

Expanded Public Works Programme Phase 2: Consolidated Programme Overview

FINAL

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Please note: Appendices not attached, but available on request

EPWP Unit

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Glossary

| | |
|---|---|
| Average income of EPWP participant | This will be calculated by dividing the total wages paid to EPWP workers by the total number of job opportunities. |
| Code of Good Practice for Special Public Works Programmes | The Minister of Labour issued a Ministerial Determination and Gazetted a Code of Good Practice for Special Public Works Programmes in 2002. This allows for special conditions to facilitate greater employment on Public Works Programmes. The Code guides the EPWP and provides for a training entitlement of at least 2 days per month of service for workers in this programme. Gazette No 64, 25 January 2004. |
| Cost per job | Calculated by dividing the total expenditure on an EPWP project by the number of job opportunities created |
| EPWP implementing body | An implementing public body responsible for delivery under the EPWP |
| EPWP contract | A contract provided to a worker or contractor to perform work or a task under the EPWP. In the infrastructure sector, such contracts need to be issued in accordance with the "Guidelines for the implementation of infrastructure projects under the EPWP" issued by the Department of Public Works. |
| EPWP participant | A person employed to work in an EPWP projects or programme |
| EPWP Target group | Unemployed South Africans willing to work on EPWP projects and programmes for a wage rate between R50 and R100 a day. |
| Government expenditure | Money actually transferred to projects and supporting infrastructure but excluding government administration costs |
| Work opportunity | Paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as a job opportunity |
| Full Time Equivalent (FTE) or Person year of work | One person year is equivalent to 230 person days of work. For task-rated workers, tasks completed should be used as a proxy for 8 hours of work per day. |
| Wage incentive | Incentive paid to public bodies to incentivise employment creation under the EPWP. The incentive is paid per quantum of employment created for the EPWP target group and can be measured in persons-day of work or full time equivalents |

Table of Contents

| | | |
|----------|--|-----------|
| 1 | Background | 4 |
| 1.1 | <i>Phase 1 of the Expanded Public Works Programme</i> | 4 |
| 1.2 | <i>Recommendations from Phase 1</i> | 5 |
| 2 | Programme Structure/ Log frame | 5 |
| 2.1 | <i>Context</i> | 5 |
| 2.2 | <i>EPWP Definition</i> | 6 |
| 2.3 | <i>EPWP 2 Goal</i> | 6 |
| 2.4 | <i>EPWP Wage Incentive</i> | 7 |
| 2.5 | <i>Mobilising All of Government</i> | 8 |
| 2.6 | <i>Sector Programmes</i> | 8 |
| 2.6.1 | <i>Infrastructure Sector</i> | 8 |
| 2.6.2 | <i>Environmental Sector Plan</i> | 9 |
| 2.6.3 | <i>Social Sector Plan</i> | 9 |
| 2.6.4 | <i>Non-State Sector</i> | 9 |
| 2.7 | <i>Outputs</i> | 10 |
| 2.8 | <i>Assumptions and Risks</i> | 11 |
| 2.8.1 | <i>Capacity Building and Technical Support</i> | 11 |
| 2.8.2 | <i>Incentivising the Take-up of Labour-intensive Methods</i> | 11 |
| 2.8.3 | <i>Funding</i> | 12 |
| 2.8.4 | <i>Enabling Environment</i> | 12 |
| 3 | Funding | 12 |
| 4 | Institutional Arrangements | 13 |
| 5 | Monitoring and Evaluation (M&E) | 14 |
| 5.1 | <i>Overview</i> | 14 |
| 5.2 | <i>Working Definitions</i> | 15 |
| 5.3 | <i>M&E Framework</i> | 15 |
| 6 | Priority Interventions | 16 |
| 6.1 | <i>Financial Management Capacity of EPWP Unit and DPW</i> | 16 |
| 6.1.1 | <i>Technical Assistance to EPWP Unit</i> | 16 |
| 6.1.2 | <i>Technical Assistance to Finance Section of the Department of Public Works</i> | 16 |
| 6.1.3 | <i>Technical Assistance to Implementing Bodies to Manage the Wage Incentive</i> | 17 |
| 6.2 | <i>Audit Capacity</i> | 17 |
| 6.2.1 | <i>Developing Audit Notes and Standards and Processes</i> | 17 |
| 6.2.2 | <i>Building Audit Capacity</i> | 17 |
| 6.2.3 | <i>Training Sessions and Information Packs for Participating Public Bodies</i> | 17 |
| 6.3 | <i>Technical Support to Implementing Bodies</i> | 17 |
| 6.3.1 | <i>Provinces and Municipalities</i> | 17 |
| 6.3.2 | <i>Training of Staff (EPWP Course)</i> | 17 |
| 6.4 | <i>Finalising the Social Sector Strategy and Plan</i> | 18 |
| 6.4.1 | <i>Scope for Expansion</i> | 18 |
| 6.4.2 | <i>Employment Frameworks and Wage Rates</i> | 18 |
| 6.4.3 | <i>Funding Mechanisms</i> | 18 |

1 Background

1.1 Phase 1 of the Expanded Public Works Programme

The first phase of the Expanded Public Works Programme (EPWP) was one of an array of government strategies aimed at addressing unemployment. The programme commenced on 1 April 2004 and had the goal of creating one million work opportunities over its first five years. While this goal was reached one year ahead of time, the review of the programme did indicate some areas of concern and made recommendations for increasing both the scale and the impact of the programme going forward.

