



SALGA
South African Local Government Association

SALGA Presentation to the Standing Committee on Appropriations EPWP Incentive Model Meeting

Goodhope Chambers

11th October 2011



The purpose of this presentation to the SCOA is to:

- Reflect the performance of Municipal EPWP Performance over the past 3 financial years.
- Highlight various observation / trends on Local Government EPWP performance
- Define the role SALGA has played and continues to play in supporting EPWP
- Proposals regarding the EPWP Incentive Model: A municipal perspective

Table 8: Work opportunities – targets per year and sphere of government

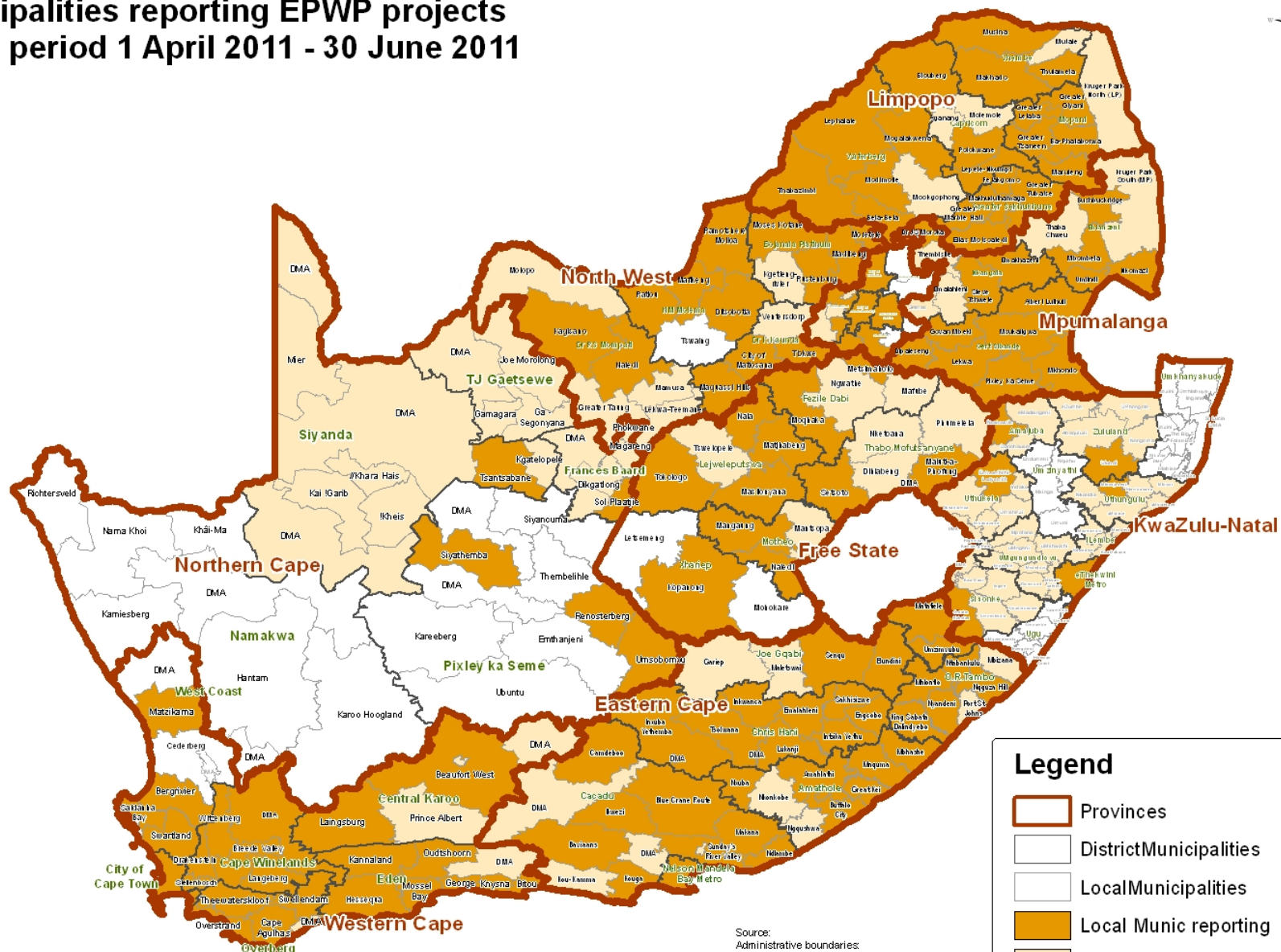
Year	Local	Provincial	National	Non-State	Totals
09/10	182 607	247 325	100 068	20 000	550 000
10/11	208 032	281 720	104 248	48 000	642 000
11/12	267 920	370 420	133 660	96 000	868 000
12/13	349 129	501 283	183 588	176 000	1 210 000
13/14	440 721	659 286	249 994	300 000	1 650 000
Totals	1 448 409	2 060 034	771 557	640 000	4.5m plus*

