compilers of the MTR stress their inability to assemble a 'representative' sample of beneficiaries (34-36), but even given this disclaimer, the fact is that something has gone radically awry with the EPWP's original aim. If this trend continues, it will threaten to undermine the very rationale of the EPWP.

If it is indeed true that most beneficiaries have been in a programme 'for more than 3 years', then this implies that they are being trained to remain within the programme rather than exit it. Another indication that EPWP jobs may have degenerated into sinecures is the growing concern among EPWP managers 'that EPWP workers would go on strike for higher wages' (MTR: 68). This suggests an alarming disconnection between the stated intentions of the Programme and beneficiaries' expectations. There is even some confusion as to whether certain projects are or are not EPWP programmes, some apparently being opportunistically endowed with EPWP status to boost employment numbers and meet targets, or to justify lower wages (118). So it is not surprising that beneficiaries themselves are confused.

> **If it is indeed true that most beneficiaries have been in a programme 'for more than 3 years', then this implies that they are being trained to remain within the programme rather than exit it.**

In the infrastructure sector, the EPWP aimed at strict selection to ensure that participants had the likelihood of succeeding.

Much of what is described as 'training' seems not the kind of training originally envisaged – training with a view to exit from the programme. Furthermore, the MTR appears to have only a hazy understanding of the content of this training. But if a standardised module is delivered per work opportunity, and if 'the average work duration seem[s] to have stabilised around 70 to 72 days' (MTR: 102), then many beneficiaries (who have been in the EPWP for more than three years) will have been exposed to the same training up to 15 times over. At least one case study shows that something like this is happening. A study of the Eden District found that: 'The only training which is prescribed is life skills, resulting in some beneficiaries receiving the same training 5 to 7 times in the past 5 years. Then, because no on-the-job training was done, they had to rely on others to show them what to do' (Laattoe, 2014: 43).

Key issues to do with EPWP training

Here, a broad analysis is provided. There is a need for more detailed research into each of the issues raised (which cut across EPWP sectors). The questions below could be understood as suggesting a future research agenda, the outcomes of which should inform future policy debates.

How are trainees recruited and selected?

There are different criteria for recruitment and selection, based on a distinction between different types of training: for contractors/supervisors, and for manual labourers/service workers.

In the infrastructure sector, the EPWP aimed at strict selection to ensure that participants had the likelihood of succeeding. The goals of the contractor learnership programme are set out in a guideline entitled 'EPWP – Learnership Programme: Mentor Terms of Reference' (Mayombe, 2009: 50):

- To provide a contracting entity able to sustain itself in the open market.
- To provide a contractor with experience in labour-intensive construction technology.
- To provide a contractor able to operate both locally and further afield, and
- To establish contractors who will be able to tender for, build, and maintain low-volume roads, etcetera, using labour-intensive methods.

The learners in this programme would clearly be selected according to their ability to become entrepreneurs. In addition, however, a further set of criteria was applied by the DPW (51):

- At least 85% of those selected must be historically disadvantaged.
- At least 50% must be women and/or disabled.
- At least 50% of the learners must be youth.
- Those applying as contractors must provide proof that they have at least 51% ownership of a registered business, along with a valid tax clearance certificate.
- Those applying as higher-level supervisors must have at least Grade 12.

Such criteria could have unintended consequences. For example, younger candidates with no business experience could apply as *supervisors* (63). Also, contractors came largely from the urban areas, because of the requirement of previous business experience, while rural people had more scope to apply as supervisors, because previous business experience was not a requirement.

The recruiting method also affected the selection process. Project managers in the eThekwini Programme recruited from the newly-qualified students from technical colleges. This means that although the candidates had a range of employment experience (almost half being unemployed, while the rest were either self-employed, semi-employed, or fully employed), they had all received a technical college training (66).

There were over 1500 applications for the 17 training opportunities, indicating massive demand. The trainees very probably experienced the process as rigorous and prestigious, which may have increased their desire to learn and perform. Shortlisted candidates were interviewed, and assessed on their qualifications, experience in construction, skills, and personal qualities (70). The aspirant contractors had to supply extensive documentation (71). All this suggests that potential trainees would already have been knowledgeable, alert, and registered with various formal institutions, and not people who had simply 'walked in off the street'. In general, the EPWP *Contractor* Learnerships do not specifically target the unemployed or unskilled; unskilled people are targeted as *Workers* in the EPWP (DPW, cited in Mayombe: 51).

In general, where applications for contractor training are concerned, the requirements are relatively stringent, with assessment covering a range of abilities (financial and entrepreneurial) and skills (linguistic and numerical). The selection of worker beneficiaries is very different. Here, the process has been described as 'haphazard, fragmented and not very coordinated' (MTR: 95). It is also possible for this process to

There were over 1500 applications for the 17 training opportunities, indicating massive demand.

be distorted by local political conflicts, or to be patronage-driven, by (for example) councillors or ward-committee members (115). This makes it less surprising that in a programme where beneficiary employment is intended to be temporary, so many beneficiaries extend this employment into the long term. It seems that political factors may well play a role in overriding the initial requirement for people to exit the programme.

Is the opportunity for training an incentive to join an EPWP project?

Hough (81) found that some of the perceived advantages of the EPWP included favourable working hours and remuneration, as well as the provision of training. But desire for training need not be the main reason for attending training courses. Giqwa (2011: 91) found, in the context of environmental training in a very poor community in northern Transkei, that according to the facilitator, the stipend paid to participants provided a stronger incentive than the benefits of the training itself.

This raises the question of how much real interest those receiving training have in acquiring new skills and knowledge. There will those who have a genuine thirst for training and a real desire to achieve a qualification, and those for whom training is merely a tedious formality. While it may not be easy to identify these quite different motivations, doing so could be crucial to the success of training, and some effort needs to be made in this direction. There is simply not enough information on the methods adopted by front-line officials and Public Bodies in selecting and incentivising trainees. Neither is enough known about the possible unintended consequences of their approaches to selection.

Is training actually offered?

Many projects are too short-term or small to enable effective integration of training and work. There are also built-in tensions between the need for training and the need for delivery.

In a study of EPWP infrastructure projects in the Western Cape, Laattoe (35) drew attention to the observations of a key consultant interviewee:

> *In his lengthy experience of conducting assessments, technical training was never offered separately and was always done on the job, because of tight timeframes. The same applied to life skills training, which was hardly ever offered. The lack of commitment to training was evident in the consultant's assertion that while training has a budget, in many circumstances a contract variation order occurs in terms of which the training funds are used elsewhere.*

There will those who have a genuine thirst for training and a real desire to achieve a qualification, and those for whom training is merely a tedious formality.

An alarming case is that of the award-winning Zibambele Road Maintenance Programme in KwaZulu-Natal. A 2011 case study near Pietermaritzburg found that at least three-quarters of participants had never been trained.

> *Significantly, in the experience of the consultant, no role-players, including client Departments, had ever raised concerns around training. The implication of this situation is that a key objective of the EPWP, namely the training of targeted persons, is not being met; and hence, the objectives of poverty alleviation remain unmet.*

The evidence provided here is in stark contrast to the aims associated with training in EPWP guidelines.

Laattoe (37) also describes the experience of a senior Provincial official involved in administering the EPWP infrastructure programme in the Western Cape:

> *In the initial Phase 1 of EPWP, the training of participants was mandatory. Problems in relation to the timing of training occurred since the Department of Labour was responsible for the procurement of training. The actual training would often occur once the project was completed. Due to this, Phase 2 of the EPWP required training only where it was required by the nature of the project. The budgets for training and the procurement of training services were run by the implementing bodies themselves. The respondent asserted that because of the reduced focus on training, there is no additional training offered that could enhance the prospect of employment [emphases added].*

Other studies also point to a poor record with regard to the provision of training. In an EPWP project in Phongola in Zululand, only 47% respondents reported receiving training (Khanyile, 2008: 80). Some Working for Water (WfW) projects provided no training at all (CASE, 2007: 45). The WfW programme makes provision for 'Peer Educators' to provide information on the prevention of HIV and AIDS, distribute condoms, and offer basic counselling. In a study of projects in the Tzaneen area, Mangoale (2009: 28, 107) found that in contravention of Programme regulations, not all projects had such Educators.

An alarming case is that of the award-winning Zibambele Road Maintenance Programme in KwaZulu-Natal. A 2011 case study near Pietermaritzburg found that at least three-quarters of participants had never been trained (Ngubane, 2011: 63). The participants felt that they had no skills and would therefore never willingly leave the programme. In fact, if a participant died, someone from her family would take her place.

In 2007, the MTR found that the capabilities of SETAs and other NQF training providers had been greatly overestimated; their service delivery was poor

The administrators of the programme were compromised by having an impossible workload (52 officials had to deal with over 40 000 contractors), but were reluctant to report the difficulties they experienced because of how celebrated the programme had become. Their 'hushing up' of problems is therefore another example of unintended consequences (67).

These depressing findings contrast strongly with the successful efforts of the eThekwini Municipality. A construction learnership programme was launched in November 2004, and concluded in July 2008. A total of 24 construction companies were formed during the process of the programme implementation. Nineteen of these companies still survived in 2009 (the owners of the other five had died). Another positive feature of this programme is that it targeted unskilled and previously unemployed learners, as well as skilled or employed people.

How is training funded?

Under the Tshwane Metro Municipality's community empowerment policy, training was intended to be provided through the project budget or the National Skills Fund (NSF) from the Department of Higher Education and Training, in partnership with the DPW. Workers would be paid a daily allowance by the contractor (included in the project cost) while attending training (Moeti: 20).

The learners involved in eThekwini's Vuk'uphile Construction programme were granted bursaries from the NDPW that covered their fees, and were given stipends for transport and meals. Each learner received R50 per day or R1 000 per month for subsistence (Mayombe: 74). They also earned wages during the programme, although some claimed that these were not sufficient to cover their travel and subsistence costs.

There are questions that need answers: Are the training budgets sufficient for effective training? Are some costs passed on to beneficiaries? Do these act as a self-selection mechanism with regard to applications for learnerships? Do the costs contribute to the drop-out rate? Not enough is known about the practical experiences of trainees and the effect these issues have on the learning process.

How are trainers selected, recruited, and trained?

In 2007, the MTR found that the capabilities of SETAs and other NQF training providers had been greatly overestimated; their service delivery was poor (HSRC, 2007; Heradien, 2013: 15). This resulted in high proportions of unaccredited training in the EPWP.

In a study of HIV/AIDS Peer Educators in the WfW Programme in the Tzaneen area, Mangoale noted that although diverse channels for the application process were available (including various databases), about a third of the Peer Educators seemed to have had very limited awareness of this. Mangoale concludes that: 'It seems as if the link between the databases and the application process is not clear' (Mangoale: 94). Seventy-three percent of contractors said that they themselves selected the Peer Educators (108). More study needs to be done on this question.

The actual employment process also seems to leave much to be desired. Patronage can play an unwanted role. In WfW, only 11% of Peer Educators were employed after being interviewed: 14% through nominations, 26% through elections, and 23% through family connections. In all, 89% were employed either through means not specified in the WfW Norms and Standards, or in non-compliance with them.

The training of trainers is yet another area requiring attention. WfW Norms and Standards stipulate the types of training Peer Educators should undergo, such as in HIV and AIDS awareness (Mangoale: 119). In fact, only 46% attended HIV and AIDS awareness training, and a very much smaller percentage attended the other types of training. And the WfW programme is a comparatively well-managed one!

With regard to other sectors of the EPWP, the same questions need to be asked. Has training been captured by local elites – ranging from traditional leaders to consulting engineering companies? And if so, what effects does this have?

Do EPWP beneficiaries gain practical skills?

Giqwa (2011) conducted a study of workplace learning by EPWP beneficiaries in a deep rural Eastern Cape nature reserve. Some shortcomings emerged. For example, some learners received classroom training, but then were not employed on a project; not all topics in the course outline were actually taught; and those who had been out of school longer struggled to understand even basic concepts (93, 109, 128). On the other hand, important skills were also acquired, both practical and of a higher order, such as judgement and decision-making, learning to work in groups and share information, and learning to speak effectively in public (112). Learners also learnt how to form stronger relationships with the communities neighbouring the park (118).

A Research Surveys study in 2004 found that some respondents, at least, considered the training they received as having enabled them to master skills they needed to perform specific tasks in their WfW work (Hough: 43).

A Research Surveys study in 2004 found that some respondents, at least, considered the training they received as having enabled them to master skills they needed to perform specific tasks in their WfW work.

The current Monitoring and Reporting system only collects data about person-days of training provided; it is not geared to providing nuances and insights.

Are the training methods appropriate?

Beneficiaries differ widely, from the literate to the unschooled, and from those with or without practical experience or previous training. This makes determining the right kind of training methods a daunting task.

In this regard, there is an anomaly in the MTR that warrants investigation. It is claimed that: 'most of the beneficiaries fall into the category of the poorest of the poor and have very little if any literacy or numeracy skills' (MTR: 95). Yet according to a sample of beneficiaries polled in 2004, 44% had matric and a further 46% some high-school education. There is a serious contradiction here. Either the majority of beneficiaries are not nearly as poorly educated as is claimed, or the education system is even worse than its critics assert. (It should be said that the above sample was not entirely representative, but this points up another failing in the Programme, which is the limitations of the database used to compile the sample.) Obviously, the degree of literacy and numeracy skills among the beneficiaries will have important implications for the nature of the training they should receive.

The Vuk'uphile programme provides a positive example of EPWP training. Almost 90% of the participants felt that the process had improved their levels of skill and confidence, although there was some dissatisfaction about the number of mentors available at the worksites (Mayombe: 77, 80). Almost all of the trainees had found employment or contracts within the first year after exiting the EPWP (82). On the other hand, when Buch and Dixon assessed four WfW projects in the Western Cape, they found the training too advanced for the low levels of literacy among the programme's beneficiaries (cited in Hough: 43).

Different programmes and projects within the EPWP ambit may well have achieved some success with their training efforts. The current Monitoring and Reporting system only collects data about person-days of training provided; it is not geared to providing nuances and insights. Consequently, there is a real need for interaction between EPWP planners and managers to figure out what works, why, when, and for whom. In particular, career-tracking of post-EPWP beneficiaries is critical – from a qualitative and quantitative viewpoint – to assessing the usefulness of the training they received on the programme.

Would the beneficiaries prefer different kinds of training?

Giqwa (94) found that the skills programmes offered need to be explained more clearly to learners, because they tend to be attracted by the names of programmes without understanding their content.

In the study of WfW in Tzaneen already mentioned, Mangoale (2009:77) discovered that nearly all beneficiaries (96%) believed they should have more say in identifying training needs – generally, it was the project manager or the contractors who did this (79). All the same, when the great majority of trainees were involved in evaluating the programme at completion, 92% agreed it had been useful.

What is the role of Life Skills and HIV training?

In 2003, the WfW Workplace HIV and AIDS Policy was developed for its beneficiaries. Peer Educators were trained (or supposed to be trained: see above) in a variety of topics: HIV/AIDS awareness, peer-educator skills, basic counselling, health and safety, and first aid. Mangoale (62) found that beneficiaries in the Tzaneen area were typically given awareness sessions on these topics once a month, and at least half found these sessions highly satisfying (64).

This is only a glimmering of what could be achieved with the Life Skills programme. For many beneficiaries, this may be their first exposure to meaningful advice on some of the most difficult challenges facing them. This is another area where more research of a qualitative kind is required.

Do the beneficiaries receive training certificates?

Certificates can play an important role in providing tangible confirmation of training completed, and so help instil a sense of pride in achievement. They can also afford valuable proof of credentials to be presented to prospective employers. In a study of four WfW projects in the Western Cape, Hough (98) found that the training component tended to boost the beneficiaries' confidence in their own employability, for these very reasons. What needs to be done is to reconcile certificate-based training with the practicalities of on-the-job experience, and the construction sector and WfW seem to be achieving some notable successes in this regard. On the other hand, the issuing of certificates can easily be linked to bribery and fraud.

Does the training assist trainees to enter post-EPWP employment?

'At its core, the EPWP's main objective is to provide income and training to enable people to move into other work (exit) through provision of infrastructure and services' (Moeti: 14). But in fact, in Phase One only 19% of the EPWP training targets were met (26).

In North West Province, Moyo (2013) found that while the training provided in the Modimola Integrated EPWPs had some uses, it did not enhance the employability of beneficiaries on exit. The same finding emerged from a study of EPWP in eThekwini Metro Municipality, where a survey of local officials, community members, and contractors found that only 40% believed that trainees would be able to sustain themselves in the local economy after exiting the EPWP (Mkhize, 2011: 34).

However, an important factor is the career trajectory of the beneficiaries. According to Hough (98), those who had been unemployed before entering the EPWP tended

to be sceptical about finding work after exiting. On the other hand, those among the interviewees who took a more positive view had generally had other employment before working for WfW.

Recommendations and Future Prospects

EPWP Phase 3 envisages an improved focus on training through collaboration with FET Colleges and other institutions, in an attempt to improve the quality, accessibility, frequency, and credibility of training courses by offering accredited training. On the other hand, training will still be linked to the scope and duration of projects, so there is no sure guarantee that appropriate training will occur. There is, furthermore, a recommendation that 1% of the EPWP project budget be assigned to training (Laattoe, 2014:45).

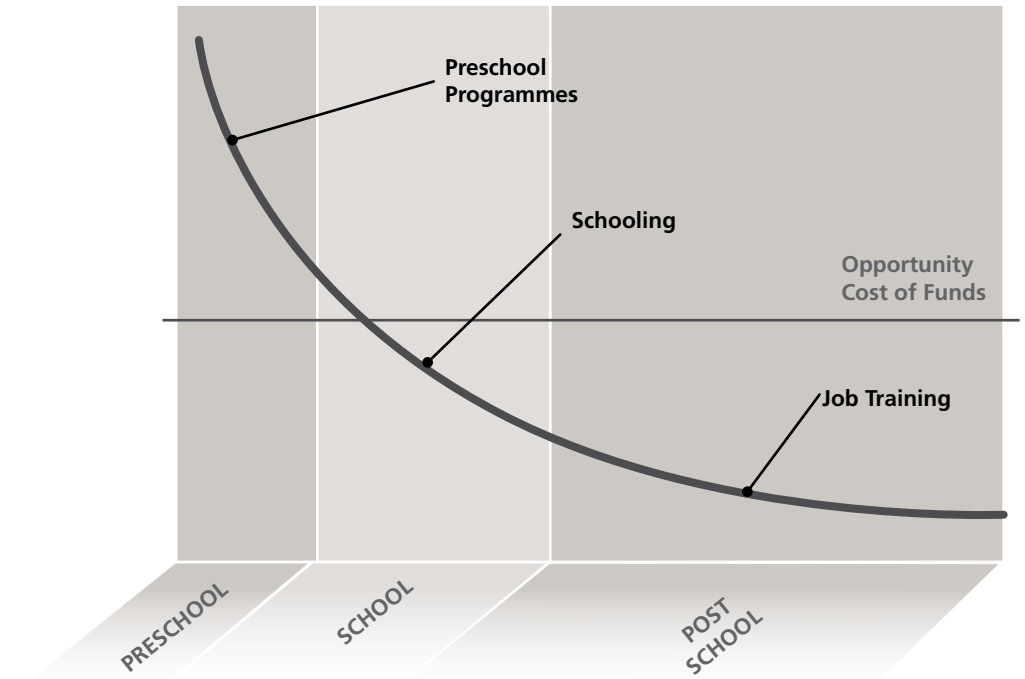
A distinction that needs to be borne in mind is the one between the informal training that is part of any job, and formal classroom-based training (or implicit and explicit training). The latter is what can be demonstrated: 'hard' skills, such as how to operate a jackhammer or recognize an invasive weed. However, in addition there is a whole range of collateral skills not formally acquired, but unconsciously absorbed. Examples of this are teamwork, punctuality, self-esteem, and self-discipline. Because they cannot easily be measured, these skills are often undervalued, and yet they may constitute the most important 'training' of all. Therefore it is all the more regrettable that beneficiaries who have already enjoyed multiple work opportunities are permitted to crowd out those who have not yet been exposed to a single work opportunity.