The first phase of the programme had the Growth and Development Summit Agreement as the basis of its design, and the quotation in the box below provides the objective of the programme as it was defined and agreed to at this summit in 2003. The objectives of the programme back then were fairly modest, despite the high levels of unemployment in South Africa. The main criticisms of the first phase have related to these modest objectives of the programme.

“Expanded public works programmes can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. These EPWP will be designed to equip participants with a modicum of training and work experience, which should enhance their ability to earn a living in the future. “

The main concerns raised with regards to the first phase of the programme have been around the limited scale, and thus the limited impact the programme had in decreasing unemployment and poverty. While the programme reached its goal of one million work opportunities, this translated into reaching only 11 % of the unemployed in the 2007-08 financial year (6% is discouraged work-seekers are also included). And even though there has been a general decline in the rate of unemployment over the first years of the EPWP, the scale of the programme needs to be increased much faster in order to make its contribution to the government goal of halving unemployment by 2014.

Another concern that emerged from the first phase of the programme was that the duration of the work opportunities created was shorter than anticipated, thus limiting the amount of income transferred to each beneficiary. There was considerable variation in the average duration in between the various sectors of the programme, reflecting the different nature of each of the sectors. There was also considerable variation between the various provinces and municipalities, with generally shorter durations reported in areas with higher rates of unemployment, suggesting that in these areas work opportunities are shared within the community, leading to shorter durations. Another area of concern has been the widely varying performance of public bodies, with some performing very well and other very poorly. For the programme to be scaled up, all public bodies would need to perform to a minimum level going forward.

Another concern that emerged from the first phase was with regards to the wage rates, which varied considerably from sector to sector, were stagnant in some areas, and so did not increase to keep up with the increasing cost of living and inflation. There were also cases where the wages were extremely low and thus not

contributing to reducing the poverty of participants in the programme. A clearly defined minimum wage level for all participants in the programme, that is adjusted annually, would assist greatly in resolving some of these concerns.

1.2 Recommendations from Phase 1

The EPWP Unit in the Department of Public Works prepared a strategic review of the first phase of the EPWP which was presented to Cabinet in June 2008. This review was based on extensive evaluations of the first phase of the programme and made a number of key recommendations for the second phase of the programme in order to increase the scale and impact in the second phase.

While the EPWP achieved its target of one million work opportunities one year ahead of time, some constraints were identified that limited its further expansion. These included the limited authority of the Department of Public Works (DPW) to demand contributions by provinces and municipalities, the lack of incentives in place for provinces and municipalities to maximise their employment creation efforts, lack of capacity among certain public bodies and insufficient political mobilisation in some areas. Improved mechanisms were required to making fighting unemployment a priority for all spheres of government.

It was also noted that the work opportunities created were of a shorter duration than anticipated and that this limited the impact of the programme on poverty reduction. Measures and targets for increasing the average duration of work opportunities created would have to be included in the second phase of the programme.

Furthermore, it was noted that increasing the scale of the programme to the size as proposed in the Draft Anti Poverty Strategy would require mobilisation of non-state capacity as well, and it was recommended that the second phase of the programme include programmes implemented by non-state organisations such as NGO's, CBO's and local communities through the Community Works Programme.

It was also noted that the training framework for the second phase of the programme would have to be improved as the training targets in the first phase were not being met because of, among other reasons, limited existing training capacity to implement the massive training requirement of the programme.

While SMME development was a specific objective of the economic sector in the first phase of the programme, it was recommended that it be made part of the delivery strategy of those programmes where this was appropriate.

2 Programme Structure/ Log frame

2.1 Context

The Draft Anti Poverty Strategy recommends a significant scaling up of public employment programmes in order to create more employment and income opportunities for the poor. The draft has a target of 2 million person-years of employment to be created through public employment programmes per annum.

While the EPWP is projected to grow to three times its current size within the next 5 years, it will not be able to, on its own, meet the entire public employment target in the Anti-Poverty Strategy. The targets set for the next five years are 4.5 million work opportunities which would be equivalent to 2 million full time equivalent jobs. Section 2.6 provides details of the targets per sector for each of the years of the programme.

