

# Southern Africa Labour and Development Research Unit



## Employer of Last Resort? South Africa's Expanded Public Works Programme (EPWP)

*by*  
*Charles Meth*

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# Employer of Last Resort? South Africa's Expanded Public Works Programme (EPWP)

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## **Abstract**

South Africa's largest active labour market intervention (ALMP) is the Expanded Public Works Programme (EPWP). Its first five-year phase has been completed and a second phase, more ambitious by far than its predecessor, has commenced. Critical analysis suggests that contrary to the hype, the programme has thus far made little lasting impact on the poverty and unemployment it is supposed to address.

The analysis is in four parts: the first is an exploration of the background to the EPWP, in its role as South Africa's largest active labour market policy; the second presents an examination of aspects of the performance of EPWP Phase 1, looking in particular at target vs. actual numbers of job opportunities and training days. This section also looks briefly at the EPWP's proposed monitoring and evaluation (M&E) programme, before undertaking a more detailed consideration of the published information available on the training/employment nexus. The section ends with a glance at weaknesses in one of the surveys (the Labour Force Surveys, LFSs) put forward as data sources for evaluating the EPWP during Phase1; the third considers aspects of the vast increases in the scope of EPWP from Phase 1 to Phase 2, of the way in which these have been communicated, and of the way in which they are to be funded, while fourth the looks at the possible contribution that this second phase could/may make to the goal of halving unemployment by 2014. This part of the paper reproduces a set of scenarios produced by the National Treasury and published in the *Budget Review 2010*. These point to the extreme unlikelihood of the unemployment halving goal being attained. The paper ends with a set of recommendations, many relating to the production and distribution of knowledge about the EPWP.

## ***Abbreviations and acronyms***

ALMP	Active labour market policy
ANC	African National Congress
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
BIG	Basic Income Grant
CBO	Community-based Organisation
CHW	Community Health Workers
CWP	Community Work Programme
DoL	Department of Labour
DoSD	Department of Social Development
DPW	Department of Public Works
ECD	Early Childhood Development
EGS	Employment guarantee scheme
EPWP	Expanded Public Works Programme
FTE	Full-time equivalent
GHS	General Household Survey
HCBC	Home and Community-Based Care
HSRC	Human Sciences Research Council
IDT	Independent Development Trust
JSA	Jobseeker's Allowance
LFS	Labour Force Survey
MEC	Member of Executive Council [provincial]
MIG	Municipal Infrastructure Grant
M&E	Monitoring and evaluation
MTEF	Medium-Term Expenditure Framework
NCOP	National Council of Provinces
NGO	Non-governmental Organisation
NPO	Non-Profit Organisation (or not-for-profit organisation)
OECD	Organisation for Economic Co-operation and Development
PCAS	Policy Co-ordination and Advisory Services
PIG	Provincial Infrastructure Grant (also referred to as IPG)
QLFS	Quarterly Labour Force Survey
SALDRU	Southern African Labour and Development Research Unit
SMME	Small-, Medium- and Micro-Enterprises
SPII	Studies in Poverty and Inequality Institute
TIPS	Trade & Industry Policy Strategies
UIF	Unemployment Insurance Fund
UK	United Kingdom
US	United States of America

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## **Introduction<sup>1</sup>**

South Africa, unusually for a middle-income developing country, dispenses huge numbers (almost 14 million in 2009/10) of means-tested categorical social grants. Most numerous among the recipients are the caregivers of children (the Child Support Grant); followed by the aged (State Old Age Pensions), and then by the disabled (Disability Grants). There is, however, no social protection in the form of grants for people aged between 18 and 60 years of age in South Africa who have the good fortune not to be disabled, and the misfortune to be unemployed,<sup>2</sup>, or to have an income that falls below subsistence levels (the working poor).

