



Expanded Public Works Programme (EPWP) Phase III and Issues Highlighted by the Portfolio Committee on Public Works on the Implementation of Phase II

30 January 2015

1. Introduction

The 2014 State of the Nation Address (SONA) emphasised a number of issues specific to Public Works. Included amongst these, was the assigned role of the Expanded Public Works Programme (EPWP) which must:¹

- Create 6 million work opportunities by 2019 through the EPWP and 1 million work opportunities through the local Government-based Community Work Programme (CWP).
- Support youth development for the next five years by scaling up the EPWP environmental initiatives and the Environmental Youth Services.

The brief will concentrate on a select number of issues as they relate to the EPWP. These include the following:

- Brief overview of the first two phases of the EPWP.
- A Note on EPWP Phase III.
- Review of the Outcome and Conclusions of the 4th EPWP Summit.
- Overview of the 4th EPWP Summit.
- Recommendations.

2. Overview of EPWP Phase I and II

The EPWP was first launched in 2004, as a concerted effort to address issues of poverty, unemployment and a lack of skills, particularly of marginalised communities in rural areas. The programme was aimed at providing job opportunities and skills development for unemployed and marginalised communities that include designated groups of women, youth and people with disabilities.

The aim of EPWP Phase I was to create 1 million work opportunities for specific designated groups of women, youth and people with disabilities. Phase I of the EPWP reached its target a year before the conclusion of its five-year phase and provided work opportunities for approximately 1.3 million people between 2004 and 2008.

Phase II of the EPWP was launched in April 2009, continuing its emphasis on poverty alleviation. This was one of the means employed by Government to shield the country from the effects of the 2008² global economic crisis, which forced the country by 2009 into its first

¹ Zuma, J.G. (2014), pp. 7-17.

² Verick, S. and Islam, I. (2010).



recession since 1992. The effect of the global economic crisis also led to a slowdown in the growth of the economy which, in turn, impacted on the creation and maintenance of sustainable job opportunities. Therefore, over the period, instead of jobs being created they were shed.

At the end of the 2nd five-year phase, the programme created 4.1 million work opportunities of a target of 4.5 million work opportunities across all EPWP Sectors, namely: Infrastructure; Non-State;³ Environment and Culture; and Social Sectors.⁴ While the targets for the designated groups of women and youth were met, the 2% target set for people with disabilities was not reached in Phase I and II of the programme.

The Department of Public Works reported challenges in the implementation of the programme, particularly in sectors that do not fall directly under its sphere. The Department cannot instruct other sector departments to initiate or implement EPWP projects, as this is beyond the scope of its mandate.

The Department indicated that providing leadership and coordination of the EPWP while not having direct control of other department budgets, (apart from its own under the Infrastructure Sector), makes it difficult to monitor its implementation across the board. The reliance by the Department on reports generated by participating bodies leads to under-expenditure on the programme, due to under reporting as it is a performance-based Incentive Grant.

3. A Note on EPWP Phase III

The EPWP is in its 3rd five-year phase (Phase III) and aims to create 6 million work opportunities by the end of 2018/19, as noted above.

The International Labour Organisation (ILO) reported that at the end of 2013 a total of 202 million (an approximate increase of 5 million people in 2012), were unemployed globally.⁵ The result is that employment is not increasing fast enough to keep pace with the growing labour force. The 2008 financial crisis contributed to the swell in global unemployment whereby an increasing number of jobseekers are not being absorbed into the economy. In addition, there are large numbers of discouraged job seekers, as well as those who are already economically inactive, which inflates the figures even further. From 2008 to 2011, the average duration of unemployment in South Africa increased by 0.5 month to nearly nine months.⁶

³ The Non-State Sector was established in 2009 as part of Phase II of the EPWP and established relationships with Non-Profit Organisations (NPOs), Community Based Organisations (CBOs) and Faith Based Organisations (FBOs).

⁴ Department of Public Works (2014a), p. 2.

⁵ ILO (2014), p.11.

⁶ *Ibid.*, p. 25.