*To create 4,5 million short and ongoing work opportunities with an average duration of 100 days - for poor and unemployed people in South Africa so as to contribute to halving unemployment by 2014, through the delivery of public and community services.

Financial Year	Incentive Performance	Service Performance	Draw Down
2009/10	47 of the 68 eligible municipalities earned the incentive	127 222 work opportunities were reported by 127 municipalities	R114 million (57 % of the R202 million allocated)
2010/11	91 of the 126 eligible Municipalities accessed the incentive	137,375 work opportunities were reported by 213 municipalities	Q3: R 273.306 million of the R 622.996 million represents 44% of the allocation for the 10/11 financial year. Q4: 80 out of the 126 Municipalities paid R55.665 Million considering. This represents 8% of the total allocation
Quarter 1 2011/12 1 Apr 2011 – 30 June 2011	+/- 213 municipalities eligible	55,270 work opportunities (21% of target) by 168 126 of 231 local municipalities reporting * All 6 metros reporting 36 of 46 district municipalities reporting (78% of districts).	<div>Environment and Culture Sector: 12,717 (exceeding their target by 313%)</div> <div>Social Sector 46,539 (almost 60% already)</div>

* across all sectors

Municipalities reporting EPWP projects for the period 1 April 2011 - 30 June 2011



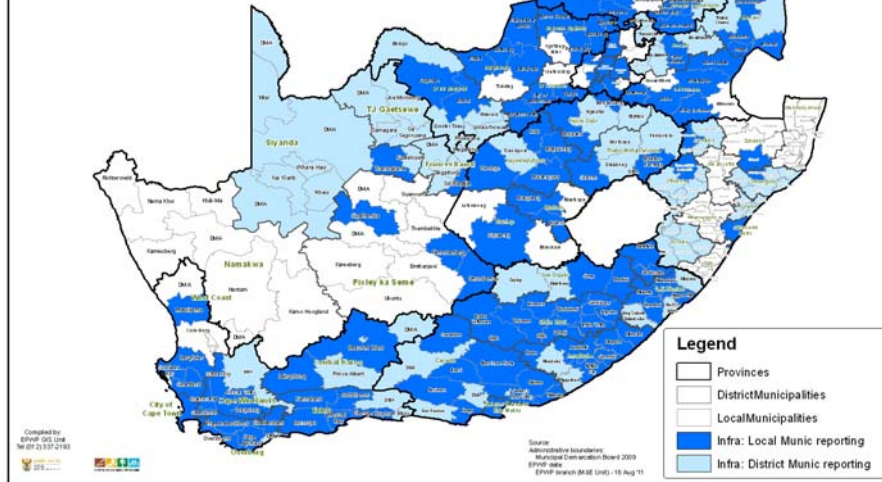
Compiled by:
EPWP GIS Unit
Tel (012) 337-2193



Source:
Administrative boundaries:
Municipal Demarcation Board 2009
EPWP data:
EPWP branch (M&E Unit) - 16 Aug '11