The problem of what to do about the able-bodied working-age poor is of ancient vintage (de Schweinitz, 1972 [1943]; Garraty, 1979),<sup>3</sup> yet nowhere can it be said to have been wholly satisfactorily resolved. The social protection systems of North-West European countries are probably the nearest thing to adequate solutions that have been found (Goodin *et al*, 2001). South Africa is a long way from such achievements – the closest government gets to addressing this problem directly is by the provision of ‘work opportunities’ on the Expanded Public Works Programme (EPWP). The primary object of the present paper is to examine critically, aspects of this, the largest of the substitutes devised by government to fill (partially) the gap in the social protection system.

The body of the paper is made up of four sections. The **first** of these deals with the socio-politico-economic context within which the EPWP came into being. It touches on the apparent confusion within the ANC as to what, exactly, the programme is supposed to achieve. Tensions over the nature of the programme, and what can reasonably be expected from it, are argued to contribute to programme failures.

The **second** part of the paper asks what Phase 1 of the EPWP achieved during the five years of its existence. Based on recent EPWP reports, it is concluded that although the income generated by the employment offered to some of the unemployed is welcome, as are the assets created, the programme made no lasting impression on unemployment. This section also takes a look at the monitoring and evaluation system designed for the programme, showing how faulty survey design in one of the instruments can undermine well-meaning attempts to monitor progress.

The **third** part of the paper looks at the relatively recently announced, and much more ambitious second phase of the programme. (Announced, it may be added, amid boasts of the

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<sup>1</sup> This paper has been extracted from a longish research report on active labour market policies (Meth, 2010). The paper differs somewhat from the chapter in the research report, but the substance of the argument has been maintained.

<sup>2</sup> Most of those who have formal sector employment are covered by the Unemployment Insurance Fund (UIF). At any given moment, however, among the four million or so officially unemployed, there are perhaps 250 000 recipients of benefits. The small minority among the unemployed who receive qualify for UIF benefits receive them for a limited period. The maximum period is about eight months, but mean periods are much shorter because low-paid workers, who are the most numerous claimants, do not build up sufficient entitlements through contributions. After entitlements have been exhausted, former UIF beneficiaries receive no ‘handouts’ (as the critics of social grants are fond of calling grants).

<sup>3</sup> As Handler (2003, p.217) reminds us, in England, the Statute of Labourers of 1342 “... prohibited the giving of alms to ‘sturdy beggars’ ”. Since that time, the problem of what to do about the able-bodied poor has exercised the minds of the authorities on innumerable occasions, often with disastrous consequences for the poor.

contribution it is to make to the goal of halving unemployment in the country). What little is known of the goals of Phase 2 of the EPWP is subjected to scrutiny.

In the **fourth** part, attention is focused on the ability of Phase 2 of the EPWP to reduce unemployment levels. The potential contribution of the programme to government's goal of halving unemployment by the year 2014 is considered.

A brief conclusion and a few recommendations bring proceedings to an end.

## **1. The EPWP – South Africa's largest ALMP<sup>4</sup> (by far)**

In fiscal year 2004/2005 Phase 1 of a five-year Expanded Public Works Programme (EPWP), the vehicle for making good the claim to be providing an income source for those who do not qualify for social assistance, was launched.<sup>5</sup> The programme's lead agency is the Department of Public Works (DPW),<sup>6</sup> The first phase, one of whose goals was that of creating one million job opportunities between 2004/2005 and 2008/2009, came to an end in March 2009.<sup>7</sup> In one of the programme's founding documents one finds this statement:

“Although not explicitly stated as such, the EPWP programme is clearly part of an active labour market policy to promote economic participation amongst marginalized work seekers.” (DPW, 2005a, p.10)