Phase III of the EPWP is intended 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.”⁷

Table 1: EPWP Phase III Employment Targets⁸

Financial Year	Infrastructure Sector	Environment and Culture Sector	Social Sector	NPO	CWP	Total
2014/15	379,000	227,650	202,714	52,825	213,000	1,075,189
2015/16	447,219	229,000	205,307	48,500	217,000	1,147,026
2016/17	487,219	230,500	205,968	48,400	226,000	1,198,087
2017/18	534,219	231,000	210,496	48,565	231,000	1,255,280
2018/19	587,219	233,000	214,444	48,755	241,000	1,324,418
Total	2,434,876	1,151,150	1,038,929	247,045	1,128,000	6,000,000

The above table outlines the annual employment targets for EPWP Phase III from 2014/15 to 2018/19 per designated sector. The largest target, 2.4 million work opportunities falls under the Infrastructure Sector, while the least 247 045 falls under the NPOs.

The Department of Public Works reported that in the 2nd Quarter of 2014, the programme achieved 630 718 work opportunities from the total target of 1.1 million for the 2014/15 financial year.

“A Presidential Public Employment Coordinating Commission (PPECC) will be established to coordinate and report on public employment programmes with the EPWP branch acting as its Secretariat. The Commission should be chaired by the Deputy President and should meet quarterly. It should have two major work streams – Public Employment Programme and Sustainable Livelihoods.”

The implementation of Phase III of the EPWP focuses on the following areas:⁹

- Improve compliance with the EPWP minimum wage and employment conditions under the Ministerial Determination.
- Improved workers selection processes.
- Increased community participation for more visibility and ownership in poor communities.
- Greater emphasis on monitoring of assets created and their impact on communities.
- Funding for training of participants will continue to be sourced from the National Skills Fund and the Skills Education and Training Agencies (SETA's).

⁷ Department of Public Works (2014), p. 5.

⁸ Department of Public Works (2014).

⁹ Department of Public Works (2014), pp. 5-6.



- Encourage Sectors to dedicate a portion of their implementation budgets towards the training of beneficiaries.
- Explore the potential synergy between the Public Employment Programmes (PEPs) and the Department of Higher Education's proposed Community Colleges.
- Promote the graduation of EPWP beneficiaries into formal employment (where possible) through various initiatives, including cooperatives and small enterprise development.

The designated group targets for EPWP Phase III are as follows:

- Women - 55%.
- Youth¹⁰ - 55%.
- People with disabilities - 2%.

The targets set for women and people with disabilities have remained unchanged from that of EPWP Phase II, while that of youth has been increased by 15% from the 40% target.

The Chief Technical Advisor of the ILO outlined the EPWP Performance Indicators for Phase III as: Work Opportunity (WO) + Full Time Equivalent (FTE) + Labour Intensity (LI).¹¹ The performance indicators are explained as follows:

- **Work Opportunity (WO)** = Paid work created for an individual on an EPWP project for any period of time.
- **Full Time Equivalent (FTE)** = One person year of employment. One person year is equivalent to 230 person days of work.
- **Labour Intensity (LI)** = Expenditure on wages expressed as a percentage of the total project expenditure.

This is different from EPWP Phase I which only used WO as a performance indicator and Phase II which used WO + FTE.

4. Review of the Outcome and Conclusions of the 4th Expanded Public Works Programme (EPWP) Summit

The 4th EPWP Summit titled, "*EPWP Phase III: Towards increased community participation and developmental impact*", was held at the St George Hotel and Conference Centre from 27 to 28 November 2014. The Summit consisted of approximately 700 delegates from all the 9 provinces, and included officials at national, provincial and particularly municipal levels. In addition, a number of mayors and Members of Executive Councils (MECs) from municipalities were also represented.

¹⁰ Henderson, S. (2014), Slide 39. Youth are categorised as between the ages of 16 and 35 years.

¹¹ Sibanda, G. (2014), Slide 4.



The 1st EPWP Summit¹² was hosted by the National Department of Public Works in 2010. At the 3rd EPWP Summit in 2012 one of the resolutions taken was that all subsequent Summits be held bi-annually.

The aim of the Summit was to bring together all participating bodies to discuss successes and challenges experienced in the implementation of the EPWP. It also focused on increasing participation of all sectors in the EPWP, particularly at municipal level. The purpose of the 2014 EPWP Summit was to promote improved community participation and better co-ordination between Municipalities.

