

Expanded Public Works Programme (EPWP)

Overview of EPWP Phase 2

Second Economy Strategy

29 September 2008

Sector Analysis: Infrastructure

- Meeting job targets but jobs are too short
- Use of labour-intensive methods remains contentious and seen as high risk
- Mobilisation of local government who has the portfolio with the greatest potential difficult
 - Competing priorities (Spending, backlog eradication)
 - Weak institutional processes, procedures and structures
 - Overall capacity constraints
- Distinction between EPWP and non EPWP projects remains a difficulty
 - Large projects with small LI Components being reported as EPWP
 - DPW has no **authority** to enforce compliance
 - No **incentives** for public bodies to increase labour-intensity significantly

Sector Analysis: Environmental

- Exceeding job targets but jobs are very short
- Largely built on large established programmes
 - Working for Water, Working on Fire, Working for Wetlands etc
 - Scope for expansion remains: multitude of environmental needs can be identified
- Significant expansion in the Waste management area
 - EPWP established new programme to establish a waste collection programme
 - Joint programme between DEAT, DPLG, EPWSP, DPW and Municipalities
 - Many municipalities cannot afford waste collection: submission to have it funded through an allocation to municipalities who cannot afford it
 - Good example of possible EPWP expansion: identify service that still has gaps and where unemployed can be engaged to provide the service

Sector Analysis: Social

- Sector has been making progress: slow start but picking up pace
- Difficult sector because it has a weak institutional structure, poorly established processes
- Service delivery through NGO's and CBO's but a lot of entities to manage and monitor
- A lot of issues around the role of EPWP in the sector
- Sector has huge potential however for
 - Further expansion of ECD and HCBC services
 - Expansion into other activities: school nutrition, VCT, school caretakers etc.
 - Employing and assisting women (many of these tasks are done as unpaid work by poor women currently)

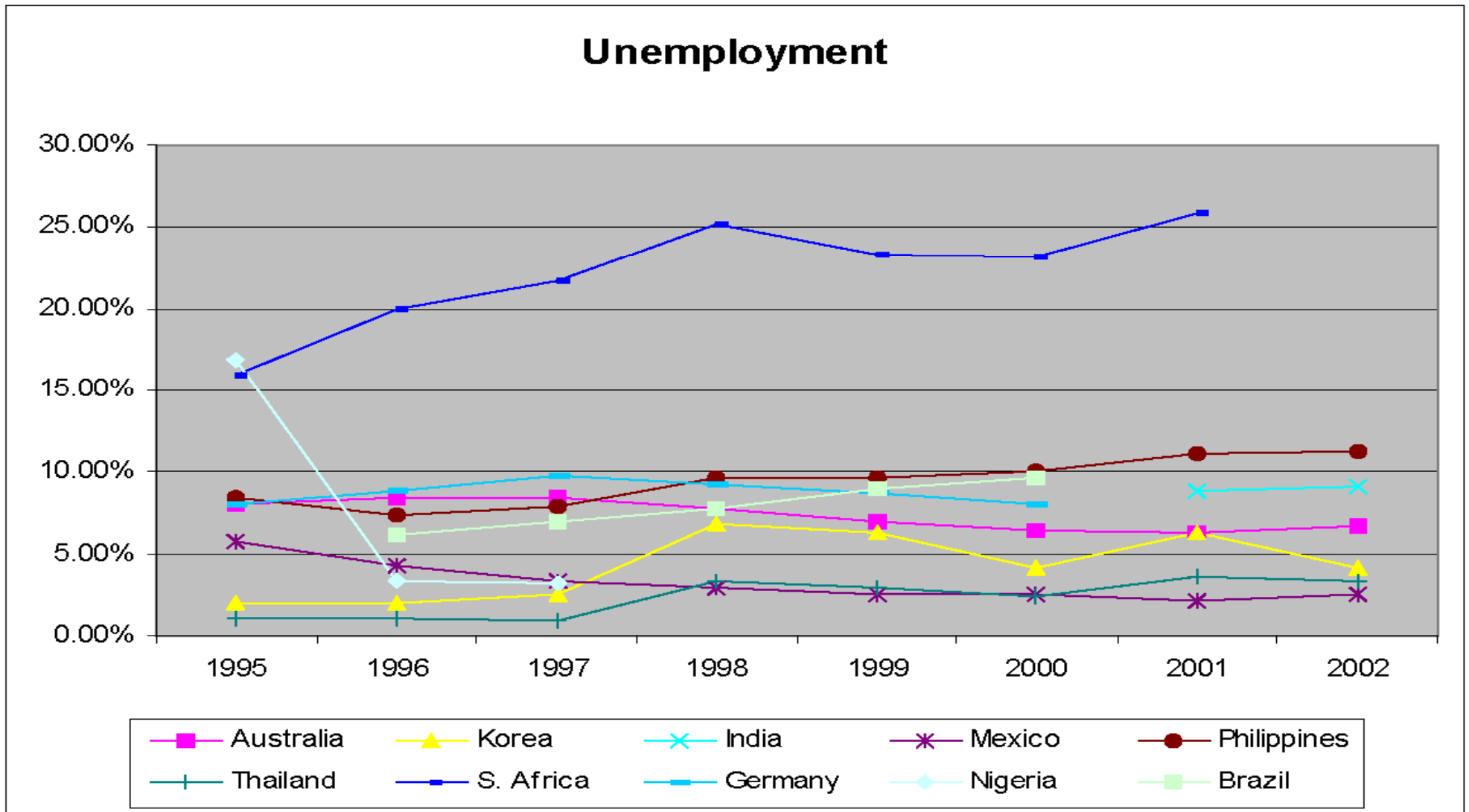
Work opportunities in relation to the unemployed: 2007-08