Whether or not the EPWP is an ‘active’ labour market policy in the strict sense in which the term is used in OECD countries is open to debate. It is argued further below that one of the defining characteristics of an ALMP is that it is able to steer (coerce) the unemployed into ‘suitable’ employment after a spell on ‘benefits’. Although participation in the EPWP in South Africa is voluntary, the absence of any other social protection against unemployment could be argued to amount to implicit coercion – accept an EPWP job opportunity or go without. Despite, however, being one of the largest programmes aimed at the unemployed in South Africa, as well as the largest single programme that targets youth,<sup>8</sup> even in its Phase 2 guise, it cannot possibly offer job opportunities to anything other than a small minority of the unemployed. In the absence of an EPWP offer, the unemployed have nothing. The absence of ‘suitable’ jobs thus means that the EPWP is not a ‘true’ ALMP. Given government's insistence on ‘activation’ (encouraging or coercing individuals into gainful economic

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<sup>4</sup> An ALMP is an active labour market policy. Its outstanding characteristic is that it makes receipt of benefits absolutely dependent on compliance with stringent conditions. It is distinguished from ‘passive’ labour market policy by the energy with which those conditions are enforced, and by the amount of assistance offered to workseekers to enable them to comply with the conditions. There is a review of the literature on ALMPs in Meth (2010)

<sup>5</sup> It represented a scaling-up of a number of small projects.

<sup>6</sup> Phase 1 of the programme was supposed to be more or less self-financing in that most of those employed are to be paid from existing funds set aside for infrastructural and other projects. One intention is that the labour-intensity of work undertaken be raised. In practice, during Phase 1 of the EPWP, many municipalities have been reluctant to embark on such a course because of uncertainties about the cost implications of doing so.

<sup>7</sup> The one million goal was reached by March 2008, a year ahead of schedule (DPW, 2009a, p.3).

<sup>8</sup> The intention is that 30 per cent of the job opportunities created should be filled by people aged between 15 and 35 years (DPW, 2009, p.3), a target regularly exceeded in recent years.

activity) as a condition for receipt of public funds, the EPWPs could, however, be regarded as ALMPs in spirit.<sup>9</sup>

Phase 2 of the EPWP was recently unveiled by the Minister of Public Works.<sup>10</sup> Referring to government's halving unemployment goal, the minister reportedly told Reuters on 4<sup>th</sup> April 2009 that "It's going to take a lot of work, it needs a lot of dedication and energy but I think it's achievable by 2014, I'm confident..."<sup>11</sup> The basis (or part of the basis) of the minister's confidence is apparently government's plan to create 4.5 million public work opportunities (the newspaper article refers to them as 'jobs') over the next five years. By 2014, it is intended that 1.5 million work opportunities, each lasting 100 working days, on average, will be provided by Phase 2 of the EPWP.<sup>12</sup>

Asked if the timing of the "... launch was politically opportunistic before a general election on April 22", the minister said that:

"If somebody doesn't like us doing it before the election that's tough. I am saying there are people that don't know what they are going to eat tonight. There are children going hungry and I cannot allow a situation where we dilly-dally until whenever..." (*Mail & Guardian* online, 6 April 2009)

Since Phase 1 was due to be completed by the end of March 2009 (DPW, 2009a, p.3), the timing was coincidental.<sup>13</sup> It is too much, however, to expect that an opportunity to boast

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<sup>9</sup> It is possible that here, I am being excessively nice. Writing about direct employment programmes in Latin America, for example, Reinecke (2005, p.166) says simply that: "Active labour market policies may be defined as those that directly address the labour market. Their principal objective is to reduce unemployment and to provide access to productive work for the greatest possible number of workers. Passive policies, by contrast, address the labour market only indirectly, by increasing aggregate demand in the economy or providing income for those who lose their jobs."

<sup>10</sup> Part of this section of the paper was written shortly before the general election in South Africa on 22<sup>nd</sup> April 2009. The Minister of Public Works (Geoff Doidge) was one of very few ministers who were re-appointed by President Zuma, making it unnecessary to edit the paper to make him the former minister. Doidge did not survive Zuma's October 2010 cabinet reshuffle. A piece of analysis by Mandy Rossouw in the *Mail & Guardian*, on 1<sup>st</sup> November 2010 said of the reshuffle that: "The most suspicious exit is that of Geoff Doidge, who was known to play by the rules in his Public Works portfolio. Is his departure linked to his decision to investigate the controversial office-block tender signed off by police commissioner Bheki Cele?"