The Deputy Minister of Public Works, Jeremy Cronin delivered the keynote address at the opening of the Summit, highlighting the role of the EPWP in addressing poverty and inequality.

Inputs were also received from the ILO; University of the Witwatersrand; Inspection and Enforcement Services of the Department of Labour; officials from the National and Provincial Departments of Public Works etc. as well as Municipalities.

The Summit was concluded with an overview of the proceedings from the four Commissions; resolutions taken by the delegates, while the Minister of Public Works, Thulas Nxesi, closed the proceedings.

5. Overview of the 4th EPWP Summit

A number of issues were highlighted during the presentations made by the delegates. The keynote address by Deputy Minister Cronin focused on the following:

- An overview of the first two phases of the EPWP and the planned outcomes for the 3rd Phase.
- A comparison between the South African and Indian Public Employment Models.
- Highlighted shortcomings whereby the EPWP gave people 100 days of work, while the formal job market was not creating jobs.
- Emphasised that the model of a 1st and 2nd economy was incorrect as South Africa only consisted of one economy.
- The impact of the 2008 Global Economic Crisis had a largely negative effect on growth, for example, youth unemployment in Greece and Spain reached similar levels to that of unemployed youth in South Africa.

The section below will concentrate on a select number of issues noted in the presentation of the Deputy Minister.

¹² Department of Public Works (2014). The initial resolution was that the EPWP Summits were to be held on an annual basis.



5.1 Public Employment Programmes (PEPs)

In mid-January 2015, the estimated total population of India stood at 1.27 billion people. Of this number, India's Public Employment Programme (PEP) provided 100 days of guaranteed wage employment to every household.¹³ To date approximately 50 million people were provided with work annually.¹⁴ The PEP is a single programme under one line Department that provides seasonal employment mainly directed at poor rural communities. The programme has been successful since its inception, however, the programme has been criticised for not creating 'tangible and meaningful assets and infrastructure'... as well as 'wasteful expenditure'.¹⁵

In contrast, in mid-2014, the estimated total population of South Africa stood at 54 million people. According to Stats SA in the 3rd Quarter of 2014, the labour force stood at 20.3 million of which 15.1 million were employed.¹⁶ Of this number a total of 5.1 million people were unemployed in the 3rd Quarter of 2014.

As noted above, the current five-year phase of EPWP Phase III has set a target of 6 million work opportunities. As in India, the EPWP programme is directed at poor, marginalised communities, particularly those residing in rural areas. However, unlike India, the programme is not confined to a single department but is present in all provinces and caters for both rural and urban communities.

It is noted that the Department of Public Works also views the EPWP as one of the programmes which will assist the country in achieving the Millennium Development Goals (MDGs) by 2015. The MDGs was a 15-year United Nations initiative which begun in 2000 and will be concluded in 2015.¹⁷ The Department's focus was to assist in reducing poverty and halving unemployment by 2014.¹⁸ The Department set its target for 2014 as it was intended as an evaluation year, to review progress towards attaining MDG 1.

The Deputy Minister noted that PEPs were expected to deliver on the following three key aspects which he characterised as a 'trilemma'.

¹³ NDTV (2014), p. 1.

¹⁴ The PEP social security programme was launched in 2005 and is known as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The programme came into effect in February 2006.

¹⁵ NDTV (2014), p. 1.

¹⁶ Stats SA (2014), p. v.

¹⁷ UNDP (2014), p. 1.

¹⁸ United Nations Organization (2000). The 8 Goals are as follows: Eradicate extreme poverty and hunger; Achieve universal primary education; Promote gender equality and empower women; Reduce child mortality; Improve maternal health; Combat HIV and AIDS, malaria, and other diseases; Ensure environmental sustainability; and Develop a global partnership for development.



Diagram 1: Three Key Aspects of PEPs¹⁹

The above three aspects were further explained as follows:

- **Sustainable livelihoods:** Daily Standard Wage rate of ±R 71.²⁰
- **Provision of Assets and Services:** These include programmes such as Early Childhood Development and Home-based Care.
- **Skills Development and Graduation:** Focused on spending on participation that result in non-spending on training or materials.

The above aspects are all interlinked and provide a holistic required outcome of PEPs.

¹⁹ Deputy Minister of Public Works (2014).