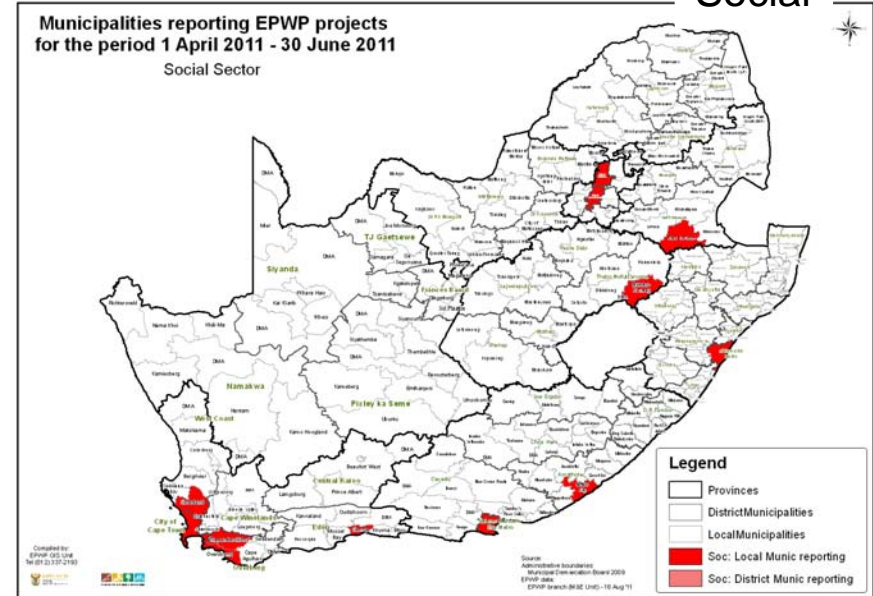
Infrastructure

Municipalities reporting EPWP projects
for the period 1 April 2011 - 30 June 2011
Infrastructure Sector



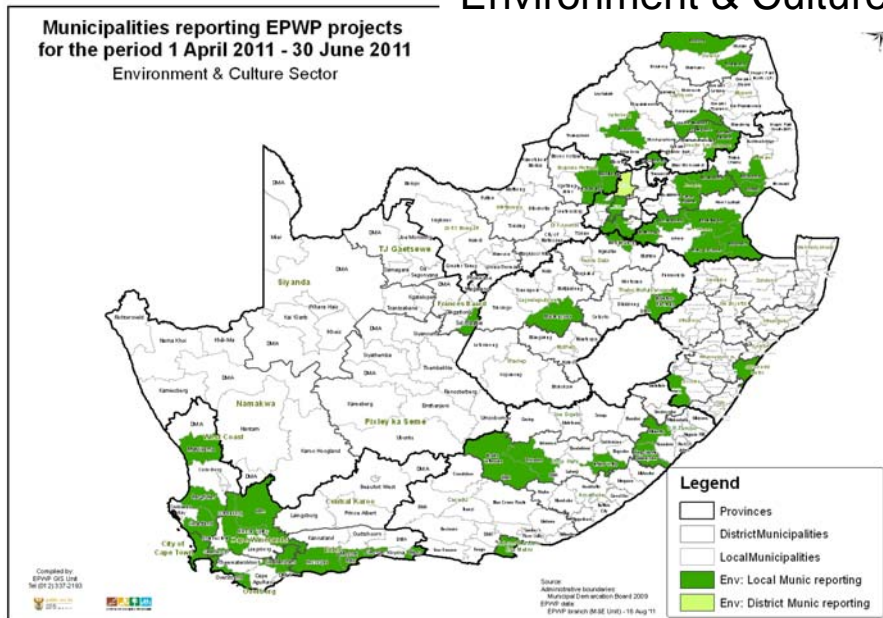
Social

Municipalities reporting EPWP projects
for the period 1 April 2011 - 30 June 2011
Social Sector