There is another issue that needs to be raised, and that is the difference in effectiveness between early education and education at a much later stage. It is a well-established fact that the return on investment for adult education (job training) is very low when compared to pre-school education. The opportunity costs of the training of adults are high, and in an environment where the supply of effective training is constrained, this raises serious questions about the long-term efficacy of providing any more than on-the-job training in the EPWP. On the other hand, the social sector of the EPWP has a large Early Childhood Development (ECD) component. Effective training in this context, capable of producing practitioners with a genuine vocation, could have far-reaching 'multiplier effects'.

The opportunity costs of the training of adults are high, and in an environment where the supply of effective training is constrained, this raises serious questions about the long-term efficacy of providing any more than on-the-job training in the EPWP.

Figure 9.1 arouses concern about endorsing any kind of upscaling of EPWP training other than that allocated to ECD. For a fuller treatment of this topic, see September (2007).

Figure 9.1: Rate of ECD (Preschool) return to investment



Source: Carneiro & Heckman (2003:93) http://www.ecdgroup.com/pdfs/heckman_article-20_05_2003-17_59_04.pdf

Significantly, South Africa's EPWP is the only large-scale public works programme (in a comparison with seven other countries) that focuses overtly on skills development (MTR: 51). This comparison suggests that South Africa may have been attempting more than can feasibly be done.

The EPWP now appears to think so. At an 'EPWP Phase 3 High Level Proposal Briefing', the following proposals were made apropos 'training and capacity building in EPWP Phase III" (EPWP, 2013):

- For all EPWP sectors, project-based training aimed at capacitating participants remains an important part of EPWP.

- At the same time, it is recognised that the role and importance of training varies considerably form sector to sector, and each sector will have to develop its own distinct training policy and strategy.
- Strong collaboration with the National Skills Fund and SETAs will be continued, to source funding for training. Sectors will also be encouraged to dedicate a portion of their implementation budgets for training.
- In order for the EPWP to achieve its objectives, it is recognised that there is a strong need for building capacity among officials and staff of entities contracted to implement EPWP projects and programmes.

All of these points seem sensible and achievable. The role of the SETAs will remain crucial. However, the difficulty in promoting synergies between the hydra-headed EPWP and the no less byzantine structures of the SETAs, where accredited training is to be provided, should not be underestimated.

With regard to exit strategies: exit from the EPWP should be made mandatory after a specified period of workplace exposure, and the *temporary* nature of the opportunity the programme holds out to the unemployed needs to be reasserted, if throughput is not to dry up altogether.

Classroom and on-the-job training must be closely linked and clearly relevant to production outcomes. Training outcomes must be simply and clearly evaluated, and certificates issued in keeping with the levels of skill achieved. Such certificates, with their record of what has been learnt and achieved, should encourage beneficiaries to leave the EPWP and seek employment further afield.

References

Berg L. 2007. Reconciling Employment Creation and Childcare Services through Early Childhood Development: A comparison of selected models of provision. A thesis submitted to the University of KwaZulu-Natal in fulfilment of the requirements for the degree of Masters in Development Studies.

Camissa-Nielsen Consortium. 2013. Mid-Term Review of the Expanded Public Works Programme Phase 2 2009-2012 – Final Report.

Community Agency for Social Equity. 2007. An Assessment of the Socio-economic Impact of the Working for Water Programme on the Households of Beneficiaries.

Department of Public Works (DPW). 2004. Specification for Mentorship Services within the EPWP Learnership Programme. Pretoria.

DPW. 2005. Strategic Plan 2005 to 2009. Pretoria.

DPW. 2006. Vuk'uphile: Management Plan for Labour Intensive Construction Learnerships. Revision 6. Pretoria.

Expanded Public Works Programme. 2013. EPWP Phase 3 High Level Proposal Briefing. September 2013.

Giqwa NL. 2011. Investigation of Learning in an Environmental Skills Programme: A case study of workers' training in the Department of Environmental Affairs Expanded Public Works Project. A thesis submitted to Rhodes University in fulfilment of the requirements for the degree of Masters in Environmental Education.

Heradien EJ. 2013. An evaluation of the theory behind the South African Expanded Public Works Programme. A thesis submitted to the University of Stellenbosch in fulfilment of the requirements for the degree of Masters in International Studies.

Hough JA. 2010. Beneficiary Dependence on the South African Working for Water Programme: A multi-site case study of four projects in the Western Cape. A thesis submitted to the University of Stellenbosch in fulfilment of the requirements for the degree of Masters in Sociology.

Human Sciences Research Council. 2007. Mid-Term Review of the Expanded Public Works Programme, Component 3, Analysis and Review. Report prepared for the EPWP/DPW. Pretoria.

Khanyile BK. 2008. A Case Study of the Impact of Expanded Public Works Programme on Job Creation in the Zululand District Municipality. A thesis submitted to the University of KwaZulu-Natal in fulfilment of the requirements for the degree of Masters in Business Administration.

Laattoe S. 2014. An Evaluation of the Expanded Public Works Programme in the infrastructure Sector in the Western Cape. A thesis submitted to the University of Stellenbosch in fulfilment of the requirements for the degree of Masters in Business Administration.

Mangoale NT. 2009. Interventions of the Working for Water Programme in Mamathola and Great Letaba Projects. A thesis submitted to the University of Stellenbosch in fulfilment of the requirements for the degree of Masters in Public Administration.

Mayombe CB. 2009. An Evaluation of the Implementation of Construction Learnerships in the Expanded Public Works Programme: A Case Study of Ethekwini Vuk'Uphile I, KwaZulu-Natal. A thesis submitted to the University of KwaZulu-Natal in fulfilment of the requirements for the degree of Masters in Development Studies.

Meth C. 2011. Employer of Last Resort? South Africa's Expanded Public Works Programme. *Southern Africa Labour and Development Research Unit Working Paper Number 58.*

McCord A. 2007. Training Within the South African National Public Works Programme. In Kraak A and Press K (eds.) *Human Resources Development Review 2008: Education, Employment and Skills in South Africa.* Cape Town: HSRC Press.

Mkhize NF. 2011. The impact of Expanded Public Works Programme in Job Creation: A case study of eThekwini Municipality. A thesis submitted to the University of KwaZulu-Natal in fulfilment of the requirements for the degree of Masters in Public Administration.

Moeti L. 2013. Towards the Effective Implementation of the Expanded Public Works Programme in South African Municipalities: A case study of the City of Tshwane Metropolitan Municipality. A thesis submitted to the University of South Africa in fulfilment of the requirements for the degree of Master of Arts.

Mohapi BJ. 2013. An Evaluation of the Sustainability of the Social Sector of the Expanded Public Works Programme to Empower Women, Youth and the Disabled. A thesis submitted to the University of Pretoria in fulfilment of the requirements for the degree of Doctor of Philosophy.

Moyo M. 2013. How Effective is EPWP Employment in Enhancing the Employability of Participants Once they Exit these Programmes? The case of the Modimola Integrated Expanded Public Works Programme (EPWP), North West Province. A thesis submitted to the University of the Witwatersrand in partial fulfilment of the requirements for the degree of Master of Arts in Development Studies.

September R. 2007. The Expanded Public Works Programme: Opportunities and challenges for the ECD sector. *The Social Work Practitioner/Researcher 19(1)*: 5-25.

CHAPTER 10

EPWP AND THE ISSUE OF EXIT STRATEGIES

Dr Bheki Mngomezulu and Xolani Shange

This chapter discusses exit strategies in the Expanded Public Works Programme (EPWP), a government-initiated programme aimed at reducing unemployment and poverty. The primary goal of an exit strategy is 'to ensure the sustainability of impacts after a programme ends' (Gardner et al, 2005: 6). Exit strategies look to the future. In the South African context, they are understood in the same way as elsewhere. The dual aim of the chapter is to establish ***how*** current beneficiaries of the EPWP will exit the Programme, and ***what*** will become of them once they have done so. While 'EPWP' and 'exit strategy' are not concepts, they need to be explained to ensure common understanding.

EPWP: The exit strategies that are the focus of this paper are discussed in the context of the EPWP. When the EPWP was adopted, it was divided into four sectors: Infrastructure, Social, Economic, and Environment and Culture. It operated in four ways: by offering short-term employment; by promoting government infrastructure spending by means of labour intensification; by creating large-scale government employment programmes that may offer some form of employment guarantee; and by creating programmes that enhance employability (Moeti, 2013). The EPWP refers to a cross-cutting government intervention that 'seeks to address the socio-economic challenges of the country' (Henderson, 2012: 4). The programme is intended to be implemented by all spheres of government. Phillips (2004: 7) describes the EPWP as 'a nation-wide programme which will draw significant numbers of the unemployed into productive work, so that workers gain skills while they work and increase their capacity to earn an income'. Another source understands the EPWP to mean 'one of an array of government strategies aimed at addressing unemployment' (EPWP: Creating Opportunities Towards Human Fulfilment, 2004: 12).

After Phase 1, the Economic sector was replaced by the Non-State sector. The launch of the Non-State sector was 'an attempt to introduce demand-driven, labour-intensive employment into the EPWP' (Department of Public Works [DPW]: 4). It is worth noting that 'the scheme aims not only to provide the poor and unemployed with temporary work, but also [to] strengthen their skills through training and by offering them 'exit strategies' at the end of their participation in the programme' (OECD, 2011: 74).[129]

129. OECD (Organization for Economic Cooperation and Development). 2011. Divided we stand: Why inequality keeps rising. OECD Publishing. Available at: http://dx.doi.org/10.1787/9789264119536.tn.

The aim is to ensure that there is continuity as opposed to discontinuity when someone exits a programme.

An exit strategy in this context is 'one of a number of government initiatives aimed at addressing unemployment and poverty in South Africa' (Five-year Provincial Business Plan: 2). An exit strategy is defined as 'a sustainability plan for a programme, which has inherent benefits' (Gardner el: 4). The aim is to ensure that there is continuity as opposed to discontinuity when someone exits a programme. Those who implement exit strategies hope that the benefits that accrued from the programme will continue after it has ceased. In the context of the EPWP, it is expected that those who benefited from the Programme should continue to draw from the knowledge and experience obtained from it. Some sources perceive an exit strategy as a comprehensive strategy which could be defined as 'a vehicle to propel the unemployed after a temporary stay in employment… into conditions favourable to procurement of sustainable livelihood' (Component of Exit Strategy: An Evaluation of Working for Water Strategy, 2003: 7. See also Gafane, 2011: 6).

When the Programme was adopted, it had two main principles: all government departments and state-owned enterprises would create productive employment opportunities; and these structures were required to make it possible for the beneficiaries to earn an income after exiting from the EPWP – either by finding a job outside of the Programme, or by starting their own businesses. With regard to the first principle, productive employment opportunities would be created by:

- making sure that government-funded infrastructure projects used labour intensive-methods
- ensuring that work opportunities are created in public environmental programmes and social programmes; and
- making concerted efforts to use government procurement in a bid to help small enterprise learnership and support programmes.

To achieve a result regarding the second principle, the following had to be done:

- Give unemployed people work experience so that they would be able to survive on their own after they had exited the programme;
- Provide education and skills-development programmes to people while they were on the programme; and
- Ensure that workers were assisted to get work once they had exited the programme (EPWP, n.d. – Creating a million jobs over 5 years).

Phillips (2004: 2) stated that 'PWPs will not solve the unemployment problem in South

Africa. They should rather be viewed as one of an array of short- to medium-term interventions aimed at alleviating the poverty associated with unemployment, with a particular focus on able-bodied but unskilled adults'. The sections below will use the three phases of EPWP as a way to trace the history of exit strategies.

Phase 1 focused on the creation of work opportunities, and the provision of training that would lead to people having skills useful to them in the job market (Henderson, 2012: 4). This would give capacity to the trainees, and boost the country's economy through newly-skilled people being able to provide their services in different sectors and create their own jobs (either self-employed, or as employers of others).

Phase 1 achieved the intended goal of creating a million jobs, in 2008 – a year before this Phase was due to end (Mabuza, 2014). Although the intended goal was thus achieved before the scheduled date, unemployment remained high. As new jobs were being created, the population was increasing. Also, some people then lost their jobs. The global economic meltdown of 2008 added to the challenge.

Phase 2 of the EPWP was initiated for two reasons. First, Phase 1 had already run its course. Second, the unemployment rate continued to be a challenge. As hinted by Phillips (2004), Phase 1 was implemented on a trial basis. Exit strategies had to be reconsidered, to see if those who were exiting the EPWP were properly capacitated to be able to contribute to the country's economic development by getting a job, or using their skills to start a business.

Phase 2 was announced in April 2009, and was expected to build on the experience gained in Phase 1. While the primary aim remained job creation, this phase focused on generating employment, as opposed to simply training people. This meant that the exit strategies shifted focus, and emphasized how those who exited the EPWP would be able to create or generate jobs, as opposed to being absorbed by the job market (Mabuza, 2014).

In Phase 2, three kinds to training were developed: prior training, on-site training, and training for exit (Pooe, 2012: 9-10). Training for exit was considered optional. For those who chose this option, exit strategies could be facilitated. The training could include:

- Adult-based education and training (ABET)
- Vocational learning programmes, such as national certificates
- Occupational learning programmes conducted through learnerships
- Artisan development programmes done through apprenticeship
- Accredited skills programmes

Phase 3 was scheduled to start as soon as Phase 2 ended. The focus in Phase 3 shifts to a critical assessment of the exit strategies, with a view to establishing what worked and what did not. Recommendations are made about how to improve these strategies.

Successful exit strategies

Strategies for exit from the EPWP should ensure a positive outcome – ideally, employment or self-employment of the beneficiary outside of the Programme. Though the Programme has registered successes in many areas, it has been acknowledged that exit strategies have not reached their full potential. There is no guarantee that they will always produce positive results; there will be successes and failures, because there are a number of challenges associated with some of the exit strategies.

How has the thinking on exit strategies progressed since 2004?

First, during Phase 1 there was a lack of synergy between the objectives of the National Skills Development Strategy (NSDS) and the design of the EPWP. For the exit strategies to succeed, there should have been alignment with the NSDS. This was not the case, because the exit strategies during Phase 1 were implemented on a trial-and-error basis. The assumption was that once beneficiaries had acquired the necessary skills, they would exit the EPWP and be able to stand on their own in terms of self-employment, or be absorbed by the job market. But no investment was made in training these beneficiaries further. The training courses they were exposed to were not accredited. This meant that even though the beneficiaries exited with skills and knowledge, these attributes were not given proper recognition in the job market. Even those who opted to start their own businesses were not taken seriously, because their training was not accredited. This proved a challenge to those who had exited the Programme.

Second, a related point is that as the Programme was being implemented and the exit strategies contemplated, it was soon noted that there was a limited number of accredited training providers who relevant to EPWP projects, particularly when it came to rural areas. This might have been expected, given that rural areas do not receive first priority in most development projects or in service delivery. Exit strategies that failed to accommodate this situation were bound to be less effective. Urbanisation continued to strain resources in the urban centres, while leaving rural areas with less-capacitated communities to participate in the EPWP. There was also no provision for occupational training for those who had exited the Programme.

Third, the EPWP is not a simple Programme. It contains projects of a multi-sectoral nature, which complicates the implementation of effective exit strategies (Pooe, 2012).

Fourth, the exit strategy thinking assumed that there was a job market to absorb beneficiaries who exited the EPWP, which was not the case. No formal discussion took place between government and potential employers of the beneficiaries of the EPWP exit programmes. In consequence, it only became clear that people could not be absorbed by the job market when they exited the Programme. Worryingly, most

of the unemployed people were the youth, with an unemployment rate of 51% in 2011 (South Africa Institute of Race Relations, 2011). This was a serious concern, and an indication that drastic measures were needed if the situation was to be improved.

Fifth, government did not have dedicated funding for exit strategies. With a few exceptions, the funding model for the EPWP and the accompanying exit strategies relied almost entirely on funding set aside by municipalities from their allocated budgets. This meant that the success of the EPWP and of its exit strategies depended on the financial viability of the respective municipalities. The more financially challenged the municipality, the less the possibility of implementing successful exit strategies. In fact, even the National Youth Services Strategy (2012) had to rely on external resources, which meant reduced capacity.

Sixth, one of the criticisms levelled against PWPs and the accompanying exit strategies is that they are 'make-work programmes' that tend to involve fruitless activities such as digging holes today and filling them up again tomorrow. Phillips warns that a clear distinction should be drawn between 'economically efficient' and 'inefficient"' PWPs (Phillips, 2004).

Seventh, one of the key challenges (pointed out in the middle of Phase 2) was the evident lack of capacity to meet the set objectives of the Programme (Hemson, 2007). This called for more capacity-building. What has also posed a challenge to the exit programme over the years is the fact that the jobs created through the EPWP have been of short duration, and have tended to pay very low wages. This has meant that those who exit the Programme do so not having saved enough money to enable them either to become self-sufficient or to create jobs by opening up their own businesses. Some commentators argue that it is the low wages that pose a huge challenge to the EPWP's exit strategy (for example, Hemson, 2008). Added to this is that weak implementation capacity reduces the effectiveness of the EPWP scheme even further.

A question arises: do EPWP beneficiaries now exit the Programme as per the original plan? The answer is that some do, while others do not. Of those who do exit, not all are absorbed into the job market. Similarly, not all of those unemployed are able to start their own businesses as anticipated. In part, this is owing to lack of start-up funds. More work needs to be done in this area with regard to putting together statistical data to inform policy.

It is evident that some of those who exit the Programme are fortunate enough to get jobs: they become artisans, and have acquired new skills in financial management. After exiting the EPWP, they either work for others or become self-employed. This

It is evident that some of those who exit the Programme are fortunate enough to get jobs: they become artisans, and have acquired new skills in financial management.

depends on the EPWP training opportunities they were exposed to, which fall into three categories: short-term, medium-term, and long-term (two to three years).

Failure to exit is largely because there are no opportunities in the aftermath of the Programme. It may have been designed to serve as a temporary poverty cushion for those who are in dire need and on the verge of starvation owing to unemployment; but in some cases, work opportunities have been extended continuously, in response to the adverse conditions faced by beneficiaries. Some of them fear that once they exit the Programme, they will become poverty-stricken once again. It is against this backdrop that a sustainability strategy should be developed further, to highlight the plight of the EPWP participants beyond the duration of the temporary programme. To state that all beneficiaries exit the Programme and become self-sufficient would be misleading.