2.2 EPWP Definition

The EPWP specifically targets the creation of employment for poor, unemployed people who are unskilled or poorly skilled. Through the creation of EPWP employment the programme provides basic income for these people, albeit on a temporary basis. The EPWP has the specific objective of reaching as many people as possible, given the large size of its potential target group.

While many projects and programmes of government create employment, not all of them are classified as EPWP programmes. Given the wide variation of projects implemented by government, it is not always straightforward to distinguish between EPWP projects and non-EPWP projects. The key characteristics of EPWP projects are listed below:

- They are highly labour intensive: a large percentage of the overall project costs are paid out in wages to the target group
- They employ large numbers of the EPWP target group
- The EPWP target group is paid wages between R50 and R100 per day.
- The EPWP target group is employed under the Special Public Works Programme conditions of work

2.3 EPWP 2 Goal

The table below provides the goal and purpose of EPWP 2 as is proposed in the EPWP 2 draft log frame document

| Goal | |
|--|--|
| To create employment equal to 2 million Full Time Equivalents (FTE's) - 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. (This will scale up from 210 000 FTE's per year in 2009/10 to 680 000 FTE's in 2013/14) | |
| Purpose | Indicators |
| Public bodies from all spheres of government (in terms of their normal mandates and budgets) and the Non-State Sector (supported by government incentives), deliberately optimise the creation of work opportunities for unemployed and poor people in South Africa through the delivery of public and community services. Training and enterprise development will be implemented in sector specific programmes to enhance service delivery and beneficiary well-being. | <p>1. No. of work opportunities (work opportunities, people employed and full-time equivalents) created per annum in EPWP Programmes as follows:</p> <p>Year 1 (2009/10) – 500 000 work opportunities and 210 000 full time equivalents</p> <p>Year 2 (2010/11) 600 000 – no of work opportunities and 260 000 full time equivalents</p> <p>Year 3 (2011/12) – 850 000 work opportunities and 360 000 full time equivalents</p> <p>Year 4 (2012/13) – 1.2 million work opportunities and 500 000 full time equivalents</p> <p>Year 5 (2013/14) – 1.5 million work opportunities and 680 000 full time equivalents</p> <p>2. Overall Participation targets per annum starting from 2009-10:</p> <p>At least 55% of workers are women</p> <p>At least 40% of workers are youth</p> <p>At least 2% of workers are people with disabilities</p> <p>Sector level targets to be developed</p> <p>4. Government and Non-State Sector service delivery provided to approved and defined standards.</p> |

| | |
|--|---|
| | <p>5. (Increased) proportion of normal budget spent on EPWP outputs [work opportunities, people employed, training and income transferred]</p> <p>6. Sector programme targets specified where applicable; % of labour-intensive employment Number of people trained Number of SMME established and operational</p> |
|--|---|

2.4 EPWP Wage Incentive

In order to assist with the mobilisation of provinces and municipalities and to assist with funding the additional wage costs of a scaled up EPWP, a wage incentive will be introduced for the second phase of the programme. As this type of incentive, structured as a performance rather than a planning based allocation, is new in government, it was decided to phase it in and only focus on infrastructure sector programmes and the non-state sector in the first year and expanding into the social and environmental sectors in the second year. The wage incentive will be introduced to the infrastructure sector programmes in the 2009-10 financial year.

In order for provinces and municipalities to be eligible, they need to (a) meet minimum participation targets for women, youth and people with disabilities, (b) meet employment creation targets using their conditional infrastructure grants and (c) report on their contribution to the EPWP to DPW. All the provinces and 44 municipalities will be eligible to access the incentive in the first year. These public bodies will enter into an agreement with DPW in which they will commit to a set of mutually agreed targets and in which DPW will provide a wage incentive to those public bodies that meet the targets.

Depending on the performance of the non-eligible municipalities, additional ones will become eligible from 2010-11. Targets which must be met in order to become eligible are based on allocations provided to provinces and municipalities, as well as past performance. Indicative targets for the 2009-10 financial year for individual provinces and municipalities are attached in Appendix A.

In 2009-10 the wage incentive will also be tested in the non-state sector of the programme, where NGO's and other non-profit organisations will be able to access the wage incentive when creating employment for the EPWP target group.

It is the intention that from the 2010-11 financial year, the wage incentive is also made available to the environmental and social sectors of the programme that will, on the same basis, be incentivised to maximise the employment creation for the EPWP target group through their respective activities.

This wage incentive will provide R50 per person-day of work created to eligible provinces and municipalities. Provinces and municipalities will be allowed to pay higher wage rates, but will have to pay the difference from their own budgets. However work that pays a higher wage rate than R100 per day will not be considered work for the EPWP target group and therefore not eligible to access the incentive. Appendix B contains a memorandum which will be part of the Division of Revenue Act and describes how targets are set, performance of provinces and municipalities will be measured and how the size of allocations will be determined.