Province	EPWP work opportunities	No. unemployed "official" definition	EPWP work opportunities as % of unemployed
KwaZulu-Natal	109,273	938,000	12%
Western Cape	49,584	368,000	13%
Gauteng	67,363	926,000	7%
Eastern Cape	83,281	449,000	18%
Mpumalanga	26,245	292,000	9%
Free State	24,745	267,000	9%
Limpopo	20,133	331,000	6%
North West	25,241	270,000	9%
Northern Cape	16,549	105,000	16%
Totals	440,246	3,945,000	11%

Significant but not enough?

(If we use the broad definition of unemployment it drops to 6%)

Unemployment in South Africa higher than other countries

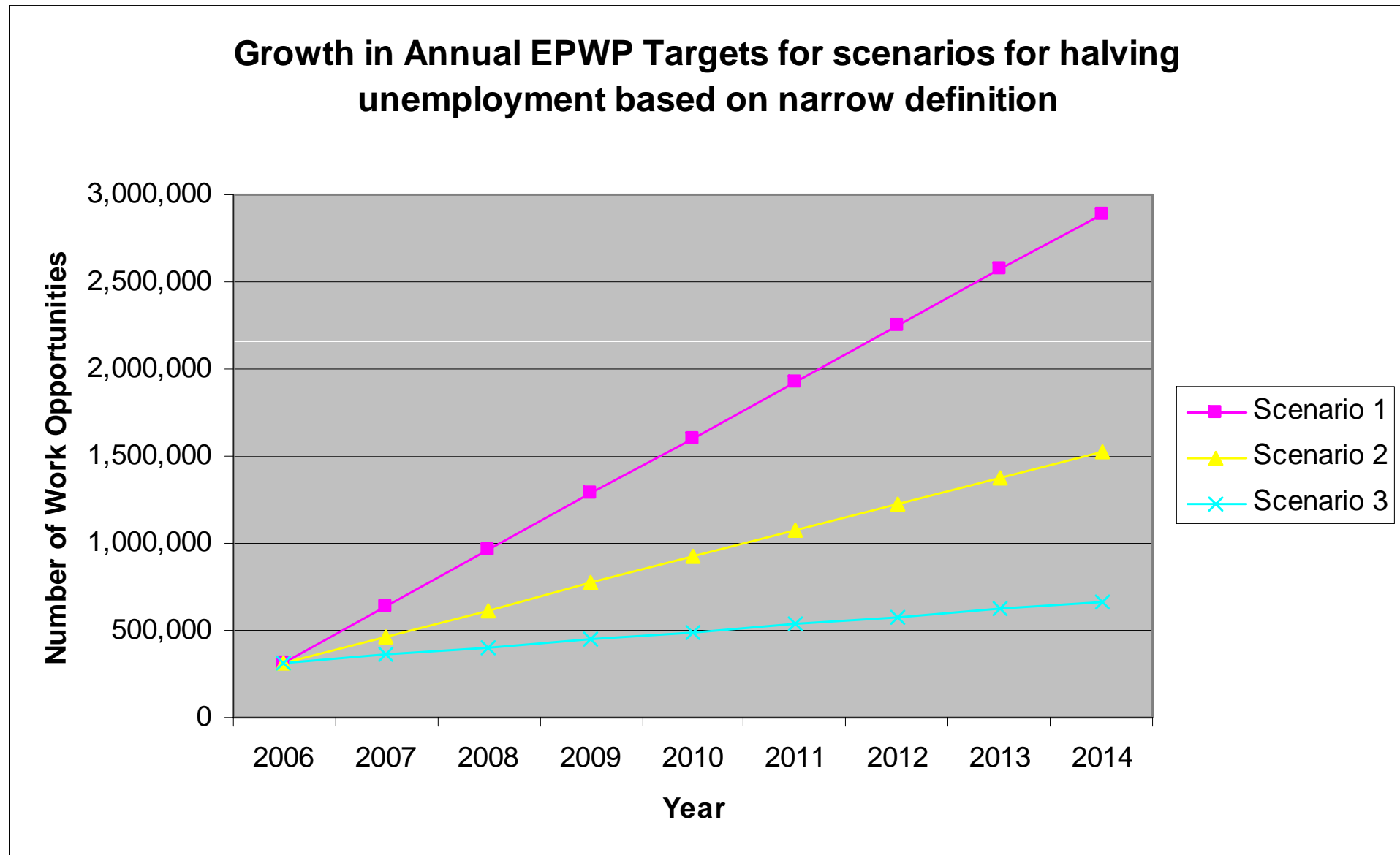


Source: HSRC Mid Term Review

Scenarios for halving unemployment with EPWP as employer of last resort

Sectors providing employment	Employment in 2004	Employment in 2014		
		Scenario 1: Slow Down	Scenario 2: High Domestic Orientation	Scenario 3: More Employment and traded Sectors
Formal Sector employment – Agriculture, Mining, Manufacturing, Services	6,053,000	7,250,000	7,985,00	8,630,00
Construction & utilities	620,000	962,841	1,163,825	1,163,825
Informal sector, dom work, subsist agric, less EPWP	2,815,000	3,315,524	3,563,213	3,568,436
Public Sector, private social services	1,800,000	2,164,429	2,348,027	2,560,826
EPWP Target for halving unemployment using narrow definition of unemployment	-	2,892,653	1,525,931	662,713
EPWP Target for halving unemployment using broad definition of unemployment*	-	3,764,597	2,237,058	1,766,218

Required growth of EPWP for various scenarios



Progress EPWP Phase II

- On 25 June 2008 Cabinet approved the continuation of the EPWP for a second period of five years and the broad proposals for scaling up the programme further.
- These proposals contained two new elements: an incentive/ performance based allocation for the EPWP to drive the further expansion of existing government implemented programmes and the expansion of the EPWP into non-State as well as increasing regular predictable employment programmes (100 days)
- These proposals were informed by various reviews and evaluations of the EPWP and the need to scale up the programme further, as provided for in the Anti Poverty Strategy

The need for continuity going forward

1. Cross-cutting programmes like EPWP have long lead times and gain momentum slowly
2. Furthermore establishing government programmes and taking them to scale takes a long time
3. In many ways EPWP is starting to gain momentum and so any drastic changes should be carefully considered

Phase 2 essentially consists of

1. Continuation and growth of existing programmes using existing frameworks and base line allocations
2. Improvements and complimentary measures to some existing programmes to allow better services and scaling up
3. Proposals for scaling up of some key programmes through additional budget allocations
4. Proposals for testing and piloting of new programmes that could have great potential

Public Employment Programmes/ EPWP

Longer Term Public Employment programmes

Characteristics:

- Medium to High Skill Levels
- Longer Duration of Employment
- Longer Term Training
- Delivery of public services prioritised by government to defined standards