<sup>11</sup> See the article "SA on track to halve unemployment by 2014" by Wendell Roelf, in the *Mail & Guardian* online, 6 April 2009.

<sup>12</sup> This, the article points out, amounts 610 000 full-time equivalents, the number one would obtain if a full working year is assumed to number 246 days. This is quite a long working year – it includes only ten public holidays, and a five-day vacation. The number of working days that make up a full-time year must have been specified in some EPWP document – I have not, however, come across any references to it. The Code of Good Practice for EPWP workers stipulates that their employment is governed by the relevant provisions of the Basic Conditions of Employment Act (DoL, 2002, Section 3.2). This means that EPWP workers, in addition to being paid for any public holiday that occurs during their spell of employment, must also be allowed to take one day's paid leave for every 17 days worked. Under such conditions, a full working year would number about 230 days. For the purposes of the investigation conducted in this section of the paper, that will be assumed to be the length of a working year.

<sup>13</sup> As is usual with politicians the world over, when pressed, they become evasive. Instead of answering the question, the minister avoided doing so by a display of compassion for the suffering of the poor, which although it may have been sincere, was irrelevant – his concerns about people not knowing where their next meal is coming from, and about children going hungry, are shared by almost everyone. Announcement of his intentions does not feed them – it is implementation that counts (for the fortunate few among them). The simple answer to the reporter's question, is that Phase 2 was announced when it was, because Phase 1 had come to an end a few days before.



about the achievements of Phase 1, and to raise hopes by reeling off the even bigger things planned for Phase 2, would be wasted by government, as, of course, it was not. One aim of the analysis that follows is to determine, if possible, how secure the basis is on which these boasts rest.

In the year 2001, while serving as a member of the Taylor Committee, a body set up to inquire into a “Comprehensive System of Social Security for South Africa” (DoSD, 2002), a message from the higher reaches of government (presumably the Treasury) fluttered onto my desk. It bore the instruction ‘investigate the feasibility of introducing workfare in South Africa’, or words to that effect. It happened that, at the time, I was reading a literature that was highly critical of workfare as we knew it – having been particularly impressed by one of the contributors to the debate, Joel Handler (2000; 2003; 2008). My immediate response was to pen a diatribe, lamenting the ignorance of those who were unaware of the racist connotations of the measures (ushered in by President Clinton’s administration) designed to rid the United States of the mainly African American ‘welfare queens’ (President Reagan’s description) who reproduced irresponsibly to enable them to stay ‘on welfare’ (Handler, 2008, p.1). Suitably toned down, and without the back-of-envelope estimates I made of the numbers of public work programme job slots required to address South Africa’s unemployment problem, let alone that of the working poor, a summary of the diatribe found its way into the Taylor Committee report (DoSD, 2002, pp.39-40).

At about the time the Expanded Public Works Programme (EPWP) was being planned, the Basic Income Grant (BIG) proposed by the Taylor Committee was in the process of being (informally) rejected by government. A campaign for the BIG, originally a Cosatu proposal, sputtered on for a few years, but never really gained much support or made much headway against a united front of government and business objections. Instead, with a general election in the offing (2004), and unemployment skyrocketing (the official rate hit 31 per cent in March 2003, falling ever so slowly thereafter),<sup>14</sup> plans were being made to launch a palliative measure whose big numbers (1 000 000 work opportunities) even if they made little impression on unemployment, made good public relations material.