The main legal, administrative, monitoring and audit mechanisms for the introduction of the wage incentive are being put in place by DPW in cooperation with other relevant departments, in particular National Treasury, Provincial Treasuries and municipalities.

2.5 Mobilising All of Government

A key focus in the second phase of the EPWP will be efforts to more formally mobilise all spheres of government and public bodies to contribute to the EPWP outputs. This is critical for ensuring that all of government takes ownership of the EPWP and its objectives and it is not merely seen as a DPW programme. This will be critical in ensuring that all public bodies increase their contribution to the programme as planned and that there is a way of holding accountable those public bodies that do not perform.

While proposed targets have been formulated by the EPWP unit in DPW for all spheres of government and public bodies, DPW will in the coming months formalise these targets with individual public bodies through the signing of intergovernmental protocols in which each public body will commit to a set of targets for the coming years. As mentioned earlier, this agreement will also be one of the requirements for public bodies to access the wage incentive.

2.6 Sector Programmes

The three main sectors of the programme, the infrastructure, social and environment and culture sectors will continue in the second phase of the EPWP, albeit with some changes. As was mentioned earlier, the economic sector, which focused on SMME development using government procurement, will not continue as a sector on its own, but the various SMME development activities will be integrated into the relevant other sectors of the programme. Instead, the Non-State Sector will be introduced, which will focus on mobilising capacity from outside the state to create employment and income for the EPWP target group.

Operationally all the sectors will continue to operate as they have and all the proposed changes have been made to enable implementing bodies to continue working in a similar manner as they have been in the past. Even the wage incentive, which is the most significant change from the first phase, has been designed so that it can be accessed without major operational changes with regard to the implementation of EPWP projects and programmes.

2.6.1 Infrastructure Sector

The infrastructure sector will be led by DPW. At the national level it includes the Departments of Transport, Provincial and Local Government, Water Affairs and Forestry, Minerals and Energy and Sports and Recreation.

Most projects are implemented by the provinces and municipalities however, and this will continue in the second phase of the programme. While all provinces are already contributing to the EPWP, many provincial departments could increase their contribution further, and the continued growth of the sector will depend on the degree to which some of the underperforming provinces can increase their performance by implementing their projects more labour intensively and by establishing dedicated labour-intensive maintenance programmes which have the potential to provide regular employment to large numbers of people, especially in rural areas.

At the local government level the focus will also be on ensuring that:

- those municipalities that are already exceeding their targets based on their MIG allocations, keep performing and are able to continue growing their EPWP programmes through accessing the wage incentive
- those municipalities already implementing the EPWP, but not yet meeting their targets based on their MIG allocations improve their performance so that they can meet the minimum requirements to access the wage incentive
- those municipalities not yet implementing and reporting on the EPWP start implementing and reporting as required

It is anticipated that the sector will continue to grow and remain the largest sector of the EPWP, because of the large investments and allocations already planned for this sector, and the continued scope to increase the labour-intensity of the infrastructure spending of government. While this has proved difficult in the first phase of the programme, it is anticipated that the wage incentive will provide a real boost to the efforts to increase the labour-intensity in the second phase of the programme. The planned output for the five years is the creation of 900 000 full time equivalents of employment. More details on this are provided in section 2.7 of this document.

2.6.2 Environmental Sector Plan

The environmental sector will continue to grow through growth in the programmes implemented by national and provincial departments. Allocations to the sector have increased over the MTEF and have included funds to initiate the Working for Energy Programme, which is an interdepartmental initiative. The sector will be able to grow faster from 2010 when it will be able to access the wage incentive as well. Growth in the sector will come both from increasing the number of work opportunities and increasing the duration of work opportunities so that the cumulative target of 350 000 FTE's is met. The targets for the sector and how they are distributed over the national and provincial government are presented in section 2.7.

2.6.3 Social Sector Plan

The social sector plan for the second phase of the EPWP is still being finalised and the sector will continue in its current format in the first year of the second phase. It will continue on growing the Early Childhood Development (ECD) and Community and Home Based Care (HCBC) programmes. In order to increase the scale of the sector so that it will contribute 500 000 FTE's over the next five years, a number of key issues have to be resolved and the sector is working on these. These are:

- Standardising the employment framework for the sector, which includes employment conditions, wages and progression in the sector once participants have improved their qualifications through the training provided through the EPWP
- Funding mechanisms for growing the sector, in particular how the sector would access the wage incentive or developing proposals for other complementary funding mechanisms.
- Focus areas for expansion, which will rely on the development of implementation plans for some areas of employment creation already identified in previous studies.

Targets for the sector are also discussed in section 2.7.

2.6.4 Non-State Sector

This proposed new sector will consist of two sets of programmes.