- Medium to high labour intensities (40 to 60%) depending on the type of services being provided

Employment Conditions:

- No appropriate framework exists. Lots of volunteerism and informal type of employment. Appropriate minimum standards to be put in place

Planning based allocation?

Subsidy based wage incentive?

Project Based Public Works Programmes

Characteristics:

- Low-Medium Skill levels
- Training, as and when required by work
- Temporary employment
- Delivery of basic public services/ infrastructure
- Low to medium labour intensities (15 to 35%)

Employment Conditions:

- SPWP framework appropriate, reviewing some elements

Planning based allocations

Performance adjusted allocations

Non-State and Community Works Programmes

Characteristics:

- Low Skill
- Long term and or Part-time duration (regular predictable work)
- Training as and when required by work
- Public benefit/ Socially useful work identified and managed by communities or non-profit sector
- Highly labour intensive programmes exceeding 50%

Employment Conditions:

- SPWP appropriate except for limitation on duration of employment
- Employment only allowed by not for profit organisations

Grants to non-state bodies managed through accredited intermediaries

Corporate Social Investment and Donor Counter-funding

Proposed Phase 2 Targets

	Annual Targets	Cumulative Targets
09/10	500 000	500 000
10/11	600 000	1 100 000
11/12	800 000	1 900 000
12/13	1 100 000	3 000 000
13/14	1 500 000	4 500 000

- These are targets for the whole of government and will require everybody to cooperate if they are to be achieved
- These are proposed targets and have not yet been broken down to separate sector or programme targets
- These will only be achieved if a number of constraints are addressed, of which funding is only one.
- Others include: employment frameworks, effective use of incentives, programme management capacity building within government, effective training etc.

Funding Mechanisms

- Mechanisms to be different for national, provincial and local government funding arrangements
- Focus with infrastructure projects for provinces and municipalities is to supplement and redirect existing budgets through introduction of a conditional grant that is adjusted based on performance
- National Departments (Environmental Sector Programmes) to bid through normal budgeting process for a predetermined top slice
- Testing of NGO and CBO component through a dedicated funding stream
- Community Works Programme donor funded in 2008-09 testing phase but funded through normal government funding thereafter
- Improved funding mechanism for social sector programmes still under consideration and to continue under current funding arrangements for now

Road Map

- MTEC – 1 September
- EPWP/ILO/DBSA/HSRC seminar 2 and 3 September
- MTEC recommendation – 16 September
- Development of EPWP phase 2 logframe 6 and 7 October
- Identify sector gaps and action plan to address
- January Cabinet Legotla

Further work being done

- Institutional arrangements
- Targets for sectors, provinces and municipalities
- Funding mechanisms for non-state programme
- Clarify employment conditions
- Further piloting of community works