During Phase 2, an attempt was made to address some of the challenges experienced in Phase 1, in two ways: first, by improving overall co-ordination across the different bodies in government; and, second, by providing incentives to promote the expansion of the programme, while also increasing the duration of the work opportunity (OECD, 2011).

As mentioned previously, youth unemployment remains a serious concern. In response to this, the National Youth Exit Strategy Framework has been used as one of the mechanisms to assist beneficiaries. This can happen in many ways, including: company registration with relevant agencies; opening bank accounts; linking beneficiaries to SMME development agencies, such as seda; linking them to development financial institutions; and assisting them with statutory compliance, registration on supply-chain databases in the public sector, basic business management training, and general development of a business profile. This shows that something is already being done; but more can still be done to ensure maximum results.

The EPWP is not an exceptional South African initiative. On the contrary, other countries in Africa and across the globe have used PWPs, with varying degrees of success. For example, in India (as in South Africa) the average job duration was found to be much shorter than initially anticipated. Among the many reasons was that in all PWPs, there is always pressure to rotate jobs so that as many people as possible can be accommodated or given the opportunity to benefit from the scheme (Lieuw-Kie-Song, 2009). In the South African context, when the EPWP was conceptualised in 2002, the Ministerial Determination on Special Public Works Programme (SPWP) (Government Gazette, 25 June 2002) stated inter alia that 'a worker may not be employed for longer than 24 months in any five-year cycle on a SPWP'. Despite some revisions of this decision, the problem has not been completely addressed, given the very nature of EPWPs. The exit strategies put in place to redeem the situation have registered successes, but still need some improvement. With this in mind, this chapter concludes by making some recommendations on how to improve the current situation.

Towards finding solutions

It is clear that the EPWP faces many challenges. Despite the weaknesses listed above, the Programme still has value, as do its exit strategies. What is needed is to identify the challenges and find ways to address them so as to ensure positive outcomes. The following recommendations are made:

- As the beneficiaries are being trained in order to prepare them for the time when they exit the programme, they should be exposed to accredited training programmes that are recognised by the National Qualifications Framework (NQF) system. In the same vein, those who train them should be accredited trainers.
- Instead of assuming that those who exit the EPWP are capacitated enough either to be absorbed by the job market or to create their own businesses, beneficiaries must receive for further learning and training after they exit the programme, in order to further capacitate them.
- The idea of using the multi-sectoral approach to training beneficiaries must be revisited. In other words, is it better to provide training in a wide variety of sectors – as opposed to confining training to selected sectors, and investing both human and capital resources in those sectors?
- Given that those who exit the EPWP do not have guaranteed employment in either the public or private sectors, exit strategies should focus more on job creation by the beneficiaries instead of relying on the existing job market to absorb them.
- For exit strategies to work properly, dedicated funding should be set aside; the current model relies on private funding and the financial viability of the municipalities to implement the EPWP. With enough and guaranteed funding, accredited trainers and the provision of accredited training would become possible.
- In response to the criticism that the EPWP focuses on less important jobs such as digging holes and filling them up, it is recommended that when exit strategies are planned, the focus should be on those jobs that will earn the respect of the public and enable beneficiaries (after undergoing training) to make a living out of them when they become self-employed.
- Linked to the point above, when exit strategies are contemplated, the EPWP should keep beneficiaries in the system for a much longer period than is currently the case. This would achieve two goals. First, beneficiaries would have more training time, and acquire more skills. Second, they would be able to earn more, and save for when they exit the programme.
- Government should invest in capacity-building by ensuring that both the trainers and the training courses are accredited. This would ensure that the beneficiaries are of better quality, and that they are able to stand alone when they exit from the training programme. Thus, the guidelines set by institutions such as SAQA and SETA should be followed in the implementation of the EPWP, and when the exit strategies are designed.

- The rate of re-employment should be established, and research should be done to discover what happens to those who are not re-employed.
- Based on the findings from the assessment, it would be possible to rethink the entire EPWP with regard to what the Programme set out to achieve, and to establish if the exit strategies as currently conceived and implemented are appropriate, or if they need to be revised.

More ideas have been put forward elsewhere on how the status quo could be improved. For example, in his evaluation of the EPWP Vuk'uphile Learnership in Ekurhuleni, established in 2006, Mukanyima (2012: 90) makes the following recommendations:

- The recruitment of local labour should be done with thorough screening, so that 'local labour' does not act as an impediment to continued small-contractor development efforts.
- The rate of pay should be kept as a task rate, as this has proved successful in most labour-based construction projects and will not provide motivation for delaying completion of work.
- In the present environment, it is important to ensure active community participation on projects at the conceptualisation stage.

Mkhize (1994) shares the same views in his evaluation of a small labour-based contractor development programme in Soweto.

While it is true that there is no proposal that would be a panacea for all the challenges associated with EPWPs and exit strategies that are the focus of this chapter, it is equally true that something can certainly be done to minimise the weaknesses of the EPWP's exit strategies.

Conclusion

It is clear that exit strategies must be planned properly. More time and human and financial resources are needed if the strategies are to work and achieve good outcomes. Those who provide training must be accredited. In the same vein, the programmes or courses that they offer should also be accredited, by relevant institutions. This would ensure that people who take such courses obtain relevant and approved qualifications which would be useful to them and those they might employ at a later stage. Staying longer in the programme would enhance the chances of the beneficiaries gaining more in terms of work experience and training. They would be able to save to enable job searches and the setting up of small businesses.

For exit strategies to produce the expected results, targeted funding should be set aside instead of relying on municipalities and the private sector to fund them.

Instead of training beneficiaries to be absorbed by the job market, there should be investment in training them in such a way as to enable them to create job opportunities. A lot has been learnt through the first two Phases of the EPWP. Exit strategies cannot be planned in the same manner that they have been planned previously. There are reference points that must be drawn on to design exit strategies differently. The list of recommendations is not exhaustive, but gives pointers on the path to be taken in future.

References

Component of Exit Strategy: An evaluation of Working for Water Strategy. 2003.

Department of Public Works (DPW). n.d. The Effectiveness of the Non-state Sector Wage Subsidy Model.

DPW. 2012. National Youth Services Exit Strategy Framework: Enterprise Development and National Youth Service Programme. Revised, March.

Gafane AM. 2011. The Impact of Exit Strategy in Expanded Public Works Programmes in Tzaneen Area, Limpopo Province. MA in Development Studies, Faculty of Management and Law, University of Limpopo.

Gardner A et al. 2005. What We Know About Exit Strategies: Practical guidance for developing exit strategies in the field. C-SAFE.

Hemson D. 2007. Mid-term Review of the EPWP: Component 3: Analysis and Review. Commissioned by Southern African Labour and Development Research Unit, Rutgers School of Law, University of Cape Town, October.

Hemson D. 2008. EPWP: Hope for the unemployed? *HSRC Review* 6(3).

Henderson S. 2012. Foreword. EPWP Phase II: Training Framework. Pretoria: Department of Public Works.

Lieuw-Kie-Song MR. 2009. The South African EPWP 2004-2014. Presentation made at the Conference on Employment Guarantee Policies, Levy Economics Institute, New York, June.

Mabuza M. 2014. Phase 3 of EPWP: Briefing by Deputy Minister Department Chair, 5 March.

Moeti L. 2013. Towards the Effective Implementation of the EPWP in South African Municipalities: A case study of the City of Tshwane Metropolitan Municipality. MA Thesis in Development Studies, UNISA.

Mkhize MM. 1994. An Evaluation of a Small Labour-based Contractor Development Programme in Soweto. MSC in Engineering Research, Wits University.

Mukanyima A. 2012. An evaluation of the EPWP Vuk'uphile Learnership Programme within Ekurhuleni Metropolitan Municipality. MSC in Engineering, Wits University.

Phillips S. 2004. The EPWP: Overcoming Underdevelopment in South Africa's Second Economy. Paper delivered at conference jointly hosted by the UNDP, HSRC, and DBSA, 28-29 October.

Pooe T. 2012. EPWP Phase 2: Training Framework. Pretoria: DPW.

South African Institute of Race Relations. 2010/11. Employment and incomes survey, SAIRR, 2011.

CHAPTER 11

FINANCING JOB CREATION AND SOCIO-ECONOMIC DEVELOPMENT THROUGH THE EPWP

Dr Bheki Mngomezulu and Xolani Shange

South Africa has more formal employment than other countries on the African continent, although a large portion of the population remains jobless. The majority of the employed earn meagre wages (Robbins, 2010). Poor economic performance is due in part to global challenges. Within this broader context, optimising and funding job creation by Government has failed to live up to expectation. Government has invested resources to address unemployment and poverty. The Expanded Public Works Programme (EPWP) was conceived of as part of the government agenda to address unemployment. In retrospect, it is apparent that the outcomes have been mixed. There have been successes and failures. The Programme could be improved.

The aim of this chapter is to provide an account of how government has funded its job creation strategies. It describes strategies in different spheres of government and in different cities, and subjects these strategies to scrutiny to establish whether they have succeeded in achieving the intended objectives. Suggestions are made as to how the funding strategies could be revised, to achieve better job-creation outcomes. One of the key arguments is that the EPWP should be extended to incorporate more unemployed people. The intention is not to imply that government has done nothing to address exceptionally high unemployment. Rather, it is to make constructive proposals as to how job-creation strategies could be more effectively financed, on the basis of an understanding of current funding models.

Background

In order to understand how the EPWP has been funded, it is important to understand the history of the project and then look at how funding was secured for each of the three Phases.

The history of the EPWP can be traced back to 1994, when the country entered a new political phase and embraced democracy. In 1994, the Reconstruction and Development Programme (RDP) was put in place. It proposed that there should be a coordinated national public works programme, the objective of which would be to provide the infrastructure needed to reverse some of the ills of apartheid. A national coordinating agency would be created to implement the RDP. Unfortunately, the RDP had a short lifespan, as it was abandoned in 1996, to give way to Growth Employment and Redistribution (GEAR). GEAR aimed to create more jobs. It envisaged the creation of a million new formal jobs over a five-year period, most of which were to be in the private sector. However, some government departments did not lose sight of the RDP's original idea. The Department of Public Works (DPW) focused on labour intensity in construction, while the Department of Water Affairs focused on the Working for Water programme, which was launched in 1995 (DPW, 2014). KwaZulu-Natal used rural roads as job-creation mechanisms. Many people remained jobless, so new mechanisms had to be found to address the situation. This accounts for the introduction of the EPWP.

The National Public Works Programme (NPWP) marked the initiation of the EPWP. It consisted of a process of labour intensification, coupled with increased training and capacity-building, particularly in the provision of infrastructure. The NPWP became a key component of the RDP, which characterised the presidency of Thabo Mbeki. It is worth noting that the EPWP is not synonymous with the NPWP, though there are many similarities. The 51st National Conference of the African National Congress (ANC), held in December 2002, marked the first step towards the establishment of the EPWP – a resolution was taken to establish it (Nzimakwe, 2008). In 2003, the Growth and Development Summit (GDS) was convened. In the GDS, the government agreed on an expansion of the public works programme (Parliamentary Address, 2003). In April 2004, the EPWP was launched formally. It was to be implemented in phases, each of which would have a five-year lifespan. Currently, Phase 3 of the programme is being implemented.

The history of EPWP funding

Funding of the EPWP was considered at the same time that the programme was being conceptualised. During the GDS of 2003 aimed at building on the work done by the NPWP, one of the decisions or resolutions taken regarding funding was that an amount of R100 billion would be set aside for use in employment-intensive programmes (Nzimakwe, 2008: 208). However, it was not clear at the time how this money would be disbursed. Moreover, no projections were made as to how many jobs would be created, or in which areas. No decision was made about what the standard rate would be to be paid to the beneficiaries of the programme.

Research methodology

This chapter is based on a mixed-methods approach. Both quantitative and qualitative data have been used. The data were drawn from both primary and secondary sources. Drawing from different sources, it was possible to piece together how the EPWP has been funded during the first two Phases, and how it is currently being funded in Phase 3.

Findings

To understand the EPWP, it is necessary to consider how the funding model operates. The EPWP was not meant to be implemented at national-government level. According to the National EPWP Framework, local governments are expected to develop their own EPWP policy, to be embedded in municipalities' Integrated Development Plans (IDP). It was decided from the outset that '[t]he EPWP infrastructure projects would be funded through the Municipal Infrastructure Grant (MIG) allocated to municipalities by Treasury through what was then DPLG [Department of Local Government]' (EPWP Policy 2011: 8) – now COGTA (the Department of Cooperative Government and Traditional Affairs). This document states that 'the Expanded Public Works Programme does not receive special grant funding from national or provincial government' (EPWP Policy 2011: 11). Instead, the programme's infrastructure projects were to receive funding from the MIG.

The MIG was aimed at providing 'all South Africans with at least a basic level of service by the year 2013, through the promotion of grant finance to cover the capital cost of basic infrastructure for the poor' (MIG, 2004-2007: 9). The Programme was expected to 'maximise opportunities for employment creation and enterprise development' (MIG, 2004-2007: 3).

It is important to note that MIG funds can only be used for basic levels of service, such as water supply. 'MIG funds may be used to upgrade and build new infrastructure up to a basic-level service as well as to rehabilitate existing infrastructure, so long as the infrastructure is for basic services for the poor' (MIG 2004-2007: 7). The funds may be used for capital investment – including project management, basic infrastructure for use by the poor, new infrastructure, and the rehabilitation and upgrading of existing infrastructure. The funds can also be used for project feasibility studies, the formulation of project business plans, and to ensure sound infrastructural operational arrangements.

The MIG was aimed at providing 'all South Africans with at least a basic level of service by the year 2013, through the promotion of grant finance to cover the capital cost of basic infrastructure for the poor'

The three categories funded by the MIG are: households (for example, electricity, water supply, sanitation, storm-water management, municipal roads, and street lighting); public municipal facilities (for example, public transport, fencing, municipal health services, emergency services such as fire stations, cemeteries, and local sports facilities); and infrastructure other than public municipal facilities (MIG funds provide services to schools, clinics, police stations, and prisons) (MIG 2004-2007: 7-8).

MIG funds do not fund non-pro-poor projects; funds for those must come from elsewhere. They may not be used for internal services that are provided as part of a housing package; infrastructure used by communities that are not poor; municipal institutional capacity-building; the cost of operating the infrastructure; pledging of funds to secure a loan; or any projects that are outside the framework of the municipality's IDP or approved budget (MIG 2004-2007: 17).

There has been a shift of emphasis for the MIG with regard to supplementing 'the capital revenues of selected large urban municipalities in order to support their investment programmes' (MIG-Cities Grant Framework, 2009: 22). The emphasis is now on providing municipal infrastructure for micro enterprises, social institutions, and poor households (ibid.).

Nzimakwe (2008: 207) makes the point that the EPWP 'is implemented through existing government structures and within existing budgets'. He explains that it is a decision by the public-sector body to use allocated expenditure on goods and services 'to create additional work opportunities for the unemployed (usually unskilled)' (Nzimakwe, 2008: 208). This implies that the EPWP is implemented on a needs basis. Municipalities with a high unemployment rate should allocate a greater proportion of funds to the EPWP than those municipalities with a low unemployment rate. According to the funding strategy, each municipality must consider its allocated budget and decide how much will be set aside for the EPWP. All municipal line departments are expected to allocate a portion of their normal budgets to service-delivery projects identified as labour-intensive and as falling within the ambit of the EPWP.

In carrying out EPWP projects, municipalities must abide by rules and follow set procedures. There are stipulations on how they should use the funds they allocate for EPWP projects – even though they themselves determine these funds. Municipal capital and operational budgets are expected to reflect identified EPWP projects. Also, five-year allocations of the multi-year municipal budgets should be reflected in incremental percentages (EPWP Policy, 2011).

There are a number of EPWP programmes that fall outside this funding model. These are projects that are directly funded and administered by national and provincial departments, and in which the municipalities have no say. One example is the Working for Water Programme. This programme is not run by municipalities, but is implemented at national level, using information and skills derived from municipalities (Mukanyima, 2012).

Findings on the funding model of the EPWP in each Phase

Phase 1 (2004-2009)

Any funding model used in Phase 1 was bound to be experimental. Nothing similar had been done before, so there was no reference point. The Code of Good Practice (gazetted after discussions and agreement reached at NEDLAC) was used as a guide. This Code was formulated to ensure that all those implementing EPWP projects operated in terms of a common understanding. It was envisaged that the Code would bring about synergy. This Code (National Perspective on the Implementation of the EPWP, 30 March 2005: 3):

- provides the framework for minimum employment conditions on PWPs
- establishes PWP employment as temporary employment coupled with training
- sets targets for employment of women, youth and disabled
- allows payment on a task basis and a flexible minimum wage: to enable labour-intensive production methods to compete with machine-intensive methods and to avoid attracting people away from other longer-term employment

Funding for the EPWP had to be secured somehow. This realisation informed the decision to task municipalities with allocating a certain portion of their normal budgets to EPWP projects.

Given that the NPWP was already in place when the EPWP was adopted in April 2004, the question was: what from the initial programme needs to be expanded? In addressing this question, the National Perspective on the Implementation of the EPWP (2005: 8) provided the following answers:

- New programmes were not eligible; only programmes aimed at expanding existing best practice, as implemented in projects such as Zibambele.
- The 'new' programme was to expand beyond traditional-infrastructure 'public works' and include social and environmental programmes as additions to the previous programme.
- There was to be motivation for additional budget when programmes proved to be successful and performing beyond expected norms.

Given that the NPWP was already in place when the EPWP was adopted in April 2004, the question was: what from the initial programme needs to be expanded?

It was necessary to review the funding models that had been used for the NPWP in the mid-1990s. The document that put forward the plan for the implementation of the EPWP contained the following observations on how the EPWP would be implemented and funded (National Perspective on the Implementation of the EPWP, 2005: 10):

- EPWP projects are funded from normal budgets of departments, provinces and municipalities.
- The emphasis is on changing the way in which normal expenditure occurs, and this must be done in the following manner:
  - Opportunity costs must be reduced.
  - EPWP projects are to be identified and prioritised using standard processes.
  - Labour intensity must be mainstreamed.
  - Government bodies must not get involved in poverty-relief projects outside their core functional areas, with the understanding that national programmes with highly decentralised implementation are challenging to implement.

What is clear is that the funding model for Phase 1 was a trial, the success or failure of which would determine future implementation.

Phase 2 (2009-2014)

The aim of Phase 2 was to address the social-welfare gap on a larger scale than had been done under Phase 1. Among the changes was the introduction of funding for the Non-State Sector (NSS). The two programmes were the Community Work Programme and the Non-Profit Organisation programme. The NSS EPWP wage subsidy was aimed at:

- expanding the EPWP contribution to area-based community development projects
- providing wage subsidies for workers in NPOs
- promoting the sustainability of EPWP interventions in the sector. NPOs were required to develop a proposal for the EPWP programme, to demonstrate that they will apply a baseline budget.

What is clear is that the funding model for Phase 1 was a trial, the success or failure of which would determine future implementation.