The first set will be *Institutional based programmes* where non-state actors, typically not-for-profit organisations (NPOs), faith-based organisations (FBOs) and

community-based organisations (CBOs), would develop programmes that could create income for large numbers of individuals through socially constructive activities. The type of initiative would be determined by the non-state actor with the state providing partial funding for specified costs and wages.

The second set will be *Area based programmes* involving local organisations so as to support initiatives that create employment, in ways that build public or community-level goods and services. This approach offers considerable scope for work activities to be determined by the unique needs of a community and implemented at community level with partial funding from the state. Within this category, an approach called the Community Works Programme is currently being piloted. These pilots are being implemented by the Second Economy Strategy Project (an initiative of the Presidency), together with Department of Social Development and DPW. This approach aims to provide an employment safety net, by providing regular (rather than full-time) employment to participants, with a predictable number of days of work provided per month.

The programme is structured so that it provides the participants with regular and predictable income through regular, but part time work. The pilots are being run in four areas in the country and employ approximately 1000 people in each area on a part-time basis. Based on the results of the current pilots, this programme is looking very promising and it is anticipated that it could grow to 180 sites and employ 180 000 people by 2014.

2.7 Outputs

One of the amendments in the second phase of the programme is to increase the focus on the creation of temporary work opportunities that provide income to the poor unemployed and the primary outputs of the programme have been defined only in these terms. The sectors and their individual programmes will, where appropriate, define the training, exit strategy and SMME development outputs which will vary considerable from sector to sector.

The table below provides the overall cumulative outputs of the programme for each of the sectors for the 2009-2014 five year period.

| Sector | Work opportunities | Full Time Equivalents |
|----------------|--------------------|-----------------------|
| Infrastructure | 2 374 000 | 900 000 |
| Environmental | 1 156 000 | 350 000 |
| Social | 750 000 | 500 000 |
| Non-state | 640 000 | 280 000 |
| TOTAL | 4.5 million plus | 2 million plus |

These targets have been allocated further to the different spheres of government responsible for the implementation of the various programmes. Implementation responsibilities vary for each of the sectors, in line with the constitutional mandates and budgets allocated to the respective spheres. In the infrastructure sector, provincial and local government are responsible for the construction and maintenance of the type of infrastructure most suitable to the employment of the EPWP target group. In the environmental sector, most programmes are run by national departments and provinces. In the social sector the ECD and HCBC programmes are run almost exclusively by the provinces. The tables below provide an overview of the targets that have been set for each of the spheres of government in both work opportunities and full time equivalents. The targets for the Non-State

Sector have been included separately in these tables as they are not attributed to a specific sphere of government.

Work Opportunities - Targets per Year and Sphere of Government

| | Local | Provincial | National | Non-state | Totals |
|---------------|------------------|------------------|----------------|----------------|------------------|
| 2009-2010 | 182,607 | 247,325 | 100,068 | 20,000 | 550,000 |
| 2010-2011 | 208,032 | 281,720 | 104,248 | 48,000 | 642,000 |
| 2011-2012 | 267,920 | 370,420 | 133,660 | 96,000 | 868,000 |
| 2012-2013 | 349,129 | 501,283 | 183,588 | 176,000 | 1,210,000 |
| 2013-2014 | 440,721 | 659,286 | 249,994 | 300,000 | 1,650,000 |
| Totals | 1,448,409 | 2,060,034 | 771,557 | 640,000 | 4,920,000 |

Full Time Equivalent - Targets per Year and Sphere of Government

| | Local | Provincial | National | Non-state | Totals |
|---------------|----------------|------------------|----------------|----------------|------------------|
| 2009-2010 | 66 091 | 117 554 | 22 698 | 8 696 | 215 039 |
| 2010-2011 | 74 371 | 136 630 | 28 999 | 20 870 | 260 870 |
| 2011-2012 | 97 342 | 181 667 | 40 991 | 41 739 | 361 739 |
| 2012-2013 | 125 853 | 243 527 | 56 272 | 76 522 | 502 174 |
| 2013-2014 | 157 086 | 320 692 | 76 570 | 130 435 | 684 783 |
| Totals | 520 743 | 1 000 070 | 225 531 | 278 261 | 2 024 604 |

2.8 Assumptions and Risks

There are a number of key assumptions underlying delivery in the EPWP. These are summarised as follows:

2.8.1 Capacity Building and Technical Support

One of the key lessons from the first phase of the programme was that it was not realistic to assume that the capacity to implement EPWP projects and programmes was available in all public bodies. Experience and the variable performance of public bodies have clearly demonstrated that, in many cases, specific types of technical support will be required to ensure that public bodies are able to meet their EPWP targets.

It is assumed in the second phase that the EPWP Unit in DPW, Lead Departments and provincial EPWP units will continue to provide operational and technical support to those public bodies that require it. This will require strengthening the EPWP Unit and lead departments so that they can provide this support effectively.