Environment & Culture

Municipalities reporting EPWP projects
for the period 1 April 2011 - 30 June 2011
Environment & Culture Sector





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Observations / Trends

- Improvement in reporting by municipalities (albeit slow)
- Strong urban focus with 5 of the 8 metropolitan municipalities with most work opportunities
- Average duration does not follow the same spatial pattern as the number of work opportunities, i.e. the longest average duration does not occur in the metro areas
- Majority of projects are reported in the infrastructure sector however municipalities fare well in environment and culture and social sectors



Observations / Trends

- It is difficult (and resource intensive) to get information into the system and equally to get an aggregated view, trends or knowledge out.
 - Need to detection of issues or means of addressing them
 - SALGA interest is in viewing the following “basic” info:
 - Number of Municipalities (rural / urban) registered / reporting
 - Spatial mapping of incentives / protocols vs performance
 - Number of Municipalities Eligible / Qualify for the Fiscal incentive
 - Number of Municipal FTE’s % DORA Draw Down by Municipalities
- Perception that “Programme is overly complex”

A word cloud of terms related to the EPWP project. The most prominent words are 'DATA', 'REPORTING', 'PROJECT', and 'EPWP'. Other significant words include 'AGREEMENTS', 'INCENTIVE', 'GRANT', 'OFFICER', 'IMPLEMENTER', 'PROTOCOL', 'MANAGER', 'CRITERIA', 'MONTHLY', 'INTERNAL', 'GROUPS', 'TARGET', 'DISTRICT', 'AUDITS', 'FTE', 'RECEIVING', 'MIS', 'CONDITIONAL', 'DORA', 'WORK', 'QUARTERLY', 'PROVINCIAL', 'DISBURSEMENTS', 'SUPPORT', 'SUPPORT', 'LIC', 'TARGETS', 'VS', 'FORUMS', 'UNIT', 'NATIONAL', 'PAYMENT', 'BENEFICIARY', 'THRESHOLDS', 'ACCOUNTING', 'WO', 'CAPTURING', 'TECHNICAL', 'METHODS', 'DPW', 'AUDIT', 'NATIONAL', 'UNIT', 'FORUMS', 'VS', 'TARGETS', 'LIC', 'SUPPORT', 'SUPPORT', 'GRANT', 'INCENTIVE', 'AGREEMENTS', 'DISBURSEMENTS', 'OFFICER', 'IMPLEMENTER', 'PROTOCOL', 'MANAGER', 'CRITERIA', 'MONTHLY', 'INTERNAL', 'GROUPS', 'TARGET', 'DISTRICT', 'AUDITS', 'FTE', 'RECEIVING', 'MIS', 'CONDITIONAL', 'DORA', 'WORK', 'QUARTERLY', 'PROVINCIAL'.



Observations / Trends

- EPWP not yet institutionalised within all municipalities
- Certain municipalities were not clear on how to access the funds available. Rural areas, in particular, needed assistance
 - Do smaller / rural municipalities have enough allocation to even accelerate job creation in a meaningful manner?
 - Inadequate spread of human capacity (technical and management) to implement projects
- Would it make sense to put more resources where the greatest impact is possible / viable?



Observations / Trends

- Has EPWP been imposed rather than integrated into “the business / services” of local government?
 - Limited in terms of integrated planning, performance management and functional ownership
- Welcome enhancements to the grant:
 - Introduction of a single / cross sector EPWP incentive grant
 - Implementing bodies to be allowed to use EPWP incentive funding to ensure capacity to implement and report on clearly identified projects
 - Greater innovation / differentiation is encouraged



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Observations / Trends

- Urban areas busy stepping up investments up in housing and residential infrastructure and services
- Need to look beyond just new capital investment, especially into the maintenance of roads and infrastructure
 - Work opportunities are being created but not properly reported
- EPWP seems to have become more involved about the numbers and reporting / compliance / performance that the debate about its impact on poverty, decent work, differentiated solutions etc. get crowded out