For organisations to be eligible for funding, they had to be registered as NPOs, NGOs, CBOs, or FBOs with the Department of Social Development. They had to:

- have had a credible plan to expand by creating EPWP work opportunities
- have had proof of capacity for scaling up programmes that would generate increased employment
- be labour-intensive
- have been in operation for three years
- have good financial, administrative, and reporting systems
- present proof of their ability to report on work to be undertaken, number of extra jobs created, duration of work opportunities, cost of work opportunities, training provided (if any), number of beneficiaries employed by gender and age, and developmental outputs
- draw up an expansion plan over the contractual period, and submit it
- provide SARS documentation
- have a community-development focus.

The NSS programme opened up employment opportunities. An NPO that dealt with an old aged home, employing volunteers on meagre stipends who were cleaning, cooking, and taking care of the elderly began to earn through the EPWP grant. Local people were employed, as there was an expansion of activities, such as forming senior citizens' soccer clubs for both elderly men and elderly women. 'The subsidy aims to provide additional funds to those NPOs creating work opportunities through local community programmes and supporting community development initiatives' (EPWP Non-State Sector Procedure Manual Version 1 (2011/12): 11).

During Phase 2, the National, Provincial and Municipal EPWP Incentive Grant was introduced. The intention was 'to reward a public body for its EPWP performance with respect to the number of Full-Time Equivalent Jobs (FTEs) created' (EPWP Incentive Grant for Provinces and Municipalities, Version 3: 12). This document specified that the qualifying bodies must have met the EPWP progress-reporting requirements, and must have created a minimum number of FTEs. Only public bodies that actually created FTEs above their set minimum threshold would earn an incentive reward from the incentive allocation. The incentive grant was performance-based, and different from other conditional grant allocations (which were planning-based).

As changes were contemplated and implemented, the need to revisit the funding model used in Phase 1 became evident. The new EPWP Conditional Grant Model was therefore adopted. Its specific aim was 'to make the EPWP funding available for expanding job creation efforts within existing government programmes' (Summary of the meeting of 29 May 2012). The granting of funds was not automatic. Instead, it was contingent upon meeting criteria, such as providing reports on previous funding allocations.

The wage-subsidy incentive model did not work well where small and/or new NGOs faced challenges with regard to securing funds for non-wage costs. To address this problem, proposals were made that were geared to improving and simplifying the EPWP grant. These included the following:

- Taking special cognisance of small and rural municipalities and other small bodies with a smaller Municipal Infrastructure Grant (MIG) or an Infrastructure Grant from Provinces (IGP)
- Allowing an easier flow of funds to initiate job creation and provision of more certainty in the allocation, so as to ease acquisition difficulties.

Under the new model (the Conditional Grant Model), it was decided that past performance by those to be funded would be the determining factor or prerequisite for grant allocation. The funding formula that was agreed to at the meeting was the following: cost of work created = number of days of work x minimum EPWP wage (R63.18 per person-day of work).

This model looked practical, and very useful. For example, it became possible to work out how much of the possible grant allocation a public body could access, by applying an adjustment factor for potential, need, and status as a poor area. To guide how funding could be allocated, the DPW identified activities where labour-intensive delivery methods were assumed to work best. These were the following:

- Road and building maintenance
- Low-traffic-volume road and rural road construction
- Basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams
- Tourism and cultural industries
- Waste management
- Parks and beautification
- Sustainable land-based livelihoods

Under Phase 2, disbursement of EPWP funds was to be in line with schedule 5/6 grants. As such, 40% of the allocation would be disbursed at the beginning of the financial year, upon the approval of the public body's EPWP Business Plan. Subsequently, a further one to two payments would be made, on condition that the public body was implementing its EPWP projects and spending its initial 40% towards job creation targets (Summary of the meeting of 29 May 2012).

Some of the challenges experienced in Phase 1 informed what would be done in Phase 2. In 2008, just a year before Phase 1 was due to end, it was realised that the

programme needed more money than was available at the time. Certain decisions were made in an attempt to address this challenge. Government made plans to spend an additional R4.1 billion on EPWP projects for the following three years. Moreover, as part of improving on the first Phase, the focus shifted to:

- long-term public-sector employment, so that the beneficiaries would benefit more from the EPWP;
- project-based employment, to ensure that those projects prioritised by municipalities would receive sufficient funds for them to be successfully completed;
- management of projects fully or partly funded by government, to be carried out by NGOs.

It is worth noting that in Phase 2, the strategy moved towards targeting at the sub-programme level. Among the changes made was that the focus switched from being quantitatively oriented to being oriented to qualitative outcomes. Where EPWP courses were offered to assist the beneficiaries, an attempt was made to distinguish between core or programme-specific courses, and soft or capacity-building courses. Phase 2 focused EPWP projects in places where they were needed most, so that their efficacy could be easily measured. Informed by this thinking, the grant allocation to municipalities was calculated in terms of the following (The EPWP Integrated Manual 2012/13: 16):

- the capacity of the municipality
- the basic-service backlogs in the municipal area
- the number of poor households in the municipal area; and
- the estimated number of unemployed people in the municipal area.

Implementation was to follow five steps. These were (The EPWP Integrated Manual 2012/13: 17):

Step 1 – Determination of grant framework and allocation

Step 2 – Securing of commitment from eligible public bodies

Step 3 – EPWP planning

Step 4 – Project implementation and management

Step 5 – Mid-term performance assessment

Under Phase 2, funds were acquired from different sources. These included the DHET's (Department of Higher Education and Training) National Skills Fund (NSF). R52 million was used for learnership/artisan development. A total of R200 million was used in the 2010/11 period to offer short courses; this included learners' allowances. There was also funding from SASSETA.

In retrospect, questions have been asked regarding why the new EPWP grant used in Phase 2 was necessary. The EPWP Integrated Manual 2012/13 (DPW: 14) provides the following nine reasons:

- to ensure maximum potential for small, poor municipalities to participate
- to target areas of poverty and unemployment
- to assist low-capacity municipalities to perform better
- to ensure a greater focus on labour intensity
- to allow the NDPW oversight with regard to what the allocation is used for – concentrating more particularly on labour-intensive work
- to make appropriation simpler for treasuries
- to allow for an easier flow of funds to public bodies
- to allow for expenditure reporting through treasuries, which would result in improved tracking
- to ensure that the NDPW is able to disburse funds for delivery.

Phase 2 was characterised by clear differences from Phase 1. Some of the challenges experienced in Phase 1 were addressed. Given the number of changes that were introduced and the guidelines that were put in place to improve on what had been done in Phase 1, it would be fair to say that Phase 2 was better organised. Whether it was more successful than Phase 1 remains moot.

Phase 3 was scheduled to start in 2014 and end in 2019. This Phase builds on the first two. As with the other two Phases, Phase 3 set its own target – the creation of six million work opportunities by 2019. This target is in line with what the National Development Plan (NDP) sets out to achieve. This is because Phase 3 was informed by the NDP, which called for the expansion of the EPWP, with a view to:

- contributing to reducing unemployment by creating temporary employment. 'The Public Employment Programmes should target the creation of two million work opportunities annually by 2020, or earlier, if possible…'; 'The main opportunities will lie in community-based services and the roll-out of social-sector initiatives' (NDP, Chapter 3)
- contributing to social protection for the unemployed by providing them with income support (NDP, Chapter 11).

The stated approach for Phase 3 was 'to drive Public Employment Programmes (PEPs) through community participation to ensure that poor people become actively involved in government programmes within their communities' (RSA).[130]

130. RSA. Expanded Public Works Programme. Available at: www.gov.za.

With regard to funding, government allocated an amount of R150 billion to Phase 3, to cover the entire period of 2014/5 to 2018/9.

It is too early to determine whether Phase 3 has achieved the goals set. However, the evidence available suggests that this Phase will achieve its objectives. The Phase was expected to have created an estimated 1.04 million work opportunities by March 2015. But 1.24 million jobs were created by that date, reflecting an increase of about 19% over the target set.

New features of Phase 3 include (EPWP Non-State-Sector Procedural Manual version 1: 4):

- three-year multi-year contracting for NPOs
- support for NPO management, as well as creation of networks for NPOs
- no funding for NPOs already supported by the social sector
- focus on grassroots community services

Among the key changes in Phase 3 are the following (Public Works, 2014: 37):

- The PPECC is expected to enhance coordination across the range of PEPs, and between PEPs and other developmental initiatives, such as training and SMME and cooperative development.
- Compliance will be fostered with core universal principles (see Introduction, the Parameters of Phase 3)
- There will be increased community participation to ensure more visibility and ownership in poor communities, thereby enhancing social cohesion.
- An attempt will be made to increase the scope of infrastructure maintenance that will provide longer-duration work opportunities.
- There will be added emphasis on monitoring and evaluation of assets created and their impact on communities and beneficiaries (post-participation).

With regard to funding, government allocated an amount of R150 billion to Phase 3, to cover the entire period of 2014/5 to 2018/9. This is an indication that some lessons were learnt from Phases 1 and 2 with regard to the funding of EPWP. The fact that such a figure was allocated directly to the EPWP in Phase 3 marked a deviation from the previous practice of expecting municipalities to decide how much to allocate to the EPWP. However, there has been no explicit announcement of an overall change to funding under Phase 3.

Recommendations

Based on the findings in this paper, the following recommendations are put forward:

- Leaving the funding of EPWP projects entirely to municipalities results in uneven performance. It is recommended that the funding allocation for the EPWP should be sourced from national government, through a clearly defined structure or government unit.
- To ensure optimal results, each province and municipality should be judged on its merits when budget allocation is done. The mostneedy provinces/municipalities should receive a larger share of the budget.
- When municipalities raise additional funds from other sources to supplement their EPWP share from government, those funds should be placed in a ring-fenced account so that they can only be used for EPWP projects.
- The private sector should be approached to co-fund the EPWP through the establishment of a fund dedicated to the Programme, rather than tapping into existing Corporate Social Investment already committed to certain aims. CSIs often fluctuate in line with the global economic climate, so when there are difficulties in the markets, companies tend to withhold their CSI. A dedicated fund would ensure commitment to the EPWP by various corporate partners.
- Accredited training for the social development of EPWP projects should be sought. The training should go beyond the relevance to the work done during the EPWP implementation.
- Within the SACN, the nine cities should be urged to share ideas on what should be done to improve the current funding formulae, with regard to models of sourcing and disbursing of funds.
- Government should approach other international funding agencies to source more funds for the EPWP.
- Local communities (beneficiaries) should constantly be engaged in discussion of envisaged projects and the financial position of the municipality. This would avert a situation where communities do not cooperate in EPWP projects and make insinuations that EPWP funds are being squandered by municipal officials. Transparency should be the point of departure if the EPWP is to realise its objectives.
- It would be useful to introduce the benefits of incubation to beneficiaries who have graduated, to help established cooperatives and enterprises in the infrastructure, social development, and non-state sectors. Incubation would help to ensure the sustainability of the enterprises.
- The EPWP should be geared towards increasing assets that could be used for further training and job creation. For example: as people train, more assets and equipment should be produced.
- An attempt should be made to ensure that all three spheres of government fully understand the successes and challenges of EPWP projects, so that concerted efforts can be made to ensure positive outcomes.

Conclusion

What is clear from the discussion is that the roots of the EPWP run deep in South Africa. While the programme was only launched in April 2004, the planning began in 1994, and was preceded by a series of initial steps. The EPWP has been a cogently thought-through programme. It was conceived as a mechanism to address the country's real challenges. It is clear that each of the two subsequent Phases (Phases 2 and 3) built on the foundation of Phase 1, and made the necessary adjustments. The move from one Phase to the next has been a learning curve to those responsible for ensuring that the EPWP is implemented properly, and that it achieves its set goals.

With regard to the funding models, although some projects are directly funded by government at the national level, to a large degree EPWP projects are the responsibility of municipalities. This means that the success or failure of the EPWP is contingent on several factors, the most important of which is the ability of each municipality to provide the necessary funds to run and sustain EPWP projects. It is for this reason that some cities have performed better than others.

References

Department of Public Works (DPW). 2011. Expanded Public Works Programme Incentive Grant for Provinces and Municipalities. Implementation Manual 9, Version 3, April.

DPW/Department of Trade and Industry. 2011/12. Expanded Public Works Programme Non-State Sector Procedure Manual, Version 1.

DPW. 2012/13. EPWP Integrated Grant Manual.

DPW. 2014. Expanded Public Works Programme Phase 3. Presentation to the Portfolio Committee on Public Works, 5 March.

Mabuza M. 2012. Public Works EPWP Phase 2 Revised Incentive Grant Model: Summary of the meeting, 29 May.

Mbeki TM, President. 2003. State of the Nation Address. February.

MIG-CITIES. Grant Framework in terms of the Division of Revenue Act. 2009.

MIG-CITIES. Policy Framework and Implementation Arrangements of the Municipal Infrastructure Grant for Cities. 2009. www.ekurhuleni.gov.za/237-pol-157/file

Mukanyima A. 2012. An evaluation of the EPWP Vuk'uphile Learnership Programme with Ekurhuleni Metropolitan Municipality. MSC Engineering. Wits University.

Municipal Infrastructure Grant (MIG). 2004-2007.

National Development Plan. 2011.

National Perspective on the Implementation of the EPWP, 30 March 2005 www.dpsa.gov.za/dpsa2g/documents/networks/mpumalanga%202005/philips.pdf

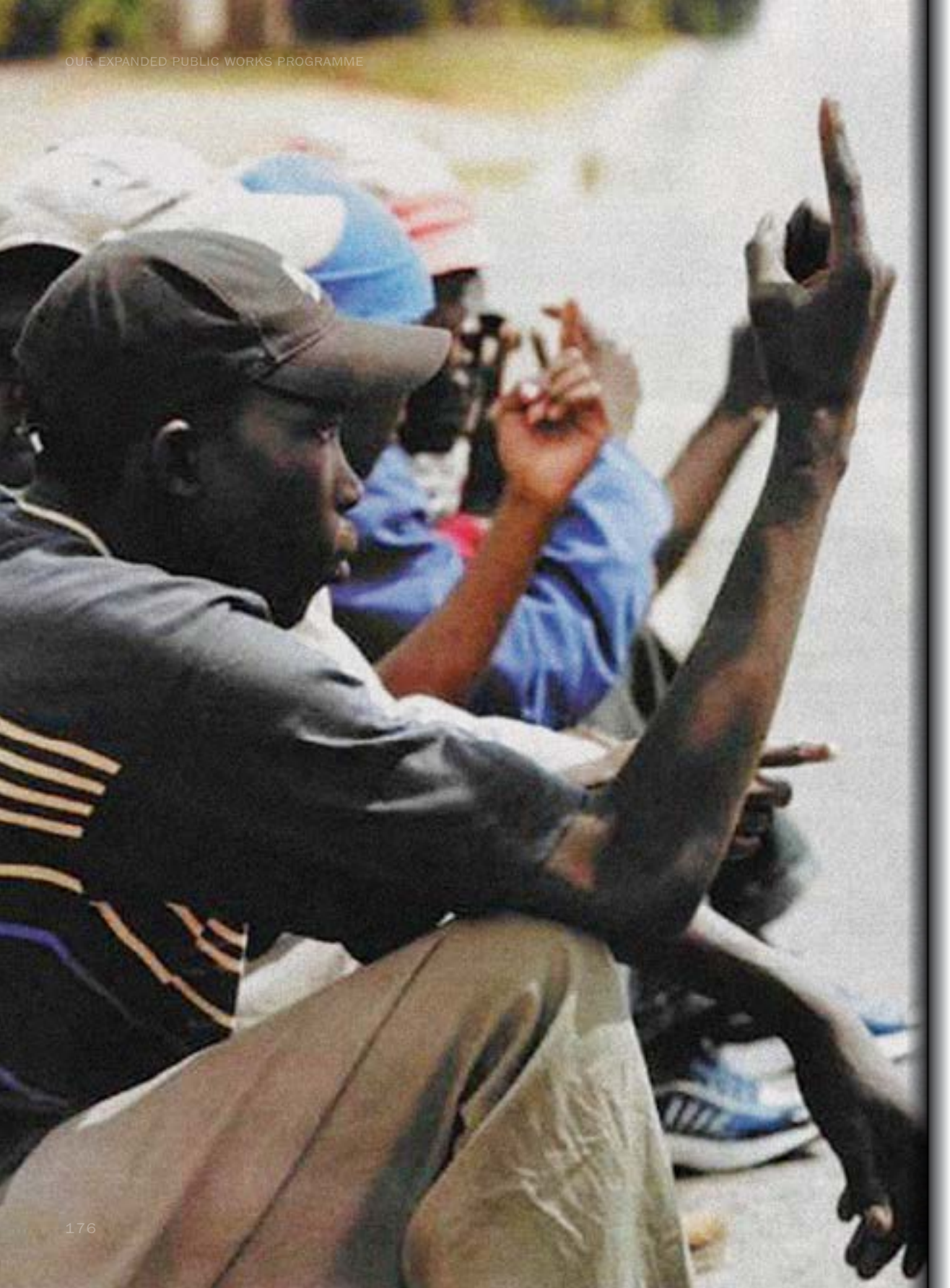
Nzimakwe TI. 2008. Addressing Unemployment and Poverty through Public Works Programmes in South Africa. *International NGO Journal* 3 (12): 207-2012.

Robbins G. 2010. Beyond Local Economic Development/Exploring Municipality-supported Job Creation in a South African City. *Development Southern Africa* 27 (4): 531-546.

Stellenbosch Municipality. 2011. Extended Public Works Programme Policy.

SECTION III

LOOKING FORWARD



CHAPTER 12

THE ROLE OF PUBLIC EMPLOYMENT PROGRAMMES IN ADDRESSING YOUTH UNEMPLOYMENT

Dr Anthea Dallimore

Poverty, inequality, and unemployment are the three greatest social and economic ills faced by South Africa today. They are interconnected, self-reinforcing, and determined along racial and gender lines. Unemployment is the greatest contributing factor to poverty, with inequality underpinning these structural challenges and ensuring that social mobility is close to impossible for those at the bottom. Black Africans are more likely to be poor and unemployed, while the white and Indian/Asian minority groups enjoy the highest levels of income and employment. If these characteristics are disaggregated by gender, women are found to be worse off than men. Should an additional demographic layer be included – that of age – then for some cohorts, the picture becomes even more bleak. Young South Africans – more especially those who are black, female, and uneducated – almost certainly face a future of poverty and unemployment.

One of the policy responses of the government has been to initiate a number of national public employment programmes. The largest and most well-known is the Expanded Public Works Programmes (EPWP). The purpose of this chapter is to extend understanding of the employment crisis faced by the country, especially with regard to youth, and to examine in further detail the extent to which the EPWP can address, or at least reduce, some of the pressure created by youth unemployment. The first section presents a review of the literature available on youth unemployment in South Africa. This is followed by an overview of the EPWP in its current format, and then by a more detailed description of the research questions asked and methodology employed, along with a presentation of the findings from the primary data collected. By way of conclusion, recommendations are proposed.

Unemployment, Youth Unemployment, and the EPWP

The recent release of the 2015 first-quarter employment statistics for South Africa has drawn a depressing picture yet again (Statistics South Africa, 2015). The survey sample was obtained from a new 'master' sample drawn up in 2013, based on the 2011 census. It showed an overall increase in the official unemployment rate from 25.2%, in 2014, to 26.4%. If the expanded definition is used, the unemployment rate for Quarter 1 of 2015 increases to 36.1%.