The capacity building will also have to extend beyond government bodies, and where extensive use is made of delivery agents, capacity building interventions for them will also be required, as was the case in the first phase where emerging contractors and consultants were trained on the use of labour-intensive methods of construction.

2.8.2 Incentivising the Take-up of Labour-intensive Methods

It is assumed that the EPWP wage incentive will lead to greater adoption of labour-intensive methods and approaches by public bodies implementing the EPWP. The incentive is designed to provide additional funds to those public bodies creating more employment using their available budgets.

One of the main reasons for not adopting labour intensive methods on a larger scale (as reported by public bodies in the first phase) was the risk of increased costs. The

incentive has been designed to address this by essentially covering additional costs that public bodies would have because of increasing the labour intensity of their projects. In the case where there are no additional costs, the incentive would increase the overall budget, allowing for increasing the scope of work of the public body.

2.8.3 Funding

The EPWP is predicated on a multi-year budgeting system that ensures a steady growth of government investment in the identified service areas. It is also based on the assumption that the specific conditional grants and allocation related to the various EPWP programmes will continue to grow in real terms. It is further projected that annual expenditure on the wage incentive will grow to at least R 5 billion by 2014 and that there will be some flexibility in the budget process to increase the available amounts for the wage incentive if the uptake is greater than anticipated.

2.8.4 Enabling Environment

It also assumed that the enabling environment for the EPWP will be improved in the second phase and that the efforts to improve this environment will continue and finds support. Some of the key areas requiring improvement are listed below:

- To have in place a clear set of special employment conditions in terms of short and ongoing term work.
- To align the National Youth Service (NYS) framework to the EPWP so as to maximise value to both programmes.
- To align disability and gender frameworks to the EPWP
- To establish and obtain a common understanding on clear funding and budgeting protocols, in order to enable the scaling up of existing and the establishment of new programmes
- To administer the additional funding for compliant performing EPWP programmes to establish a framework for intergovernmental protocols for the EPWP
- To establish an explicit performance targeting process in respect of EPWP programmes and funding allocations

3 Funding

As was the case in the first phase of the EPWP, funds for the EPWP programmes will be allocated to national departments, provinces and municipalities through the normal budgeting process. However in the second phase, those public bodies that are performing well will be able to access additional funds through the EPWP wage incentive for which R 4.2 billion has been made available over the MTEF. Based on a R50 per day wage incentive, this would be sufficient to cover the costs of an additional 365 000 full time equivalents over the MTEF.

The projected allocations over the MTEF to departments, provinces and municipalities which they can use for the EPWP projects and programmes are summarised in the table below. It should be emphasised, however, that provinces and municipalities can also use their own budgets from their equitable share and own revenues to fund EPWP projects and programmes and many are doing so already. This would require, however, that the EPWP is given higher political priority by local political leaders.

| Grant/ Allocation | National | Provincial | Local |
|--------------------------------|----------|------------|------------------------|
| Municipal Infrastructure Grant | | | 09-10:R 10 698 million |

| | | | |
|---|--|--|------------------------|
| | | | 10-11:R 11 678 million |
| Infrastructure Grant to Provinces | | 09-10:R 8 358 million 10-11 R 10 080 million | |
| HIV AIDS Grant | | 09-10: R 3 276 million 10-11: R 3 986 million | |
| Early Childhood Development (provinces) | | To be confirmed | |
| Working for Water Programmes (DWAF) | 09-10:R 462 million 10-11 R 597 million | | |
| Land Care | | 09-10: R 51 million 10-11: R 55 million | |
| Social Responsibility Programmes (DEAT) | 09-10:R 781 million 10-11 R 872 million | | |
| | | | |

4 Institutional Arrangements

At the national government level the overall co-ordination of the programme will continue to be done by the EPWP Unit in DPW. The DPW will also co-ordinate the infrastructure sector. The environment and culture and social sectors will be coordinated by the Department of Environmental Affairs and Tourism (DEAT) and the Department of Social Development (DSD) respectively. The Non-state sector will in the first year be led by DPW and will be tested in partnership with the Business Trust.

The DPW will carry out its overall coordinating role and report on progress through the Economic and Social Clusters of government. The clusters will receive progress reports and address bottlenecks in implementation.

At the provincial government level, the EPWP Units in the provincial departments of public works will continue to mobilise other provincial departments as well as municipalities within the province to ensure EPWP performance. The various functions required for implementation of the EPWP are presented in the table below along with the roles that different spheres of government and public bodies have in ensuring that these functions are executed.