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SALGA Engagement with EPWP Phase II

- SALGA has engaged with the Department of Public Works (DPW) and the EPWP Unit since December 2008 on EPWP Phase 2
- SALGA is centred on making EPWP more accessible and inclusive to a wider audience of municipalities, ensuring that as many municipalities as possible participate and creating a differentiated approach particularly focusing on the challenges facing poorer and more rural municipalities
- SALGA's EPWP oversight, concerns and recommendations have been raised through its mandating forum's; Provincial and National Working Groups, EMT and NEC



SALGA Engagement with EPWP Phase II

- We have lobbied for various recommendations and made suggestions on improving EPWP from a municipal perspective, some of which have been included, for example:
 - Extension to the Local Government reporting date
 - The increase in the nominal incentive amount for eligible municipalities
 - The zero threshold for rural municipalities
 - Using the wage incentives to expand on EPWP beyond just infrastructure:
 - Cleaning of public spaces, including rivers, parks and roads, drains; Collection and recycling of household waste; Creation and maintaining of communal food gardens; Community safety projects; Greening projects (Cutting of grass, trimming of trees and vegetation)



SALGA Engagement with EPWP Phase II

- As per the SALGA 2010/11 business plan part of SALGA's role to assist in increasing number of Municipalities reporting on EPWP and included the need for SALGA National & Provincial Offices to support and advance awareness around the programme.
- This included working with the EPWP unit and / or DPW in provinces in having a direct focus on five municipalities (political committees) per province who are not currently reporting on EPWP.
- SALGA can play and even more supporting role in terms of supporting EPWP and improving municipal performance

EPWP	Role for SALGA
Outcomes from the EPWP Summit;	<ul style="list-style-type: none"> • Strengthen collaboration with NDPW through a MOU • Support the proposal (and amendments) that will ensure that Municipalities include EPWP projects their IDP's
Overall municipal performance in EPWP	<ul style="list-style-type: none"> • Continue to monitor municipal EPWP reporting, performance and incentive draw-down. • Collect and share good municipal practices on EPWP projects
Current initiatives to improve and support EPWP performance;	<ul style="list-style-type: none"> • Encourage municipalities to sign the Implementation Protocol (support the Department of Public Works in achieving the target of 200 municipalities to formally sign the Protocol in the 2011/12 financial year) • Encourage of Municipal participation in the District Municipal Steering Committees
Support provided by SALGA provinces on EPWP	<ul style="list-style-type: none"> • Role of SALGA provincial programme managers within District Municipal Steering Committee's within the Provinces needs to be defined • Identify municipalities for technical assistance from EPWP unit and oversee support interventions



SALGA Engagement with EPWP Phase II

- SALGA is included in various EPWP forums e.g.:
 - Public Works Intergovernmental Forum
 - EPWP National Coordinating Committee
 - District EPWP Forum (ad-hoc)
- However SALGA has attempted (unsuccessfully) to form a more **formal partnership** (memorandum of understanding) with DPW around EPWP
- SALGA believes that with the necessary political and technical support, capacity and institutional arrangements, a joint EPWP Unit and SALGA partnership would provide both the much needed fundamental political and technical support to municipalities.



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Proposals regarding the EPWP Incentive Model

1. Alignment to the New Growth Path and reframing / reaffirming / reposition EPWP as strategic LED programme
2. Making EPWP part of local government
3. Options the Incentive Grant
4. Follow the “KISS” principle (keep it short and simple)



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I - New Growth Path: Implications for Municipal LED

- The Constitution mandates municipalities to play an important role in the socio-economic development of their local communities. This can be achieved in two ways:
 1. Municipalities should provide some relief for the poor.
 2. Municipalities have indirect and direct influence over local economic development (LED) in their areas and therefore need to work in partnership with local business to improve job creation and investment.