Unemployment is characterised by significant disparities in gender and race, as well as in location and age. Table 12.1 below provides a summary of some of the salient features. The worst differentials can be seen when viewing the unemployment rate according to standard age categories. Using the expanded definition, fewer than four out of every 10 young persons between the ages of 15 and 24 who are willing and able to work have been fortunate enough to get work. The rate drops from 63.1% for this age category to 40.7% for the next age category of 25 to 34 (although this is still exceptionally high). Even according to the official unemployment rate, only half of all economically active young people aged 15 to 24 have been able to find employment, with 31.4% of those aged 25 to 34 still unable to get a job.

The first quarter of the 2015 Quarterly Labour Force Survey collected data on specific metropoles. This is also shown in Table 12.1.

Table 12.1: Summary of Key Features: Findings from the Quarter 1 2015 Labour Force Survey

	Official Unemployment Rate	Expanded Definition of Unemployment
SOUTH AFRICA	**26.4**	**36.1**
GENDER		
Male	24.4	32.4
Female	28.7	40.3
RACE		
Black African	29.7	40.6
Coloured	23.3	27.9
Indian/Asian	15.7	20.8
White	7.2	9.9
AGE		
15-24	50.3	63.1
25-34	31.4	40.7
35-44	20.3	28.0
45-54	15.0	22.5
55-64	8.6	16.6

	Official Unemployment Rate	Expanded Definition of Unemployment
METRO		
Cape Town	23.5	24.7
Buffalo City	27.4	30.1
Nelson Mandela Bay	33.1	33.1
Mangaung	26.9	35.8
eThekwini	19.6	28.5
Ekurhuleni	30.6	35.3
Johannesburg	26.7	29.7
Tshwane	27.6	33.0

Source: Quarter 1 2015 Quarterly Labour Force Survey, Statistics SA, Pretoria

South Africa, like many developing countries, has a 'youth bulge' in its demographic profile, with a large youth and working-age population and far fewer very old and very young people. Normally, this profile is considered beneficial – a large working-age population must support only a small number of younger and older people. Referred to as the demographic 'sweet spot', this can only be converted into a 'demographic dividend' if those of working age can be employed in productive activities (National Planning Commission, 2012). In South Africa, unfortunately, the youth share the largest burden of unemployment; in particular, black youth, fo whom the unemployment rate is 65%. According to the National Development Plan (NDP), if young people fail to get jobs before the age of 24, it is unlikely they will ever get formal employment. This poses a serious risk to social security, as young people are more likely to rebel if faced with a future of poverty and joblessness. The threats to the country include increases in crime and political unrest. The Plan calls upon the government to add a 'youth lens' to policies, with a view to expanding opportunities, enhancing capabilities, and providing second chances.

However, the uncompetitive nature of the labour market serves to block new entrants. The economy is skewed by the fact that its productive sectors are those characterised by a highly-skilled work force linked to sophisticated capital. Scarcity of skills pushes up salaries in these sectors, creating an even larger than normal salary gap between skilled and unskilled workers, further exacerbating levels of inequality.

Despite widespread recognition of this crisis, there is a limited literature focused on examining youth unemployment in South Africa in any detail. One such study

The economy is skewed by the fact that its productive sectors are those characterised by a highly-skilled work force linked to sophisticated capital.

It identifies the three most acknowledged challenges facing the youth as: 'blocked spatial access' (young people cannot access employment opportunities), 'information asymmetry' (blockages in information flow that prevent people from finding out about jobs), and 'state of the macro economy' (a prevailing shortfall in jobs, regardless of the challenges of spatial access or information issues).

looks at youth unemployment at the 'periphery', and examines the spatial labour market for in-migrant youth who move from rural areas to the urban periphery in search of employment (Cross and Ngandu, 2013). It identifies the three most acknowledged challenges facing the youth as: 'blocked spatial access' (young people cannot access employment opportunities), 'information asymmetry' (blockages in information flow that prevent people from finding out about jobs), and 'state of the macro economy' (a prevailing shortfall in jobs, regardless of the challenges of spatial access or information issues).

The overall shortage of jobs led Rankin to conclude that door-to-door cold searches do not work, and that any vacancies are flooded with hundreds of applicants. He found that the most effective means for finding employment was through a network of employed friends and family, able to personally recommend work-seekers to employers.[131] In the lower-skills job category, this was almost the sole means for gaining employment. Using data from the National Income Dynamics Survey, Posel et al (2013) found that networks of personal contacts were more effective than any cold search.[132] Cross's research (which included in-depth interviews with youth in Diepsloot) confirmed that door-to-door searches are slow and expensive, and unless youth have family members who are willing to contribute to the costs, they soon come to a halt.

Those interviewed also reported on corruption in the labour market, saying that bribes are necessary to obtain referrals and contacts for possible opportunities. Existing employment opportunities for less-educated youth and first-time job-seekers with limited qualifications were limited to security and construction work, and

131. Rankin N. 2013. How will a job search subsidy create jobs? Econ3x3 Research project on Employment, Income Distribution and Inclusive Growth, SALDRU, University of Cape Town. Available at: http://www.econ3x3.org/article/how-will-job-search-subsidy-create-jobs.

132. Posel, D. et al. 2013. *The unemployed in South Africa: Why are so many not counted?* Econ3x3 Research project on Employment, Income Distribution and Inclusive Growth, SALDRU, University of Cape Town. Available at: http://www.econ3x3.org/article/unemployed-south-africa-why-are-so-many-not-counted.

other elementary occupations. While some analyses of long-term labour markets have shown that job creation in South Africa is not entirely stagnant, the lower-skilled, formal urban job market is flooded with entry-level applicants who have almost identical qualifications.[133]

Each year, the member cities of the South African Cities Network report on their performance in reaching demographic targets. Table 12.2 below shows the achievements of these cities over the last five years, with specific reference to youth. Those highlighted in red indicate instances in which targets were not met. Although Msunduzi and Nelson Mandela Bay have fallen below their targets on specific occasions, eThekwini has not met their targets for the last three years: 2011/12 to 2013/14.

Table 12.2: Youth Demographics of EPWP Beneficiaries

	2009/10	2010/11	2011/12	2012/13	2013/14
	% of youth				
Buffalo City	50%	56%	47%	40%	49%
City of Cape Town	48%	53%	57%	59%	60%
City of Johannesburg	54%	53%	56%	56%	53%
City of Tshwane	59%	51%	50%	54%	51%
Ekurhuleni	56%	51%	50%	53%	58%
eThekwini	44%	46%	32%	34%	36%
Mangaung	65%	58%	58%	58%	58%
Msunduzi	74%	0%	55%	53%	45%
Nelson Mandela Bay	48%	45%	46%	45%	36%

Source: Modification of Table 5 from the draft report – State of the Expanded Public Works Programme in South African Cities, Annual Report 2013/14, South African Cities Network, Johannesburg.

The government's response to the multiple challenges faced by youth is mapped out in the National Youth Policy, 2015-2020.[134] This notes (2) that '[t]he marginalisation of young people is primarily manifested in high youth unemployment. In a job-scarce environment, joining the world of work is particularly difficult'. The policy document proposes policy intervention. With regard to public-employment schemes, it highlights the importance of the EPWP, and calls for an increase in the youth quota, to 50%. The Community Work Programme, which guarantees two days' work a week, should be opened to young people, to gain increased access to existing opportunities. Mention is also made of the National Youth Service, a structured skills-development programme specifically aimed at capacitating the youth.

133. Rankin N.

134. National Youth Development Agency. 2015. National Youth Policy 2015-2020. The Presidency. Pretoria.

Research Questions and Methodology

The EPWP has been and is the main policy response of government to the unemployment crisis. Despite this, little has been done to understand the extent to which the EPWP can address the specific challenge of youth unemployment. However, there has been some cursory acknowledgement of this challenge, in that the three specific demographic targets mandate 40% youth participation.

The question is whether the EPWP can make a difference by creating temporary jobs, by providing training to those with few skills, and by helping youth beneficiaries to make a transition to secure employment. The research questions for this chapter are:

1. To what extent have EPWP programmes promoted employment among the youth?
2. Has this contributed to their future employment opportunities? Why (or why not)?
3. What could these programmes do to maximise this contribution?
4. What are the main limitations or barriers faced?

The null hypothesis of these research questions could be phrased as: 'In their current format, EPWP job opportunities are poorly paid, do not involve the transfer of skills, and are in non-aspirant sectors, resulting in minimal opportunities for young people to find long-term employment.'

Although research on youth unemployment is available, very little has yet been done to examine the intersection of youth unemployment and the EPWP. The commissioning of this work represents an opportunity to dig deeper into this issue, and see if it is possible to 'test' the null hypothesis with some empirical data. It was agreed that a 'case study' approach would be adopted, with a primary focus on the experiences of eThekwini; partly because this is the only metro that has regularly proved unable to meet the 40% quota. The main sources of information for this research were existing papers, available EPWP reports or spreadsheets, and a number of key informant interviews. Brief descriptions of eThekwini's activities are presented in the 'Findings' section below. The approach to addressing youth unemployment has been reviewed, indicating the lessons that can be learned.

According to the findings of the draft 2013/14 Annual Report: State of the EPWP in South African Cities, eThekwini is one of the better-performing metros in the EPWP network.

Findings

The EPWP is described, as applied by the eThekwini Metro. Data sources include findings and comparisons with other metros, as summarised from the SACN 2013/14 Annual Report, as well as input received from key informant interviews from the metro. Interviews with eThekwini EPWP staff focused primarily on the involvement (or lack thereof) of youth in their programmes.

According to the findings of the draft 2013/14 Annual Report: State of the EPWP in South African Cities, eThekwini is one of the better-performing metros in the EPWP network. Performance in the programme is based on six key indicators: the number of work opportunities created (WO), the number of person-days of work created (measured as Full-Time Equivalents), the number of person-days of training, overall budget and expenditure, and the demographics of the workers. Table 12.3 below is a summary of this data for 2013/14.

Table 12.3: Performance Indicators for 2013/14, eThekwini Municipality

	TOTALS
Number of projects	110
Number of WOs	29 338
Number of FTEs	7 573
Number of training days	501
Expenditure	R486.06 million
Wages	R135.03 million

Source: The State of the Expanded Public Works Programme in South African Cities, 2013/14 Annual Report (Draft), SACN.

The total number of projects was the fourth-highest in the network. Given the variation in WOs that individual projects can generate, total WOs created is perhaps a more reliable indicator, and in this eThekwini exceeded all others. It also had the second-highest overall budget expenditure on the EPWP. The average duration of employment on individual projects, over the past five years, was calculated at 0.31 years.

The dedicated EPWP team in eThekwini is based in the Infrastructure Management and Socio-Economic Development Department, and is responsible for the implementation and compliance of the municipality's EPWP policy. The policy document clearly states that in terms of its provisions, EPWP requires the re-orientation and re-alignment of line-function budgets (capital, operations, and maintenance) so that government expenditure can facilitate the creation of employment and training opportunities, especially for the unemployed and unskilled.

The EPWP is operationalised in the municipality through the various line-function departments. Many of the annual work opportunities created, especially those in

A separate, dedicated 'Social Sector' office exists to manage the EPWP social programmes. It has been in operation since 2009, and targets youth and women.

infrastructure, are discrete projects with no intention to continue. Examples include pavement construction, storm-water maintenance, and cleaning and clearing. In addition to this, a number of longer-term initiatives and programmes have been designed to ensure that specific social and other services can be delivered in a more sustainable manner. Some of the 'flagship' programmes currently active in eThekwini are described below.

The Department for Roads and Storm-Water Maintenance is responsible for running two ongoing EPWP-registered initiatives, the Zibambele Roads Maintenance and the Sihlanzimvelo Stream Cleaning Programmes.

The Zibambele project is an adaptation from a model designed by the KZN Department of Transport, and has been operational since 2003. It requires participants to be responsible for the cleanliness and minor maintenance of a section of road within a kilometre of where they live. The programme does not target the youth, but rather destitute, women-headed households. It is means-tested and targets households with incomes of less than R1600 per month. Community structures such as ward councillors and committees are responsible for identifying participant households. Currently there are 6195 beneficiaries, of whom 700 are youth, representing 11.3% of the total number.

The Sihlanzimvelo stream-cleaning project involves the maintenance and clearing of rivers and streams. It is a relatively new programme that falls under the Environment and Culture Sector, even though it is managed by the Roads and Storm-Water Maintenance Department. Sections of stream are allocated to cooperatives, who are responsible for ensuring that their sections are free from litter, debris, overgrowth, and alien vegetation. In this case, youth were targeted, and the programme is running well, with scope for expansion. Currently, 50 cooperatives are participating. The total number of beneficiaries is 240, of whom 37% are youth. Each cooperative is given a five-kilometre section of a stream for a three-year period.

A separate, dedicated 'Social Sector' office exists to manage the EPWP social programmes. It has been in operation since 2009, and targets youth and women. There are four separate programmes, all which are structured in a similar manner. Their design was guided by an assessment of community needs. Each programme involves identifying a suitable person within a ward, a task usually undertaken by the ward committee. That person is trained and given a one-year contract and a monthly stipend of approximately R2426. They are expected to work full-time, and to build the skills to market themselves elsewhere. Because so much effort is put into building their capacity, it is felt that one year is too short a period in which to engage

them, so the contract tends to be renewed once or even twice. At present, there are 407 people on the social-sector payroll, of whom between 65% and 70% are youth. Three field officers are responsible for overseeing these ward workers. The unit itself has six full-time employees, plus nine graduates undertaking internships. Below is a description of each of the different programmes in the Social Sector unit.

Paralegal support staff are community-based, and should provide services to residents. They cover a range of citizen concerns, including unfair labour practices, and the status of provident funds, social grants, and micro-loans. They inform people about their rights. The entry point for selection is the ward councillor, who should ideally be targeting poorer members of the ward. The selection should be unbiased and not politically motivated.

The selected individuals go through an induction process and enter a capacity-building training programme run by the Human Rights Commission. Other stakeholders assist, such as the Department of Home Affairs and Social Development. Eligible participants must have a matric certificate, and preferably be women under 35. The duties are explained to them, and they sign a one-year contract. The field officers are there to provide them with support until they are able to work by themselves.

The career-guidance support programme offers a service for students, in and out of school. Career Guidance Officers provide counselling, and form study groups within wards. They provide information on access to bursaries and study loans, and are usually based in municipal libraries, working in the same way as an outreach programme. They also support people in searching for jobs. There are approximately 90 Career Guidance Officers active around the metro. They spend some days working in municipal support centres, councillor-support offices and schools, and they attend community meetings. There is an average of one per ward, but the focus is on townships and rural areas, where there is less access to libraries. They work in partnership with the Libraries Department, which actually took the recruits through a two-year long learnership programme, with the intention of employing a number of them permanently.

The substance and drug abuse programme offers informal counselling and referrals to institutions. The programme is based within the Safer Cities Unit. Some wards have drug action committees, and so, usually individuals who are already involved are recruited. They form support groups with people from Social Development and the police, to help get affected people to rehabilitation centres and to facilitate access to clinics. Participants are known as 'lay counsellors', and there is approximately one per ward.

The Safer Cities Programme follows a similar format to that of the social projects. Its main focus is the safety and security of citizens.

The early childhood development initiative was started as a pilot project with a small number of participants: about 46. They are mostly based in rural areas, which is where most of the challenges are. They are not practitioners, but focus on identifying informal early childhood centres, which they assist to become formally registered and linked to the Department of Social Development. Registered Early Childhood Development centres are eligible to apply for an ECD Grant and a subsidy from the Department for Social Development.

The Safer Cities Programme follows a similar format to that of the social projects. Its main focus is the safety and security of citizens. In each ward, six safety and security officers have been recruited and trained. Currently there are 857 safety volunteers. Their main function is to report crime activities and crime hotspots in wards to the Safer Cities Unit. This includes activities such as drug abuse, hijacking, mugging, and violence against women and children.

Discussion

When questioned on why eThekwini's youth participation was in decline, the head of EPWP said that he was unable to respond:

> *I really can't say much about this. I think, at the time, the focus was not on targets; they were just recruiting. Only now, and last year, and the year before last, there has been a strong emphasis on the targets, as per national targets that have been set.*

At present, there is no specific intention within the Programme as a whole to target youth. A 'youth desk' does exist in the municipality, in the mayor's office, but until very recently it had been vacant for some time. It was admitted that the youth are more generally targeted in the Social and Environment/Culture sectors. These employ people for longer periods and provide more capacity-building, but do not employ large numbers of people (especially compared to Zibambele, which employs over 6000, and does not target youth). The Sihlanzimvelo Programme is more youth-oriented, but currently less than 40% of the participants are youth.

One challenge to understanding the impact the EPWP has on youth is that demographic data are only available in the aggregate. This means that data cannot be accessed per sector, which makes it impossible to see what trends are emerging.

One challenge to understanding the impact the EPWP has on youth is that demographic data are only available in the aggregate. This means that data cannot be accessed per sector, which makes it impossible to see what trends are emerging.

The interview with the EPWP manager regarding the targeting of youth within the programme revealed that the youth are more than willing to take up opportunities in the programme, but become dissatisfied thereafter.

Disaggregated data would enable the total budget spent on youth (their WOs and FTEs) to emerge, for comparison with that spent on other beneficiaries. Although not statistically robust, the data from the councillor survey (see the case study section of this book), which was disaggregated by age, seems to show that the presence of an outlier (the Zibambele programme, employing a large volume of non-youth) may be giving a bias to the findings.

The interview with the EPWP manager regarding the targeting of youth within the programme revealed that the youth are more than willing to take up opportunities in the programme, but become dissatisfied thereafter. The findings from the councillor survey (captured in the case study section) confirmed this: the youth are desperate, and will take any opportunity they are offered. There do not appear to be any 'non-aspirant' sectors, or any outright rejection of the wages offered.

What about the EPWP's ability to provide the youth with 'employable' skills? One of the biggest limitations to assessing the aim of giving the youth experience and training, and thereby facilitating their transition into formal employment, is that no monitoring data is collected. It is not known how many people have found work after exiting the Programme, how long it has taken them to find work, and if their doing so could be attributed to participation in the Programme. However, a lot is done to assist participants to find work – especially within the social sector. The field officers in the Social Sector Unit stated that they actively market the programmes, at meetings with line departments, provincial steering committees, and NGOs, and inform these stakeholders of people exiting the programme who could be absorbed elsewhere. The general hope of many EPWP participants is that they will find employment in the Metro. Since 2009, approximately 2000 people have been through this Programme. Unfortunately, there is no data on where these people are now.

The way in which participants are selected, particularly in the Social Sector, has generated some unintended consequences that require closer examination. Distributing opportunities across wards does provide some measure of equity. The assumption that the ward councillor and ward committee are 'closer to the ground', and are therefore in a better position to identify the neediest in the ward, is reasonable. However, it does also allow ward committees to act as gatekeepers, and for politicisation to take over. The survey of the councillors presented as a case study revealed situations in which certain factions had taken over selection, and sidelined the councillor and the ward committee – and even worse, there were reports of

Although there should be an approximately equal distribution of positions across the wards, many wards reported no EPWP participants from the social-sector programmes, while some recorded a number far greater than the expected 'one per ward'.

councillors selecting friends and family, and taking a portion of their stipends! This is indeed a cause for concern.