Functions of Spheres of Government and Public Bodies in Respect of EPWP 2

| Functions | EPWP Unit (in DPW) | Sector Lead Department (National) | Provincial Government | Line Dept (National, provincial or local) with service delivery responsibility |
|--|------------------------|-----------------------------------|-----------------------|--|
| National programme design [framework for sub-programmes, conceptualisation, policy and strategy, norms and standards, consultation, institutional arrangements] | Primary responsibility | Consultation | | |
| Leadership/authority? | Primary responsibility | | | |
| Performance mgt [score card] | Primary responsibility | | | |
| Coordination and direction | Primary responsibility | | | |
| Advocacy and intergovernmental mobilisation | Primary responsibility | | | |
| Risk management | Primary responsibility | | | |
| Securing and administering funding | Primary responsibility | | | |
| Management capacity building | Primary responsibility | | | |
| Monitoring reporting [verification and integrity] | Primary responsibility | | | |
| Evaluation | Primary responsibility | | | |
| Quality control | | | | Primary responsibility |
| Innovation [commissioning of research, Identification of new projects, best practice] | Primary responsibility | | | |
| Sub-programme design and planning [conceptualisation, policy and strategy, norms and standards, consultation, institutional arrangements] | | Support | | Primary responsibility |
| Sub – programme implementation [verification and quality control, risk management] | | | | Primary responsibility |
| Marketing and communications | Primary responsibility | | | |

| | |
|--|--------------------------|
| | Primary responsibility |
| | Secondary responsibility |

5 Monitoring and Evaluation (M&E)

5.1 Overview

Monitoring and evaluation of the EPWP will continue as a very important element in the implementation of the programme and the EPWP Unit in the Department of Public Works will retain the overall responsibility on this. The process for reviewing

the existing M&E framework in order to make amendments for the second phase had commenced. The key areas for improvement and amendment have been identified. These include:

- Implementing of a central web based monitoring system to allow for more accurate and rapid reporting and management of the EPWP wage incentive
- Establishment of a central database to allow for better data analysis
- Improvement on the existing evaluation studies to get improved feedback on the impact the programme makes on the lives of individual participants

5.2 Working Definitions

The existing working definitions which were used in the first phase will remain in place. In order to have a better measure of the overall employment impact of the programme it was agreed to place greater emphasis on the number of full time equivalents (person-years of employment) that the programme creates. All targets have therefore been set in both work opportunities, which reflect the number of opportunities made available to participants in the programme, and full time equivalents, which reflect the quantum of employment the programme actually creates.

| | |
|---|--|
| <i>Work opportunity</i> | <i>Paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as a work opportunity.</i> |
| <i>Full Time Equivalent (Person-year of employment)</i> | <i>One person-year of work is equivalent to 230 person days. For task-rated workers, tasks completed should be used as a proxy for 8 hours of work per day.</i> |
| <i>Training</i> | <i>1 training day = at least 7 hours of formal training. Types of training include literacy and numeracy, life skills, vocational training and business training. This includes the assessment of prior learning of workers.</i> |
| <i>Government expenditure</i> | <i>Money actually transferred to project and supporting infrastructure, but excluding government administration costs</i> |
| <i>Expenditure per work opportunity</i> | <i>Total project costs divided by the work opportunities created</i> |

5.3 M&E Framework

The existing M&E framework that was developed for the first phase of the programme is being reviewed to include the amendments and improvements mentioned earlier. It is anticipated that most of the evaluation methods that were used in the first phase will continue to be used in the second phase and are outlined below. The frequency and sample size of these evaluations will most likely be increased in order to get a more accurate picture of the scaled up EPWP.

| <i>Technique</i> | <i>Implementation</i> | <i>Areas Measured</i> |
|--------------------------------|---|--|
| <i>Cross-sectional Surveys</i> | <i>Surveys of contractors/ implementing agents, beneficiaries, communities & government departments</i> | <i>Profile of beneficiaries & their households; impact of income transfers; impact of assets created; relevance & quality of training; role of contractor (targeting, training etc.); community perceptions of the benefit of the project; efficacy of design & implementation</i> |

| <i>Technique</i> | <i>Implementation</i> | <i>Areas Measured</i> |
|--------------------------------|--|---|
| <i>Longitudinal Surveys</i> | <i>Surveys of beneficiaries 6 months after exiting the EPWP & 6 months thereafter</i> | <i>Whether employment or self-employment occurs after exiting the EPWP; longer-term impact of income transfers & training; offsetting effects (displacement and substitution)</i> |
| <i>Case Studies</i> | <i>In-depth studies of 8 projects by senior researchers, spread across sectors and provinces</i> | <i>All measurement areas, excluding employment prospects of beneficiaries after exiting the EPWP</i> |
| <i>Poverty Impact Analysis</i> | <i>Secondary data & data derived from surveys utilised</i> | <i>Impact of income, assets and services transferred to poor households on poverty levels of the household</i> |

6 Priority Interventions

In order to ensure that the transition from the first phase to the second phase of the programme goes smoothly and that the wage incentive is operationalised within the required timeframes, some work activities that are ongoing have been identified as very important and are being prioritised for completion in the following months. These are outlined below.