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I - New Growth Path: Implications for Municipal LED

- There are some clear areas of the NGP that have relevance to municipalities making local government a key partner to achieve this national vision.
- Municipalities as part of Government, will to varying degrees, respond to specific drivers identified in the NGP

NGP Drivers



Municipal Implications

Public investment in infrastructure

Energy, water, transport, ICT & Housing (informal settlements)

Target labour intensive activities in services, agriculture, manufacturing and mining

Support for agro processing , tourism, cultural industries, investor friendly policies (removing red-tape)

Take advantage of knowledge and green economies

Green energies, waste management, recycling

Leverage social capital

Community engagement, support to SMME's,

Rural development and regional integration

Small scale agriculture, community gardens, co-operatives, irrigation schemes

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EXPANDED PUBLIC WORKS PROGRAMME
Creating opportunities towards human fulfilment

Leverage social capital

Community engagement, support to SMME's,

Rural development and regional integration

Small scale agriculture, community gardens, co-operatives, irrigation schemes

Direct / Indirect Job Creation



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Through **regulatory frameworks** that minimise the **costs of red tape**.

Through normal **direct** employment in the public service

Through **special employment schemes and subsidies**, e.g. EPWP.

Municipal target is to create 2m jobs through labour intensive construction through EPWP

By **financing** employers outside the state in turn leading to higher employment.

Through the **procurement of goods and services** from local producers

Through the **production of goods and services**, for instance electricity, education and healthcare



I - New Growth Path: Implications for Municipal LED

- Getting LED to “work” is critical to the sustainability of any region
- There are a number of challenges to be overcome first.
 - raising the profile of LED within a municipality,
 - Identifying areas for improvement, and
 - identifying good LED practice.
- Ultimately we want to shift behaviours towards LED that works



II - Making EPWP part of local government

- Greater differentiation
 - The only factor that current differentiates urban / rural municipalities is the threshold on FTE's and targets
 - However in reality their resources, ability and circumstances differ vastly in all other aspects they are put through the same processes, reporting, M&E etc – a one size fits all.
 - Therefore there should be a simplified process and programme to cater for low capacity municipalities and to get them on board.
 - Aim to make the “Cost to Service / Support” such municipalities lower
 - Crafting and sharing pre-packed EPWP projects



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II - Making EPWP part of local government

- “Pre - packaged” Municipal Relevant Project Categories
 - Water projects;
 - Waste - water projects;
 - Public transit projects;
 - Environmental energy improvement projects;
 - Local road projects;
 - Recreation and cultural projects;
 - Culture / tourism projects;
 - Community development projects.





II - Making EPWP part of local government

- EPWP must speak to the agenda / mandate and services of local government (not visa versa) for ownership to take place
- Making EPWP the golden thread
 - EPWP as a concept must be reflected in the existing operational plans, budgets and planning documents of local government NOT side outside them
 - EPWP projects must therefore find expression in the IDP, SDBIP, Budget, performance agreements , standing item on council agenda, section 79 committee etc



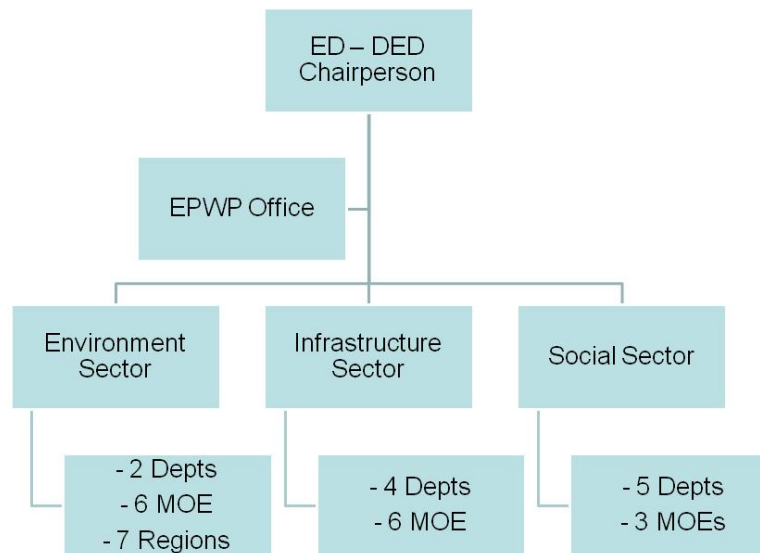
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II - Making EPWP part of local government