The final challenge with this type of recruitment approach is that it does not reward motivation or create appropriate incentives. The potential for non-transparency in the selection of candidates by the ward committee reinforces the old adage that 'it's not what you know, but who you know', further adding to the cynicism and demotivation of the youth.

Another important lesson can be learnt by comparing Ekurhuleni to eThekwini. Ekurhuleni has been able to draw in the private sector. For the majority of EPWP beneficiaries in eThekwini, their best hope for formal-sector employment is through the Metro. But the Metro can only employ so many people. It would also seem that an expectation is emerging that the Metro *will* employ people. A sustainable reduction in South Africa's unemployment rate must be driven by the private sector. The internship programme, offered by Ekurhuleni to the private sector, has a number of advantages. It overcomes the barrier of employers not wanting to hire young people who have no experience, as they do not have to pay their stipend, while it places the burden of supervision and skills development on the employer, and not the Metro. The skills gained in this way are more likely to be those required by the private sector, and therefore more marketable than many of the skills gained in the current social sector. In eThekwini, the number of young people who have found employment as a direct result of their participation in EPWP is simply unknown. This is not ideal, given that it is one of the three intended outcomes of the Programme. Findings from the councillor survey suggest that this number is minimal.

A cause for concern is the level of supervision afforded the beneficiaries. In the Social Sector Unit in eThekwini, 407 participants were supervised by three field officers. It is not logistically feasible for these field officers to provide effective supervision. Those who are motivated and committed to their responsibilities must find it difficult to access the support and guidance required to do their job effectively. On the other hand, those who are not self-driven could quite easily spend their days doing little and getting paid for it, without anyone noticing. In connection with this, there has been no in-depth evaluation of the extent to which the services rendered are appreciated by the beneficiary communities; neither has there been any in-depth evaluation of the training provided, or the extent to which

it has empowered people to fulfil the duties they have been assigned. A full audit of the locations of all beneficiaries should be undertaken. Although there should be an approximately equal distribution of positions across the wards, many wards reported no EPWP participants from the social-sector programmes, while some recorded a number far greater than the expected 'one per ward'. There was no explanation as to why this has been the case.

Conclusion

As the analysis at the beginning of this chapter shows, the youth of South Africa currently face a very bleak future. Many leave school with an incomplete education, and even those with matric still face many barriers. Employable skills are few, and experience is non-existent. Many already living in a state of poverty do not have the resources to carry out extensive job searches, and few have the much-needed existing networks from which to glean information about possible opportunities. The market is competitive, and the demand is low. With limited skills and experience, the youth bear the brunt of high and entrenched unemployment, being in the 'least desirable' category for most employers. Less than four out of every ten youth between the ages of 15 and 24 have been able to find employment. The underlying tensions could readily lead to crime, violence, and political unrest.

The government is fully cognisant of this situation. Its main policy response over the past 12 years has been to offer temporary low-paid employment through the EPWP. By requiring a minimum 40% youth quota, the programme does acknowledge the importance of prioritising this age group. The National Youth Service also offers the potential to help youth make the transition to employment.

The research indicates that young people have been highly responsive to EPWP opportunities, and are not deterred by hard physical labour and low wages. However, there is limited evidence to support the notion that participation in EPWP activities assists the young to move into paid employment. First, the number of work opportunities offered compared with the sheer volume of unemployed youth means that unless there is massive scale-up, with increased youth quotas, current efforts will barely 'touch the sides'. Second, the extent to which the EPWP

The research indicates that young people have been highly responsive to EPWP opportunities, and are not deterred by hard physical labour and low wages. However, there is limited evidence to support the notion that participation in EPWP activities assists the young to move into paid employment.

opportunities offer truly marketable skills needs further examination. The programme in its current format, especially in eThekwini, does very little to engage with the private sector; nor does it set out to reward the self-motivated. Much could be gained from considering the approach of Ekurhuleni. The careers expo there means that all motivated and interested youth have a starting point from which to direct their energies and aspirations. More importantly, their approach to engaging with the private sector and persuading the private sector to take on youth interns (by providing a much-needed stipend) means that these young people get exposure to a real work environment, gain real marketable skills, and dramatically increase their chances of finding a permanent job. It is an approach that requires further consideration, at least, and possible replication within the other metropoles.

References

Andersson G. 2011. Community Organisation; The missing link for societal transformation. Unpublished paper.

Andersson G. 2013. Community Development in the CWP: First ideas. Unpublished paper.

Aliber M. 2005. Synthesis and Conclusions. In Aliber M et al (eds.) *Trends and Policy Challenges in the Rural Economy*. Pretoria: HRSC Press.

CWP Steering Committee. 2012. Strategy for Scaling Up. Unpublished document.

Department of Cooperative Governance (DCoG). 2011a. CWP Implementation Manual. Pretoria.

DCoG. 2011b. Communities at Work: Community Work Programme 2010/2011. Produced by TIPS (Trade and Industrial Policy Strategies). Pretoria.

Department of Public Works. 2015. Convergence in EPWP Phase Three. Tabled to the Inter-Ministerial Committee on Public Employment, Orange Farm, 22 July.

Economic Development Department. 2011. The New Growth Path: The framework. Pretoria.

Langa M and Von Holdt H. 2011. *Bokfontein: The nations are amazed*. In Daniel et al (eds.) *New South African Review 2*. Johannesburg: Wits University Press.

McCord A. 2005. Public Works in the Context of HIV/Aids. Public Works Project, Southern African Labour and Development Research Unit, University of Cape Town.

National Planning Commission. 2011. National Development Plan: Vision for 2030. The Presidency. Pretoria.

Technical Advisory Unit of National Treasury. 2012. Community Work Programme, Project No. 666, 12 December.

Vawda S. et al. 2013. *The South African Community Capabilities Study: The Community Work Programme*. Pretoria: Centre for Democratising Information.

Woodroffe R and Martin D. 2012. Lessons Learned and Practical Strategies for Poverty Alleviation in a Deep Rural Environment. Paper presented at: *Towards Carnegie III*, University of Cape Town, 3-7 September.

CHAPTER 13

COMPLEMENTARY DIRECTIONS: THE COMMUNITY WORK PROGRAMME

Dr Kate Philip

In the CWP, there is no sign on the gate that says 'no jobs here'. Instead, we will have a sign on the gate that says: 'Jobs are here! We need people!' (King George Mohlala, Bokfontein CWP coordinator. Presentation, CWP Consultative Workshop, 2009)

Part of the corrosive impact of unemployment is the sense of being surplus to the requirements of society: unwanted, turned away at the gate. Exclusion is not a passive phenomenon; it is experienced as an active process, even an aggressive one. It is disempowering, alienating, and diminishing. It can elicit an aggressive, aggrieved, and anti-social response.

For unemployed people, the signs on many factory gates bar their entry into the labour market, and contribute to a deep sense of exclusion. Yet even where markets may have no need for their labour, society still does; because despite South Africa's high levels of unemployment, there is no shortage of work to be done to improve the quality of life in poor and marginalised communities. Even where labour may have no market value, it has the potential to create social and economic value. Public employment is an instrument that can unlock this value, through the creation of public goods and services. In the process, public employment programmes can off-set many of the negative social impacts of unemployment on those affected, as well as on communities and society as a whole.

The Community Work Programme (CWP) was designed to help address the paradox of an economy unable to absorb the labour of people willing and able to work, in a context where there is so much work to be done. It does this by providing a new and additional resource through which local needs and development challenges can be met, with the work performed also addressing some of the social consequences

Central to the framework developed and approved by Cabinet in January 2009 was the recognition that the notion of South Africa having two economies was part of the problem.

of high unemployment. Furthermore, it has been designed to go to scale cost-effectively and fast, in recognition that the existing scale of the EPWP was insufficient to respond to the urgency of the unemployment crisis.

The CWP was an outcome of the Second Economy Strategy Project set up by the South African Presidency as part of its Accelerated Shared Growth Initiative of South Africa (AsgiSA), which was tasked with identifying why policies for what was then called 'the second economy' were not achieving higher impacts, and deciding what to do about it.

This strategy process was undertaken from within the not-for-profit research organisation TIPS (Trade and Industrial Policy Strategies). Central to the framework developed and approved by Cabinet in January 2009 was the recognition that the notion of South Africa having two economies was part of the problem. Despite the focus on marginalisation and exclusion, the notion of two disconnected economies led to strategies concerned with connecting the second economy to the first; without recognising that the two were already interconnected, and that the so-called 'first' economy was in many respects dependent on the existence of the second.

As a consequence, the focus was placed on the role of structural inequality in creating and reproducing economic marginalisation, and on what this means for strategy. As this analysis was central to the design of the CWP, and as its rationale in CWP differs from the assumptions underpinning other components of the EPWP, it is briefly summarised here.

How structural inequality constrains economic options

There is a widespread expectation in South Africa that small enterprises, informal sector activity, and small and subsistence farming offer solutions to the unemployment crisis, by creating opportunities for poor people to self-employ their way out of poverty. These expectations pervade discussion of the role of public employment, in which Public Employment Programmes (PEPs) are routinely deemed to have failed if participants are unable to exit into either formal jobs, or some form of self-employment. Certainly, such outcomes are desirable; that does not make them realistic for the vast majority of unemployed people – or PEP participants – and it matters to understand why.

The answers lie in the role structural inequality plays in the economy, and how it constrains employment creation and locks poor people out of economic opportunities – not only diminishing the labour absorptiveness of the core economy and the creation of formal jobs, but also limiting the scope for employment creation initiated from below, through forms of self-employment.

The following dimensions of inequality combine to make it deeply structural (AsgiSA, 2009):

- The high levels of centralisation and vertical integration in the economy
- Spatial inequality and the legacy of Bantustans and apartheid cities
- Inequality in human development

The unique structure of the South African economy is particularly relevant here. It differs from most other developing countries in that the majority of manufactured goods consumed by poor people are mass-produced in the core economy, and widely distributed to even the most remote areas. This makes it very hard for small-scale producers to compete, and has created structural constraints on the scope for small-scale manufacturing to target the basic needs of poor consumers.

In most developing countries, the easiest entry point into entrepreneurial activity in poor communities is to make and sell goods and services that your neighbours need, taking advantage of social networks and growing from there. In South Africa, this market space has long been taken; instead, entrepreneurs are confined to the distribution of mass-produced goods through spaza shops and street trade.

This does not mean there are no opportunities; there certainly are. But these tend to be of a niche kind, or focused on markets with comparatively high levels of disposable income. Given the skills and – often – the capital required, this makes it difficult (although not altogether impossible) for small-scale entrepreneurs to gain access to these opportunities (Philip, 2010).

South Africa therefore differs from many other developing countries in these two key respects: one, there are structural constraints on the scope for poor people to self-employ their way out of poverty, in particular through enterprise activity in small-scale manufacturing; two, neither subsistence nor smallholder agriculture offer the rural poor much security or opportunity for economic improvement.

The second major factor limiting economic participation by the poor is the history of land expropriation, including the 1913 Land Act and later policies that created South Africa's Bantustans. These policies aimed to force black people off the land and into the labour market – and they worked. Over time, the Bantustans became de-agrarianised, with the rural population in these areas increasingly dependent on wage remittances from mining and manufacturing, and later on, social grants.

The levels of de-agrarianisation are striking. In recent times, an average of less than 50% of rural households say they participate in agriculture; by March 2004, only 1.1% of those doing so earned their main income from it, and only 2.8% earned any additional income from it (Aliber, 2005).

South Africa therefore differs from many other developing countries in these two key respects: one, there are structural constraints on the scope for poor people to self-employ their way out of poverty, in particular through enterprise activity in small-scale manufacturing; two, neither subsistence nor smallholder agriculture offer the rural poor much security or opportunity for economic improvement.

The case for CWP

Long-term solutions lie in tackling these structural problems. In their different ways, the New Growth Path, the Industrial Policy Action Plan, and the National Development Plan all attempt to provide frameworks for doing so. But, as was argued to be part of the rationale for CWP, (AsgiSA, April 2009: 19) levels of unemployment require more urgent strategies to bring about economic inclusion.

Economic inclusion tends to be conflated with market participation. Yet the economic activities in which people engage are not limited to those based on the market alone. When market-based activities are difficult to access, what are the other mechanisms through which people participate in economic activity – and what are the policy instruments through which such participation can be strengthened?

The main strategy proposed was through the significant expansion of South Africa's existing commitment to public employment, as a way of creating opportunities for work that markets were proving unable to provide. The CWP offered a new approach to this (18).

The CWP was designed to complement existing EPWP initiatives, but with an approach informed by a stronger focus on the structural nature of unemployment in South Africa, targeting the poorest and most marginal areas. Instead of offering a short-term episode of work, on the expectation that this would provide a platform for access to other opportunities, CWP was designed to offer ongoing access to a minimum level of regular and predictable part-time work, as a continuing supplement to people's existing livelihood strategies, and without creating the expectation that they would necessarily be able to exit into opportunities that, under current conditions, rarely exist.

Key design features of the CWP

The CWP was developed from within TIPS, during a pilot phase overseen by a Steering Committee comprising the Presidency and the Department of Social Development; before being transferred into government, into the Department of Co-operative Governance (DCOG), in April 2010. The programme numbered 50 000 participants during the pilot phase, which was used to develop a set of core Norms and Standards, based on lessons derived from implementation experience by two initial implementing agents.

The core design features embodied in CWPs Norms and Standards are outlined below. In practice, some of these have since been adjusted, and these changes are explored further in later sections.

The CWP is an area-based programme that operates through designated sites. Sites have varied in geographical scope, but the initial aim was to have a site with a minimum of 1000 participants. In rural areas, such a site may cover several villages; in urban areas, only part of an informal settlement.

The work in the CWP is left largely open-ended, but must be 'useful work', identified and prioritised through participatory community processes and then managed by the Implementing Agent. 'Useful work' is defined as work that contributes to the public good and/or improves the quality of life in communities. This broad definition is intended to leave a wide scope for local initiative and creativity, and to result in a multi-sectoral spectrum of work activities.

Once a site is operating at a scale of 1000 participants, labour intensity is supposed to reach an average of 65%. This target is only regarded as achievable because of the high level of social services included in CWP work. The stipulation also reduces scope for engaging in infrastructure development, which means that the risk of duplicating existing infrastructure development programmes can be avoided. The 'non-wage' costs include not only the programme management fee (set at 9% of the total site budget), but also tools and materials, safety gear, training, and technical support; and payments such as those for the Unemployment Insurance Fund (UIF) and Compensation of Occupational Injuries and Diseases Act (COIDA).

It is specified in the CWP's Norms and Standards that the work must not displace existing jobs, in the public sector or elsewhere. This is what most concerns trade unions: that local government will take advantage of the lower wage rates in CWP to displace existing jobs at lower cost. This would defeat the purpose of the

The work in the CWP is left largely open-ended, but must be 'useful work', identified and prioritised through participatory community processes and then managed by the Implementing Agent.

By March 2013, the CWP had 204 494 participants, and was operating in 148 sites nationally; in rural areas, informal settlements, and urban townships (DCoG 2013). This participation rate has remained constant since, with budget constraints limiting the scope to expand.

programme, which is not to drive down wages in existing jobs, but to augment employment. (See Chapter 6 on Displacement for a fuller discussion.)

While the CWP is a national government programme, institutionalised in the DCOG, it is implemented by non-profit agencies, which bring experience in participatory approaches to community development. The intention is to build development capacity in civil society, thus creating the scope for a new form of partnership between government, civil society, and communities.

Before a site is initiated, formal support is required from local government, often in the form of a resolution from the Mayoral Committee. The Implementing Agency is responsible for site management, including the management of funds. At each site, a Reference Group is constituted, to play an advisory role. Reference Groups are made up of local stakeholders, and typically include ward councillors, local government officials, civil-society organisations, and respected members of the local community, such as school principals and clinic sisters. They are a link to the wider community, and the mechanism that enables wider participatory processes.

The minimum wage in the CWP is set by a Ministerial Determination that covers all EPWP programmes. In 2015, the CWP paid R75 a day. Within the CWP, work team leaders are appointed for every 25 participants (although this can vary from site to site). These team-leaders work three days a week. For every 100 participants, co-ordinators are appointed, who work full-time at a higher daily rate. From April 2012, a new pay structure in the CWP recognised semi-skilled and skilled categories of work. This adjustment is in recognition that not all work in the CWP is unskilled, and not all participants are unskilled either. In fact, the CWP employs artisans, retrenched personnel from the retail sector, and university graduates. This reflects the complexity of unemployment in South Africa. While the facility to employ more skilled workers only covers 10% of the CWP workforce, the participation of these workers enhances the quality of outputs in the CWP, and expands the types of work that can be undertaken.

By March 2013, the CWP had 204 494 participants, and was operating in 148 sites nationally; in rural areas, informal settlements, and urban townships (DCoG 2013). This participation rate has remained constant since, with budget constraints limiting the scope to expand.

The rationale for regular part-time work

Regular and predictable access to work translates into regular and predictable incomes in poor households. This has a range of development advantages over access to the short-term income spike characteristic of short-term periods of full-time employment.

In the debate on whether (or to what extent) public employment is part of social protection, the limited duration of work and/or the limited poverty impact of short-term episodes of employment have been discussed. McCord (1995) draws on the international literature to argue the importance of employment security and, most importantly, extended employment duration – citing Dev (1995), who argues that the sustained duration of wage income is more important than the gross wage transfer, with regard to its social protection outcome.

In the design of the CWP, the aim was to combine the poverty impacts of regular and predictable income (as demonstrated by cash-transfer programmes around the world), with the added value to both participants and the community that is derived from participation in work and from the outcomes of such work. Rather than seeing a trade-off between these two forms of support, the CWP believes it is possible to achieve both.

In this model, part-time work supplements existing livelihood activity, rather than replacing it. People who are unemployed seldom do nothing with their time; instead, they engage in a constant quest to find casual work, or eke out a survivalist income from enterprise activity or subsistence agriculture. While these activities may be insufficient to lift them out of poverty, they do contribute to household subsistence.

The regular and predictable nature of the programme also means that the CWP is likely to have a more sustainable impact within a given local economy, because the increase in consumption from regular incomes is ongoing and predictable – rather than simply being once-off. The positive effects are felt by local businesses.

Regular participation in work has a range of beneficial impacts beyond the impact of regular incomes. It provides structure in people's lives, regular social contact, and access to networks, thus building a sense of community and strengthening the capabilities of participants.

In the design of the CWP, the aim was to combine the poverty impacts of regular and predictable income (as demonstrated by cash-transfer programmes around the world), with the added value to both participants and the community that is derived from participation in work and from the outcomes of such work.