6.1 Financial Management Capacity of EPWP Unit and DPW

6.1.1 Technical Assistance to EPWP Unit

The EPWP Unit in DPW will have to increase its capacity to manage the scaled up EPWP in the coming five years. In particular, its ability to monitor, evaluate and verify progress will be important in order to ensure that the wage incentive functions as it is intended to. Furthermore the EPWP unit will, in the first year, also take the lead in developing the non-state sector and will need to put in place capacity to do so.

While building the capacity of the unit will require a review of the unit and the creation of additional posts, interim technical assistance will need to be provided to ensure that, especially in the first year of the second phase, no serious delays are encountered due to insufficient capacity within the unit.

6.1.2 Technical Assistance to Finance Section of the Department of Public Works

One key element of the wage incentive is that it needs to be paid promptly, as was agreed with public bodies, in order to be effective. If there are delays and operational problems with the payment of the incentives, it is unlikely to act as an effective incentive to public bodies to improve on their performance on the EPWP.

In order to ensure that there are no delays and problems due to financial management, administration and the processing of payments, the finance section of the DPW will need to be bolstered to increase its capacity to execute this new function of paying the EPWP wage incentive to provinces and municipalities.

6.1.3 Technical Assistance to Implementing Bodies to Manage the Wage Incentive

The EPWP unit in DPW, as part of its responsibility as the lead department of the infrastructure sector, manages a technical support programme that supports municipalities and selected provinces with the identification, planning, execution and reporting of EPWP projects and programmes. Many of these provinces and municipalities will now be eligible to access the wage incentive, but in the beginning will need support to enable them to do so. It is the intention that the EPWP unit provides this support through an expansion of its existing technical support programme.

6.2 Audit Capacity

6.2.1 Developing Audit Notes and Standards and Processes

As public bodies will be paid the incentive based on performance reports they will be providing to DPW, it is critical that these performance reports are audited regularly and that the possibility exists for DPW to initiate interim audits, should it deem it necessary to do so. This will require that the audit notes, standards and processes are finalised by April 2009 so that public bodies can prepare their reports in line with these standards and that, when necessary, independent auditors can be contracted to conduct these audits.

In addition, it will also be necessary to put in place with the cooperation of the Auditor-General an overall audit framework that will make the wage incentive audits a regular feature of the annual audit process.

6.2.2 Building Audit Capacity

The EPWP Unit will also have to build in-house audit capacity so that it can assist public bodies with preparing reports that meet audit requirements, conduct interim audits themselves when required, and can effectively manage independent private sectors auditors who may be contracted to do some of the audit work.

6.2.3 Training Sessions and Information Packs for Participating Public Bodies

All eligible public bodies that will be accessing the incentive will also need to be provided with training sessions for their officials and information packs on how they can access the incentive, what type of reports they need to prepare by when and what documentation they need to have available for inspection

6.3 Technical Support to Implementing Bodies

6.3.1 Provinces and Municipalities

Technical support to implementing provinces and municipalities will have to continue in order to ensure that the projected growth of the programme is achieved. In the first phase a number of programmes and approaches to support provinces and municipalities in the implementation of the various sector programmes have been developed, and these will need to continue in the second phase. Furthermore, in some areas the support programmes will need to be improved and expanded as their coverage is still limited to only a share of the provinces and municipalities.

6.3.2 Training of Staff (EPWP Course)

The EPWP unit has commenced the development of a course for government officials on implementation of the EPWP and it is the intention that this course is

provided to officials across government in order to improve the overall performance and quality of EPWP projects and programmes.

6.4 Finalising the Social Sector Strategy and Plan

6.4.1 Scope for Expansion

The Social Sector, with the support of the DBSA, conducted an investigation into possible areas for expansion of the sector. The study concluded that there are a number of areas with significant potential for additional employment creation and that the sector could grow to provide 500 000 full time equivalents per annum.

These findings need to be investigated further and implementation approaches and an overall plan need to be developed as to how some or all of this employment creation potential can be realised.

6.4.2 Employment Frameworks and Wage Rates

A critical requirement for the expansion of the social sector that has been identified in the review of the first phase of the EPWP is the employment framework for the sector. Because much of the work in the sector lends itself to long term employment, the current EPWP employment framework that was designed for the provision of temporary work is not suitable. The investigation to develop proposals for a more suitable framework for the sector has commenced. It is the intention that a more suitable employment framework is put in place in 2009 allowing for more rapid expansion of the sector going forward.

6.4.3 Funding Mechanisms

There is also the need to develop more effective funding mechanisms for the sector. Currently the funding for the social sector programmes is not allocated in a manner that ensures that the funds are actually used for these programmes and provinces are able to deploy these funds to other priorities. Furthermore, the processes and mechanisms as to how the sector will access the wage incentive from 2010-11 will need to be developed and put in place in order to ensure that it can access the incentive as planned.