- Accountability must be at the highest level of management and reinforcement is via the performance management system
- Making EPWP part of the municipal LED function both raises the strategic developmental role (LED) of local government but also ideally locates the ultimate responsibility for EPWP in one place – from where all other municipal resources can be directed.

II - Making EPWP part of local government

Institutional Arrangements CoJ EPWP Steering Committee





III - Options the Incentive Grant

- Making more funds available upfront
- For eligible municipalities, provide the ability / guarantees that will borrow against the incentive to leverage additional resources (private sector / 3rd parties)
- Cater for greater incentives / rewards for over performance
- Fast-track / Stage Gate the fiscal incentives:
 - To encourage municipalities to (a) register (b) report (c) etc, for the first time - gain immediate access to a smaller nominal fiscal incentive in the current financial year.



III - Options the Incentive Grant

- Funding assistance for the construction of new infrastructure:
 - Local governments being allowed to borrow (from central government or from outside, i.e., national/international lenders) to finance shortfalls on EPWP projects



IV - Follow the “KISS” principle

- The Web based system needs to be simplified and made more transparent, intuitive and accessible
 - Use of multiple channels and platforms (SMS, Web, Email etc) for communication, notifications and reminders
- More direct face to face interactions and support (especially on those non-reporting municipalities)
- Develop a municipal EPWP Knowledge Platform that would inter-alia allow and encourage good project / practice guidelines, sharing of tenders, specification on LIC, institutional arrangements, new ideas etc.

The South African LED Network

NETWORKING PRACTITIONERS DEVELOPING LOCAL ECONOMIES

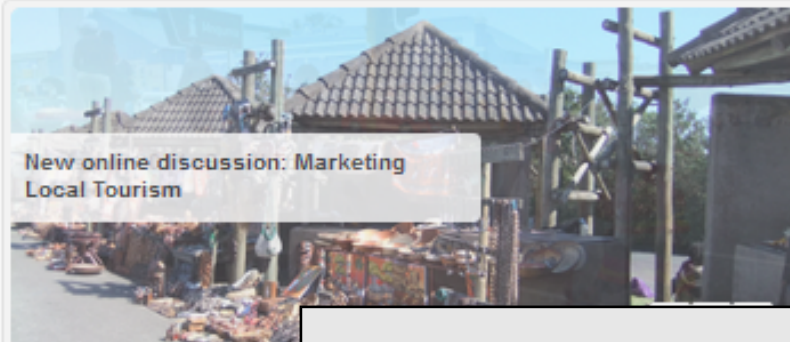
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- Key areas on which Local Government should focus in terms...



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Description

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Babette Rabie

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IV - Follow the “KISS” principle

- A refocus on priorities, i.e. local government participation:
 - The establishment of target (or even better a shared incentive / risk) for all stakeholders (DPW, EPWP, district and local municipality) to increase municipal reporting until there is 100% participation
- Development of a generic Internal Municipal EPWP Policy for Local Government
 - “How to” guidelines differentiated by type, resources etc
- Use of partnerships
 - E.g. SALGA is the ideal partner to offer support, share the messages, unlock political challenges, building the right type of awareness, understanding and skills etc.



Conclusion

- Getting all municipalities on board and drawing on grant – needs to be the responsibility of all
- EPWP like Local Economic Development (LED) needs to be taken more seriously by municipalities
- Greater innovations and differentiated approaches using the incentive are encouraged
- Partnerships hold the promise of inclusiveness, dialogue and shared responsibility for EPWP