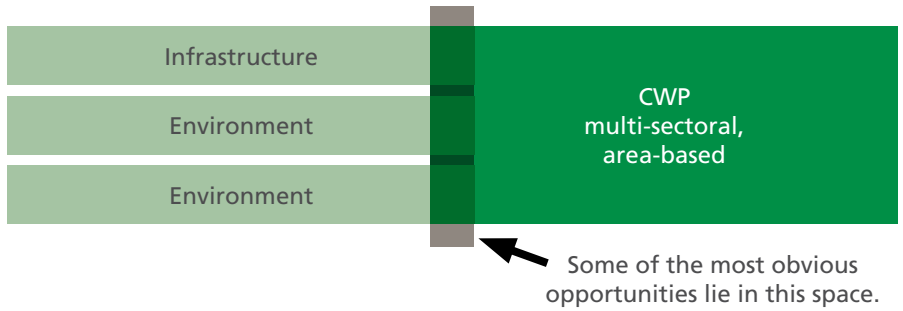
The types of work undertaken

Every site is different, because the work undertaken is intended to respond to local needs. However, what has often happened in practice is that sites end up with a narrow menu of work (focused, say, on clean-up activities), and do not explore the potential for CWP work to contribute meaningfully to local development in ways driven by the community. Some of the reasons for this are explored in the section on institutional challenges below.

Scope for convergence with other EPWP programmes

The CWP is a multi-sectoral, area-based programme, offering an instrument able to contribute to integrated development. As a result, almost every activity on the list of types of work performed falls under the mandate of a different government department – including some clear overlap with the sectoral programmes in the EPWP.

Figure 13.1. Convergence to augment impact (DPW, 2015: 2)



In theory, this creates the possibility of duplication, but as Treasury official Julia de Bruyn once put it: 'The day we have to worry about duplication in the delivery of services will be a happy day indeed.' Indeed, this overlap creates opportunities for the CWP to contribute to the expansion of outreach to under-serviced areas, with technical support provided by the lead departments in the area of work concerned.

In EPWP Phase 3, forms of convergence that strengthen the development impacts of the Programme are encouraged. As explained in a document tabled to the Inter-Ministerial Committee on Public Employment Programmes (the PEP-IMC), increased collaboration and synergy can enhance development impacts in the following main ways (DPW, 2015, 1):

- Within each of the sector programmes, significant levels of expertise and technical competence exist that the CWP could draw on to strengthen the quality of outputs of its work in that sector.
- Agreement on Norms and Standards and best practices for particular types of work that are delivered by different programmes will enhance the quality of outcomes.
- The CWP's contribution to the delivery of particular sectoral outputs expands the reach and impacts of such sectors.
- The CWP can undertake work that complements and supports the main outputs of the sectoral programmes, in ways that deepen their impacts.

Many CWP sites are involved in environmental work. For example, opportunities exist for the provision of maintenance support to Working for Water teams involved in the clearing of alien invasive species.

Such collaboration already exists – for example, between the CWP and the Social Sector. A report tabled to the CWP Steering Committee of 29 October 2015 mentions a visit by officials from the Department of Social Development (DSD) to CWP sites in Limpopo Province, focusing on support to Early Childhood Development Centres. In this process, a number of unregistered centres were identified. Mechanisms were identified to support their registration, to facilitate the introduction of DSD's norms and standards, and to put in place training programmes for CWP participants involved in ECD.

Many CWP sites are involved in environmental work. For example, opportunities exist for the provision of maintenance support to Working for Water teams involved in the clearing of alien invasive species. While Working for Water does not have an ongoing presence in many of the areas it clears, the CWP may have, putting it in a good position to perform the less skilled but ongoing work of clearing new growth after Working for Water has undertaken the more skilled tasks of clearing such species.

The purpose of these forms of collaboration is to use the combined strengths of different programmes to strengthen development outcomes.

Transformative potential?

The CWP's current targets include the establishment of a site in every municipality, and reaching a scale of one million participants per annum by 2018/19. While the reaching of these targets may be subject to fiscal constraints, their achievement would indicate that the CWP had a wide reach into communities across the country. Impacts are currently limited and uneven, but there are some indications of how the CWP could play a transformative role of a systemic kind.

Strengthening capabilities and livelihoods

In a study on the impact of the CWP at selected sites (Vawda et al, 2013), it was found that participation had enhanced the capabilities of those employed, and also their sense of agency (defined as their belief in their capacity to change their own conditions). For example, they had a better understanding of the characteristics of formal work, and participated more in networks outside of the CWP; they had a higher propensity to participate in activities such as savings clubs, and to volunteer for community activities, to use their personal resources to enhance social services and community assets, and to use media as a source of information; they were more aware of their socio-economic rights; and they emphasized how participation in work had reduced their own anti-social behaviour (such as alcohol and drug abuse, and participation in crime).

Participants also became involved in micro-enterprise activity, and many applied skills learnt in the CWP in their own lives. For example, 36% of participants had initiated their own homestead food gardens (compared to 22% of non-participants in the Programme). Many directly attributed this to the skills and access to networks gained from participation in the CWP.

As an instrument of social policy – and social protection

There is debate about whether public employment programmes can be regarded as part of social protection. However this is resolved, the fact remains that the scale of such programmes will impact on the demand for such protection.

In addition, part of the work undertaken at each site typically responds to the challenges confronted in that community, and creates opportunities for partnership with the DSD. This includes tackling substance abuse, supporting orphans and vulnerable children, and maintaining food security by means of food gardens at ECD Centres, schools, and clinics.

With regard to home-based care, the combination of social-sector EPWP programmes and CWP means that through public employment, new possibilities are created for addressing the burden of unpaid care work in communities – a burden falling primarily on women, which can impact negatively on their ability to engage in social and economic activity outside the home. CWP Implementing Agents have reported on

In addition, part of the work undertaken at each site typically responds to the challenges confronted in that community, and creates opportunities for partnership with the DSD.

It is also true, however, that the processes of scaling up the CWP and of tendering for implementing agents have often shifted the emphasis from community development to compliance, as community development skills have proved hard to procure and to measure.

the high incidence of elderly people without any consistent forms of care, as well as incidences of child-headed households. The establishment and institutionalisation of care-giving as an ongoing feature of community life creates new forms of access to support, as well as new forms of connection for those on the margins of such support systems. To the extent that such systems of care-giving become institutions on which people know they can rely if the need arises, a new dimension of social protection is offered – putting the 'social' back into a concept that has often become reduced to meaning 'cash transfers'.

Building community agency in development

Part of the rationale for the CWP was 'to use public employment as a catalyst for community development' (AsgiSA, 2009). Yet in practice, the CWP's role in community development and the processes of community consultation and participation in the identification of work have been uneven: not least because of differing perspectives on what community development means, and on what form community consultation should take. There is no real guidance on this subject in the CWP's Norms and Standards. Instead, reliance has been placed on the skills and experience possessed by non-profit organisations appointed as Implementing Agents. However, such skills have proved to be in short supply.

Gavin Andersson (2013) emphasizes the role played in community development by shifts in consciousness as the basis for the development of forms of organisation leading to locally-driven processes of transformation.

There is a range of examples of the CWP playing a catalytic role in unlocking new forms of agency in communities, with research in (for example) Bokfontein (Langa and Van Holdt, 2011), Orange Farm (Bruce and Langa, 2015), and Bulungula (Woodroffe and Martin, 2012) providing in-depth insights into the differing ways in which this has taken place.

It is also true, however, that the processes of scaling up the CWP and of tendering for implementing agents have often shifted the emphasis from community development to compliance, as community development skills have proved hard to procure and to measure. In practice, although the CWP's potential to deliver transformative outcomes has been demonstrated, results remain inconsistent.

The pilot phase of the CWP involved an intensive process of testing different development logics and implementation approaches, in order to arrive at a set of agreed Norms and Standards.

Reinstating the social value of labour

From a theoretical point of view, Karl Polanyi highlighted the risk to society of treating labour simply as a commodity. However, attempts to reduce this risk have focused on social-protection measures largely concerned with the lack of income resulting from unemployment. Although this is important, it takes the commodification of labour as a given, and has resulted in a failure to tackle the role played by economic participation in well-being and social inclusion.

For as long as public employment programmes are short-term and small-scale, their scope to provide a systemic alternative to the commodification of labour will be limited. However, South Africa can look to India for an example of a different approach. There, the Mahatma Gandhi Rural Employment Guarantee Act guarantees one hundred days of work per annum for every rural household needing it, thus creating a societal-scale instrument that serves as an alternative to making the market the sole source of demand for labour and the sole arbiter of its value.

The CWP provides a more modest example of the potential for public employment programmes to unlock unused labour for social purposes, and thus reinstate recognition of the social value of labour, even when its market value approaches nil. Research by Langa and Van Holdt (2011) into the CWP in Bokfontein found that because the work had been identified as needed by communities, this added to the validation participants got from the work performed. They argue that the meaning derived from this work is increased by being 'de-commodified'.

In a global context in which technological change appears likely to lead to exponential declines in the demand for labour, the challenge of what to do about high levels of unemployment is only likely to grow; and with it, the question of how to unlock the latent social and economic potential of labour that is surplus to the needs of market processes. The role of public employment is surely one part of the wider debate on the future of work.

Institutional challenges

At the July 2011 Cabinet Lekgotla, a target for the CWP to scale up to one million participants by the end of 2013/14 was supported as part of an action plan in response to

the scale of unemployment and the need for more urgent responses[135] (TAU, 2012). However, the process of institutionalising the CWP in COGTA on terms that would allow it to scale up rapidly has met with a wide range of challenges.

The pilot phase of the CWP involved an intensive process of testing different development logics and implementation approaches, in order to arrive at a set of agreed Norms and Standards. This process was overseen by the Presidency and the Department of Social Development; yet a decision was made that the most logical long-term home for the CWP was in COGTA. What was insufficiently recognised was that in a context in which COGTA has not participated in the pilot process, it could not be expected to hold the same assumptions about the role of such a programme: and it did not.

Some in COGTA,as the department responsible for building provincial and local government, wanted to see these spheres of government play a much more direct role in CWP's implementation, having little sympathy with the role for non-profit organisations built into the model. Similarly, although the CWP had been defined as a 'government-wide' programme, with a Steering Committee comprising the Presidency, the Department of Social Development, the Department of Public Works, and National Treasury, some in COGTA saw this as encroaching on its own mandates (TAU, 2012).

A further point is that COGTA's financial systems were unequal to coping with the new task of managing wage and other payments for a large programme. Late payments to workers and Implementing Agents seriously destabilised the programme at site level (TAU, 2012).

Finally, government-wide budget cuts in 2014/15 confronted CWP with a choice between cutting the number of participants, and increasing the labour-intensity ratio above 65%. It opted for the latter; but this meant sites had insufficient funds to cover the costs of tools and materials, safety gear, training, and technical support, thus limiting the types of work that could be undertaken as well as the quality of such work.

In recognition that the institutional challenges confronted would jeopardise its ability to reach the one million target, the Inter-Ministerial Committee on Anti-Poverty and Short Term Job Creation Strategies supported the CWP Steering Committee in commissioning an Institutional Review of the programme, which was undertaken by the Technical Advisory Unit of National Treasury in 2012. Changes in COGTA shortly before this report was tabled made possible a new level of co-operation in addressing the challenges. Many of the report's recommendations, coupled with initiatives and strong leadership from within COGTA, have since created greater stability and strengthened outcomes, with the programme finally able to give serious consideration to scaling up once more.

135. Government Communications and Information System. 2011. Statement on the Cabinet Lekgotla of 26–28 July 2011, Pretoria. Available at: www.info.gov.za/speech/DynamicAction?page-id=461&sid=20345&tid=38379.

Conclusion

The CWP is a policy instrument that not only creates vitally-needed employment opportunities, but does so in ways that have the potential to build social cohesion and unlock new forms of agency in communities, creating opportunities for making a transformative contribution to local social and economic development. For this potential to be realised, however, outstanding institutional challenges must be met. These challenges *can* be met, and the process of doing so is under way; so now is not the time to lose faith in the CWP's potential.

Despite the many challenges, a team has consolidated in COGTA that has been at the centre of transformation, having weathered several political storms, and driven by a real commitment to the programme. While elements of its design may continue to generate debate, while gaps in its design have indeed had to be filled, and while institutional challenges certainly remain, CWP has finally been embraced at a political level in COGTA. There is a team responsible for its delivery which has the necessary support. It has also been embraced at a political level in the wider context of the EPWP, and by the newly-formed Inter-Ministerial Committee on Public Employment, which recognises it as having a highly important role to play in public employment strategy. In addition, it has become part of the institutional landscape in those municipalities in which it exists, and is in high demand in those in which it does not.

Finally, the minimum conditions for it to scale up on terms that allow it to meet its development potential may actually be in place. A pity, then, that fiscal space is quite so tight. Yet the need has never been greater. Will South Africa square that circle?

References

Andersson G. 2011. Community Organisation; The missing link for societal transformation. Unpublished paper.

Andersson G. 2013. Community Development in the CWP: First ideas. Unpublished paper.

Aliber M. 2005. Synthesis and Conclusions. In Aliber M et al (eds.) *Trends and Policy Challenges in the Rural Economy*. Pretoria: HRSC Press.

CWP Steering Committee. 2012. Strategy for Scaling Up. Unpublished document.

Department of Cooperative Governance (DCoG). 2011a. CWP Implementation Manual. Pretoria.

DCoG. 2011b. Communities at Work: Community Work Programme 2010/2011. Produced by TIPS (Trade and Industrial Policy Strategies). Pretoria.

Department of Public Works. 2015. Convergence in EPWP Phase Three. Tabled to the Inter-Ministerial Committee on Public Employment, Orange Farm, 22 July.

Economic Development Department. 2011. The New Growth Path: The framework. Pretoria.

Langa M and Von Holdt H. 2011. *Bokfontein: The nations are amazed*. In Daniel et al (eds.) *New South African Review 2*. Johannesburg: Wits University Press.

McCord A. 2005. Public Works in the Context of HIV/Aids. Public Works Project, Southern African Labour and Development Research Unit, University of Cape Town.

National Planning Commission. 2011. National Development Plan: Vision for 2030. The Presidency. Pretoria.

Technical Advisory Unit of National Treasury (TAU). 2012. Community Work Programme, Project No. 666, 12 December.

Vawda S. et al. 2013. *The South African Community Capabilities Study: The Community Work Programme*. Pretoria: Centre for Democratising Information.

Woodroffe R and Martin D. 2012. Lessons Learned and Practical Strategies for Poverty Alleviation in a Deep Rural Environment. Paper presented at: *Towards Carnegie III*, University of Cape Town, 3-7 September.

CHAPTER 14

WHERE TO FROM HERE: FUTURE IMPROVEMENTS FOR THE EPWP

Ignatius Ariyo

The aim of this chapter is to sketch how the EPWP should be implemented in the future, bearing in mind the weight of experience elaborated in the chapters above. The views here reflect a Departmental perspective.

The government considers implementation of the EPWP to be its flagship Public Employment Programme (PEP), and a key strategy for reducing unemployment in the medium to long term. The context for the implementation of the EPWP is the outlook for economic growth to the year 2030. The National Development Plan (NDP) states that if the current rate of growth continues without any policy changes, the EPWP will have to contribute five million work opportunities per year up to 2030, to reduce the rate of unemployment from the current 25% to 6%. The NDP also states that if the rate of growth increases to 5.4% per cent per annum up to 2030, the EPWP will have to create 431 000 work opportunities to reduce unemployment to 6% (Presidency, 2013). Given that the South African economy is currently growing at less than 2% (Statistics South Africa, 2015), there is an even greater need for Public Employment Programmes like the EPWP over the medium to long term.

In its third phase, the EPWP has a target of six million work opportunities, or one million work opportunities per annum (DPW, 2014). To create five million work opportunities per annum and thus achieve the target of halving the unemployment rate and reducing it to 6%, in line with the NDP, it will have to scale up five times. It is estimated that R150 billion will be required to meet the target of six million work opportunities (DPW, 2014); in order to grow the EPWP fivefold, the budget will therefore also have to increase five-fold over five year periods.

What are the lessons learnt in the implementation of PEPs like the EPWP?

The main lessons learned from our 12 years of experience and from the implementation of the EPWP are as follows:

Strong Political Support

The successful implementation of PEPs requires strong political support within different spheres of government. At national level, strong political support has been critical in the formulation of policy to do with the implementation of PEPs. It is important in holding technical officials to account in meeting set targets, and in resolving political disputes that may arise during the implementation of the programmes.

Adequate budget for programmes

Adequate budget for programmes is important for the implementation of PEPs. PEPs that have been well funded and well implemented have been able to lead to the creation of work opportunities. Increased funding for programmes that are labour-intensive in nature has led to an increase in the number of work opportunities.

Institutional capacity

Experience has shown that institutional capacity is required to ensure the implementation of PEPs like the EPWP at the national level and within different public bodies. This capacity plays a key role in developing policy and in coordinating and monitoring implementation.

Adequate technical capacity

Technical capacity is important for the success of PEPs. This capacity is required to design and supervise projects, to ensure that they are implemented labour-intensively. Lack of technical capacity has been an impediment to the implementation of labour-intensive projects.

Strong monitoring and evaluation

PEPs like the EPWP require a strong and clear monitoring and evaluation framework, so that the parameters for success can be set and measured. In addition, it is important to have reliable and accurate monitoring systems to which data can be uploaded to capture progress. Monitoring helps show what progress is being made with regard to the targets set, while evaluation helps measure programme impact.

PEPs like the EPWP require a strong and clear monitoring and evaluation framework, so that the parameters for success can be set and measured.

Clear objectives

It is important that PEPs have clear objectives that are prioritised. They should not have too many disparate objectives. A mid-term evaluation of Phase One of the EPWP showed that too many objectives had been stipulated, including creation of work opportunities, training, and creation of enterprises (Human Sciences Research Council, 2007). It became necessary to clarify that in Phase Two, while training and enterprise development were important, the primary objective was the creation of work opportunities.

Possible modifications of the EPWP going forward

In order to increase the scale and impact of the EPWP, some modifications are being considered. Possible modifications would include:

Increased focus on programmes that can create regular, predictable work

In the EPWP, there is now increased focus on programmes that create regular, predictable work. In the infrastructure sector, the focus is on expanding the implementation of maintenance programmes, because maintenance is continuous rather than short-term. In the Non-State Sector, programmes like the Community Work Programme (CWP), which is area-based and is implemented through Non-Government Organisations, are being expanded. One of the advantages of the CWP is that it can be rapidly scaled up, and it can be targeted.

Promotion of the concept of Sustainable Livelihoods

The concept of Sustainable Livelihoods, which involves looking at how participants can improve their ability to earn stable incomes through initiatives such as training to promote skills development and enterprise development, is being increasingly promoted (DPW, 2015).

Promotion of convergence between and within sectors

The concept of convergence between and within sectors is being promoted to improve synergy and lead to optimum implementation. For example, the standards and guidelines of similar programmes can be shared between or within sectors.

Conclusion

PEPs play an important role in creating work opportunities in countries where there are high levels of unemployment. In South Africa, the EPWP is one of a number of medium- to long-term PEPs. Bearing in mind the high levels of unemployment and the low rate of economic growth in the country, there is going to be a need for PEPs to be implemented over the medium to long term. In the implementation of PEPs, there are a number of success factors, including the need for political support, institutional capacity, budget for programmes, technical capacity, strong monitoring and evaluation, and clarity of objectives. Possible modifications of the EPWP going forward include increased focus on programmes that contribute regular and predictable employment, promotion of sustainable livelihoods, and increased focus on programme and sector synergies.