²⁰ The minimum EPWP wage rate is determined by the Minister of Labour via Ministerial Determination. As of November 2014 the rate was increased to R75.



5.2 Examples of Achievements of Select EPWP Programmes²¹

Working on Fire – provides skilled work and training for people less than 35 years of age, of which half are women. The programme has provided 5 000 work opportunities. These skilled workers are recruited by Police; Defence and also become Firefighters. The programme saved the forestry industry R3.7 billion on a budget of R123 million.

Working for Water – The programme is tasked with the removal of alien invasive plants. The down streaming of the project resulted in a 2014/15 target for providing 500 000 desks for schools, and also saved 71% of grazing land.

Community Work Programme – focus is on ‘massification’ and therefore provides less training. Participants receive protective gear and basic training. The programme’s beneficiaries include 50% of unemployed beneficiaries without any work experience. The programme contributes towards local community cohesion and ownership.

The Deputy Minister suggested that a better balance should be reached between the use of statistics and other outcomes to measure the success of the programme. It does not mean that the quality of the programme is sacrificed. It was further proposed that the monitoring and evaluation of the programme must be improved, especially in relation to keeping track of beneficiaries post their EPWP participation. The EPWP also requires greater co-ordination.

6. Recommendations

Following below is a select list of recommendations by the Portfolio Committee following its oversight. The list is not exhaustive but highlights issues for future consideration by the Department:

- Increase the capacity of the EPWP Monitoring Unit to ensure effective monitoring and evaluation of progress of the EPWP.
- Provide assistance to municipalities in the planning and implementation of labour-intensive projects.
- Municipalities should include EPWP in their Integrated Development Plans (IDPs).
- The selection of participants on EPWP projects should be open and transparent.
- Ensure that stipends paid to beneficiaries adhere to the minimum daily rate and that the rates paid to people in rural areas is not less than that paid to people working in urban areas.
- The participation of people with disabilities should be given greater priority, considering the challenge of meeting the 2% target of participation required.
- Consideration should be given to interacting with organisations representing people with disabilities to assist the programme to meet the 2% target.

²¹ Deputy Minister of Public Works (2014).



- The skills development aspect of the EPWP should be adhered to so as to provide the possibility for beneficiaries to enter the formal job market.
- Consider broadening the recycling projects at national and provisional levels.
- Strategies should be put in place to ensure that more diverse projects are implemented under the different sectors of the EPWP.
- An exit policy strategy from the EPWP programme should be devised and implemented to ensure movement into long-term employment.
- Improved systems to ensure more accurate reporting on progress made on EPWP projects, especially at municipal level.
- The manner in which participating bodies are required to report on progress on EPWP projects should be simplified.
- More projects should be considered for implementation under the EPWP.
- The contributions to the EPWP by the Social and Non-State sectors should be enhanced to create more work opportunities of longer duration, and could be more sustainable.

7. Conclusion

The alleviation of poverty and unemployment has been key components of the EPWP since its inception in 2004. Government has used large scale investments in infrastructure; social; environment and culture projects to ensure the creation of work opportunities which could benefit communities.

The above section provided a brief overview of issues and challenges noted by the Portfolio Committee. It also acknowledged the contribution made by the EPWP in addressing poverty and unemployment, particularly of poor marginalised communities residing in the rural areas. In addition, the role of EPWP Phase III was outlined, as well as some key outcomes of the 4th EPWP Summit.

The Portfolio Committee suggested that EPWP projects should broaden their scope and include recycling, for example. The Portfolio Committee also observed that on some projects, especially bricklaying, the materials could be made by the beneficiaries instead of buying the bricks or bringing them in from other towns. This could be an additional source for creating more work opportunities which might be more sustainable. In addition, it could also provide beneficiaries with an opportunity to become self-reliant through the creation of cooperatives.

The 4th EPWP Summit highlighted that more focus should be placed on the mainstreaming of the EPWP; intensifying maintenance programmes; as well as ensuring that the EPWP approach (i.e. the use of labour intensity on projects) is adhered to.

Finally, the role and purpose of the Incentive Grant is to reward those participating bodies that are doing well to enable them to do more.²² National Treasury wants to identify if the Incentive Grant is being utilised as intended and providing the planned outcomes.

²² Henderson, S. (2014).



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