References

Department of Public Works (DPW). 2014. Proposal for Expanded Public Works Programme, Phase Three. Pretoria.

DPW. 2015. Sustainable Livelihoods in the Expanded Public Works Programme. Draft Concept Document. Pretoria.

Human Sciences Research Council. 2007. Mid-Term Review of the Expanded Public Works Programme. Pretoria.

The Presidency. 2013. National Development Plan 2030, Our future – make it work. Pretoria.

Statistics South Africa. 2015. Gross Domestic Product, Third Quarter, 2015. Pretoria.

CASE STUDIES

CASE STUDY 1

THE VUK'UPHILE LEARNERSHIP PROGRAMME

The Vuk'uphile Learnership Programme (an EPWP flagship programme) targets emerging-contractor companies who are trained in the use of labour-intensive construction methods. Its aims are to enable such enterprises to take up opportunities arising through the EPWP, to create companies that can sustain themselves in the market, and to increase capacity in the labour-intensive sector. The training is designed to help contractors tender for and execute labour-intensive projects, and focuses on developing the technical, administrative, contractual, managerial, and entrepreneurial skills of trainees (Vuk'uphile Brochure, no date).

In 2012, the DPW commissioned Econologics Africa to conduct an impact assessment of the Programme. The aim was to determine its impact on learner contractors and supervisors. Key questions were whether mentorship had a positive impact, whether the support and knowledge acquired would enable the learners to compete for projects, and whether the training had built the capacity to tender for and execute labour-intensive work under the auspices of the EPWP. The consultants were also to balance the benefits against the costs, and to suggest improvements.

The data-collection challenges faced by the consultants are instructive. Many learners had exited the programme long since and their companies were no longer operational, while many cell phone numbers were no longer on the cell phone provider network, suggesting their owners had gone out of business.

Participants in the study acknowledged the usefulness of the training, although their assessment of the mentorship was much more qualified. However, the most significant finding was with regard to subsequent employment. Of the sample, 39% ran their own contractor companies, 12% found employment in a company, and 44% did not find employment.

The outcomes of the Programme, then, have been somewhat disappointing. Some participants did not finish the Programme, while many remain unemployed after exiting. What can be done about this? A shortcoming of the Programme may lie in its exit strategy being limited to finding opportunities for labour-intensive construction within the EPWP, the idea being to absorb contractors and supervisors

into government works. Not all emerging contractors can be absorbed in this way, although a significant number have been awarded contracts. The documentation refers to those exiting the Programme competing in the market, but this is doubtful on two grounds: the first to do with market demand for labour-intensive construction skills, and the second to do with the conceptualisation of the Programme.

The idea that labour-intensive construction methods should be employed for new government works and in the private sector has not been widely taken up: the private sector has not shown interest in adopting a labour-intensive approach, and trainees exiting the Programme have not been assisted to access work in the private sector. The Enterprise Development Directorate in the EPWP should engage with private-sector construction companies in an effort to assist those exiting the Vuk'uphile Programme to enter the open market. Although the capacity to tender for and execute projects in the private sector is emphasized, and though hand-holding has been deemed necessary, no attempts seem to have been made to encourage the construction industry to assist emerging-contractor firms by awarding contracts and providing mentorship.

A modest, shorter version of the Vuk'uphile Learnership Programme was initiated in 2013 by Mangaung Metropolitan Municipality. Whether the outcomes of the learnership have been an improvement on the assessment cited above is not known. The municipality appointed ten learnership contractors. These contractors were employed on five road and storm-water projects and five sanitation projects, over a five-year period. A mentor and four assistants were also appointed for the duration of the programme. The sanitation projects formed part of the city's basic sanitation infrastructure programme to meet increasing needs in disadvantaged communities. The projects involved the construction of outfall sewer lines, which were approximately 5013 metres long. The learnership contract commenced in April 2013 and ended in November 2013. A total of 89 WOs were created, and R602 784 was spent on labour. All the projects initiated under Phase 1 of the learnership programme were executed by the learner contractors, who were assisted by an experienced supervisor and a mentor. The supervision and mentorship provided skills development to assist the contractors to become experienced and competent contractors. Labour-intensive activities were identified and carried out, using local labourers who were temporarily employed by the learner contractors.

The supervision and mentorship provided skills development to assist the contractors to become experienced and competent contractors. Labour-intensive activities were identified and carried out, using local labourers who were temporarily employed by the learner contractors.

CASE STUDY 2

OPERATION VAT ALLES

Vat Alles is a Mayoral flagship project implemented under the Expanded Public Works Programme in the City of Tshwane. It was launched in 2012 with 3000 beneficiaries, and by 2014 had 5458 beneficiaries. Its aim is to beautify the City, employing the principles of job creation, community development, and skills enhancement. Beneficiaries are involved in activities such as litter picking, stream cleaning, and the maintenance of cemeteries, stadiums, parks, and open spaces. Some also help with the maintenance of council and provincial properties, such as health facilities and schools. Although the project is implemented according to EPWP legislation, the City has experienced challenges regarding conditions of employment.

EPWP projects or programmes are sometimes criticised for the short duration of the work opportunities they make available. The Vat Alles project has employed the same beneficiaries since its inception in 2012. The nature of the work carried out is continuous, making it difficult to terminate contracts and hire fresh beneficiaries, since those exiting would be left unemployed. The legislation does not set precise limits to the duration of employment in the EPWP, which means there is no valid reason to terminate employment, especially in the case of continuous projects such as Vat Alles. This makes possible a longer duration of employment, which in turn gives unions the incentive to recruit beneficiaries employed on the project. The City accepts that beneficiaries have the right to exercise their freedom of association, and there is no legislation governing EPWP projects that supports or negates the labour-union involvement of EPWP beneficiaries. The City therefore faces the challenge of having to employ all 5458 beneficiaries permanently, since current labour laws encourage the employment of beneficiaries as permanent employees. However, this would bring about a financially difficult situation for the City, and might even undermine the overall performance of the EPWP.

Based on the City's EPWP Policy and Business Plan, a minimum daily wage of R100 has been set across all sectors. This is above the minimum daily wage prescribed in the Ministerial Determination, which is currently (2014) set at R70.10. Annually, the City's EPWP division experiences problems arising from Vat Alles beneficiaries expecting increases. The City is of the opinion that EPWP beneficiaries are already paid above the recommended wage rate, and that therefore there should be no annual increase.

EPWP beneficiaries perform tasks that they regard as general work. This has led to beneficiaries comparing themselves to permanent workers employed by the City,

and to expect the same benefits that are associated with permanent employment. This has naturally brought about tension, as the beneficiaries think they are not being treated fairly.

Currently, there is no reference to study leave in the EPWP legislation, although one of the programme's objectives is to enable beneficiaries to develop skills. This creates a challenge for implementing bodies, when support is required for beneficiaries who have registered for part-time courses on their own initiative. In this regard, permanent employees have the advantage of organisational policies which protect them, while EPWP beneficiaries do not.

There is a need for EPWP wage rates to be standardised across sectors. However, there are even projects implemented in the same wards that do not offer the same wages. EPWP implementation would be improved if wages were standardised.

EPWP legislation versus other governing legislation

A current challenge faced by many implementing bodies is that current legislation, with the exception of EPWP legislative guidelines, does not include the EPWP. The need to refer to different legislation for the implementation of the EPWP creates inconsistencies in the management of the programme. A problem arises when beneficiaries appeal to legislation that favours their cause, but is not specifically intended for matters related to the EPWP.

The City of Tshwane has recognised that in order to build sustainable communities, there needs to be facilitation and communication between the city and beneficiaries regarding the different facets of employment on EPWP projects. This has reinforced the need to incorporate EPWP principles into all related municipal activities and implemented projects, as well as the need to engage labour unions in matters concerning employment conditions for beneficiaries.

Although there are many benefits to the programme, the Municipality has understood that there is a need to create a means by which all the relevant stakeholders can continuously engage on issues related to EPWP implementation.

The City of Tshwane has recognised that in order to build sustainable communities, there needs to be facilitation and communication between the city and beneficiaries regarding the different facets of employment on EPWP projects.

CASE STUDY 3

JOZI@WORK

Empowering community enterprises

The City of Johannesburg's Jozi@Work programme aims to empower community cooperatives and enterprises to address poverty, inequality and unemployment in the city. Launched by Johannesburg's Mayor in August 2014, within its first year Jozi@Work spent an estimated R1 billion on contracting about 1750 new and existing community cooperatives and enterprises to provide services as diverse as waste sorting and infrastructure maintenance. The city's spend is expected to generate a total of 40 000 new jobs by 2016. The programme is designed to inject income and promote commercial activity in all clusters of the city, from the most deprived to the most prosperous areas. The programme has changed the way the city does business, by creating thousands of new neighbourhood cooperatives and micro-enterprises. The Jozi@Work programme enables and empowers existing entrepreneurs and new market entrants, who in turn will draw on the hundreds of thousands of unemployed and underemployed people in the city.

Engaging communities to be proactive about service delivery

Although some residents of Johannesburg may wonder why they cannot simply be allocated city resources to execute tasks such as filling potholes, the fact is that legislative and institutional considerations prevent public officials from handing over cash to residents for work done on the city's behalf. The Jozi@Work operating model and institutional design allow concerned residents to engage with others who wish to be involved in addressing service-delivery issues, through:

- forming a cooperative or similar entity to receive the resources to patch the potholes in the streets, with a Capability Support Agent to provide all the support needed to engage with the city
- building on existing structures, such as a street committee, to pitch the same approach as considered above, but reorganising the committee to support the pothole -patching initiative

Workers gaining on-the-job experience through Jozi@ Work packages have been able to build up their skills through an apprenticeship programme. This programme includes digital learning at recreation centres and libraries, after hours and on days off.

- proposing an innovative way to empower local enterprises; for example, making asphalt from grinding collected rubble from building sites and combining it with other inputs, which could then be sold on to crews doing the pothole patching. This initiative could be run by a small enterprise or cooperative formed by the residents through engagement at the regional Jozi@Work forum. Over time, such an enterprise could grow to contract to provincial and national government and provide paving services to construction firms, thereby providing entry-level employment for local people.

JOZI@WORK regional forums

Using the new supply-chain process, the city sources community-based enterprises and cooperatives through a network of regional bidders' briefings known as regional Jozi@Work forums. Appointed bidders provide services as diverse as de-sludging chemical toilets, separating and recycling waste at municipal dumps, supplying food to city nutrition programmes, resurfacing and maintaining roads, and providing frontline support to water and power infrastructure. A new Community Innovation Fund linked to the Jozi@Work programme has been introduced. Through this fund, the new regional forums will have the opportunity to propose locally-led projects that fit Jozi@Work objectives, but are not funded by city department or municipal agency budgets.

Support provided

Capability Support Agents oversee work done by successful bidders. These agents provide professional oversight, mentoring and quality assurance, and enable the enterprises to purchase raw materials and rent equipment. They recover costs from monthly contract payments as milestones are met. The programme will expand to include back-office support (to improve the functioning of city services), 10% of the city's maintenance work, and 5% of its capital construction. Workers gaining on-the-job experience through Jozi@Work packages have been able to build up their skills through an apprenticeship programme. This programme includes digital learning at recreation centres and libraries, after hours and on days off. This enables workers to get trade certification, and gives them the opportunity to develop their expertise.

Lessons learned

The Jozi@Work model demonstrates an innovative manner in which municipalities can create work opportunities while addressing service-delivery backlogs. Based on the implementation of this model, the following key principles can be highlighted:

- Involvement of community structures in the delivery of services: residents are seen as equal partners in the design and delivery of services.
- Building skills and capacity (individual, institutional, community): opportunities are looked for to help communities flourish through skills transfer and knowledge.
- Empowering communities by allowing them to take greater control of their decisions: the way in which services are developed and delivered is reconfigured.
- Encouraging self-reliance by developing skills and capacities: communities are able to become facilitators and catalysts of change.
- Ensuring equity: fairness in the delivery and allocation of services
- Building support networks to transfer knowledge and support change: engaging peer and personal networks alongside professionals as the best way of transferring knowledge and supporting change.
- Building effective relationships and partnerships that are sustainable: multiple agents use services together, in an interdependent relationship.

CASE STUDY 4

ZIBAMBELE

The Zibambele Programme was initiated by the KwaZulu-Natal Department of Transport (KZN DoT). This poverty-relief programme was piloted in 1999, and targeted destitute women-headed households, mainly in the rural areas. It was specifically developed to maintain the KwaZulu-Natal rural road network efficiently and effectively, while at the same time maximising the positive social impact of increased work opportunities. The programme is run by eThekwini's Roads and Storm-water Maintenance (RSM) Department. The purpose of the programme is to use the unemployed to provide essential road maintenance and other labour-intensive activities, in return for a monthly payment. Over time the programme has matured to become a very significant employer of mainly unskilled and otherwise unemployable labour, reaching into every corner of the municipality.

eThekwini Municipality adopted Zibambele as a pilot programme in 2003 in the Inanda/Ntuzuma/KwaMashu (INK) area, for the purposes of maintaining recently constructed gravel roads. The pilot programme demonstrated significant benefits in terms of the sustained alleviation of poverty, and in providing people with the opportunity to re-establish the sense of identity and social re-integration that comes from being gainfully employed. In 2004, eThekwini's RSM Department was tasked with rolling out a fully-fledged Zibambele Poverty Alleviation Programme in the eThekwini Municipality. While poverty alleviation is the primary outcome of the programme, it also resulted in the improved maintenance of eThekwini's road infrastructure.

In addition to the objectives related to poverty alleviation, work opportunities and maintenance of infrastructure, the programme provides an ideal opportunity for forging links between the municipality and local communities. It is cost-effective compared to alternative methods of providing such services, and community involvement ensures the buy-in and sustainability of the programme.

The programme aims to provide cost-effective, labour-intensive methods for the routine maintenance of the city's rural road network. The programme's key objectives are to:

- provide ongoing and sustainable work opportunities for destitute households, in an effort to break the poverty cycle
- increase the potential for skills-based and knowledge-based development of all the programme's beneficiaries, through targeted accredited training programmes

- provide exit strategies, in an endeavour to create other sustainable work opportunities, inside or outside the programme, for beneficiaries who complete the training programmes
- ensure that the programme is administered in an effective and uniform manner throughout the municipality, thus providing compassionate and sustained support for all of the programme's beneficiaries

Beneficiaries of the Zibambele Programme perform road-maintenance tasks for two days per week. For the remainder of the time, they are free to carry on with any other activities, such as planting crops or seeing to their private affairs. Work undertaken typically includes:

- maintaining the road drainage system
- ensuring good roadside visibility
- maintaining the road surface in good condition
- clearing the road verges of litter and noxious weeds
- carrying out other labour-intensive activities, as determined from time to time

What makes the Zibambele Programme different from normal poverty relief programmes is that it creates meaningful work, thus giving the beneficiaries the sense of dignity associated with being gainfully employed. The community and the eThekwini ward councillors select the beneficiaries, mainly women, and decide who needs the work most. This creates a sense of community ownership of the programme, and of partnership with government.

Households rather than individuals are engaged to carry out the maintenance activities. Each beneficiary is assigned a length of road, varying from 0.3km to 0.5km, depending on the difficulty of the terrain. Currently, approximately 6000 beneficiaries are on the programme.

The programme has an extensive stakeholder engagement process. The project team works hand in hand with the local community on a daily basis, both to administer and to manage the programme.

The health and safety of the beneficiaries and field staff are of critical importance. Each beneficiary undergoes an induction to the programme, at which time the Health and Safety Officer explains the risks that they could face while undertaking road maintenance.

The Zibambele Programme has developed into a large-scale poverty-alleviation programme. Although no benchmark indicators were established before introducing the programme in eThekwini, both the extent and impact of Zibambele bear testimony to its effectiveness. The rate at which the programme

There is strong consensus that in order for programmes such as Zibambele to be meaningful as a strategy to alleviate poverty and generate sustainable job opportunities, it needs to become a large-scale, province-wide programme, which has the ability to reach significant numbers of poor people.

has expanded is significant, demonstrating the pressing need among the rural poor for the paid employment that the project supplies. Currently, approximately 6000 contractors maintain an estimated 2500km of eThekwini's road network.

At the core of the programme has been a close collaboration with ward councillors and communities, ensuring local participation and support from grassroots level. Also, from the start of the programme, the municipality worked closely with technical and social-support consultancies from the private sector. In addition, savings clubs have been established, to help facilitate the implementation of savings as well as create further income-generating projects. The savings clubs promise exciting prospects for breaking the cycle of poverty and enhancing the quality of life of impoverished families.

The Zibambele programme highlights a number of critical concerns for initiatives of this nature and magnitude. The two features of the programme that stand out as essential to its effectiveness are the need for such programmes to be of sufficient scale to make a meaningful impact, and the critical importance of partnerships across sectors to maximise the effectiveness of the initiative. First, a central feature of this type of programme is the ability to implement the programme to scale. There is strong consensus that in order for programmes such as Zibambele to be meaningful as a strategy to alleviate poverty and generate sustainable job opportunities, it needs to become a large-scale, province-wide programme, which has the ability to reach significant numbers of poor people.

The second central feature of the programme is the need for partnerships. Although government is regarded as the most appropriate driver of the programme, partnerships are clearly a crucial part of the success of the undertaking. In this regard, from the start Zibambele has worked extremely closely with both community structures and private sector agencies. Partnerships with private-sector and technical consultancies have played a significant role in conceptualising and getting the programme off the ground. An emerging priority of the programme is the development of partnerships with agencies that will be able to consolidate and enhance the functioning of the savings clubs. If meaningful economic empowerment of the beneficiaries is to occur, they will need financial resources and entrepreneurial skills to establish sustainable businesses. It is in these fields that private sector and civil society agencies will be able to play a role in collaborating creatively with the municipality.

The Expanded Public Works Programme (EPWP), adopted by government in 2004 as a primary means of addressing persistent unemployment and endemic poverty, is now in its eleventh year of implementation. Over this period, much has been achieved; both by way of addressing unemployment, and by way of refining policy and practice. The targets for the creation of work opportunities have been met. Innovations have been made in response to experience, including the setting of minimum wages, and moves towards the standardisation of the beneficiary selection process. The objectives of the EPWP have been more clearly defined, and much creative thinking has gone into analysing the way the EPWP relates to the specificities of the South African economy, where markets alone cannot be expected to absorb the unemployed. The Community Work Programme is an example of an initiative that has given substance to ideas about recognising the social value of community work beyond the limitations of the market economy. Although this book highlights these evolving successes of the EPWP, it is not simply a celebration of the Programme. Challenges such as drops in labour intensity and the ineffective number of training days over the period of implementation are acknowledged as examples of shortcomings that need to be addressed. However, we are left in no doubt – given our poor prospects for economic growth, and the structural character of unemployment in South Africa – that public employment programmes are here to stay. Looking to the future, this edited volume of papers concludes by emphasizing the need for strong political support, clear objectives, and comprehensive monitoring and evaluation.

South African CitiesNetwork

Tel: + 27 11 407 6471 • Fax: + 27 11 403 5230

P.O. Box 32160 • Braamfontein 2017 • JOHANNESBURG

info@sacities.net • www.sacities.net

9 780620 698184