The ANC ‘in conference’ (the final arbiter of South African government policy) has long been antipathetic to the notion of social grants (referred to disparagingly as ‘handouts’ or ‘the dole’) for the working-age able-bodied poor.<sup>15</sup> Having before them the examples of ‘workfare’ in the US, and the somewhat less punitive welfare-to-work policies of the UK, but unable, for reasons given below, to emulate such policy regimes, the ANC ‘in government’ has resisted all claims for universal social grants, insisting that grants for the working age poor be made conditional upon the recipient becoming economically active. So, in addition to its other claimed advantages, the EPWP solves the problem of getting income that is not in the form of a ‘handout’ into the hands of the poor.

Underlying welfare-to-work policies is the proposition that most people would prefer paid employment to social grants as primary source of income.<sup>16</sup> As long as the work is ‘decent’,

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<sup>14</sup> See Statistical release P0210, 26 September 2005, p.2.

<sup>15</sup> The ANC’s distaste for social grants as a means of addressing the poverty caused by unemployment is not new – in the very first State of the Nation address in the new South Africa, former President Mandela said that: “The Government is determined forcefully to confront the scourge of unemployment, not by way of handouts but by the creation of work opportunities.” (Presidency, 2004a)

<sup>16</sup> Strong emphasis is placed upon this aspect of social policy reform in the UK. The Freud Report, for example, citing evidence that ‘work is good for your health and well-being’ (Waddell and Burton, 2006), argues that a

and those the policy seeks to ‘activate’ are capable of surviving in the world of work, it is difficult to disagree with the argument. Whether or not the means used to encourage (or coerce, as the case may be) people to make the transition from unemployed or non-employed into employment, are found to be ethically acceptable, depends on a variety of factors, which, although both interesting and important, need not concern us here because in South Africa, the implementation of welfare-to-work policies such as one finds in the UK is impossible. This is so by virtue of (a) the absence of the jobs into which the unemployed and economically inactive may be placed, and (b) the absence of the resources (institutional and human) to place them, even if such jobs existed.

While it is true to say that a full-scale activation programme like that seen in the UK would be impossible in South Africa, there is still a capacity to coerce some significant proportion of the working-age poor into accepting the only form of social protection available to them – public works.<sup>17</sup> This arises because even though in South Africa, formal compulsion through labour market institutions (e.g., labour centres) is not possible, the huge excess supply of people demanding work means that access has to EPWP work opportunities is rationed. That raises a number of questions, several of them of a complex ethical nature, such as that of who is favoured by being given a work opportunity? None of them will be pursued here.

Getting back to the term ‘workfare’, one meaning of it refers to the practice of making welfare recipients work for their benefits.<sup>18</sup> In developing countries, in the hands of the World Bank, this portmanteau word acquired a slightly different meaning, being used to describe the act of offering paid employment opportunities on public works programmes (PWP). Lacking social grant systems (and the fiscal capacity to fund grants), ‘workfare’ is supposed to function in these countries as a form (limited) of social security for the unemployed. Offering a tepid defence of the effectiveness of this instrument, the Bank’s *World Development Report 2000/2001*, sub-titled *Attacking Poverty*, opens the proceedings thus:

“*Workfare programs*. Public work programs are a useful countercyclical instrument for reaching poor unemployed workers. They can easily be self-targeting by paying wages below market rates.” (World Bank, 2001, p.155)

To give the Bank its due, I have yet to across a statement in any of its publications claiming that PWPs are anything but short-term measures, suitable only for addressing crisis situations.

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failure on the part of government to overcome a past reluctance to engage with ‘those furthest from the labour market’ could be viewed as a dereliction of duty (Freud, 2007, p.5).

<sup>17</sup> Many, possibly most of them, are likely to be so desperate for income that they would accept EPWP work opportunities under almost any conditions.

<sup>18</sup> Although workfare is American in origin, some of its nastier characteristics have made their way overseas. In the 2009 welfare reform legislation in the UK, one of the proposed changes would have seen some of those who have received the Jobseeker’s Allowance (JSA) for two years, shifted into a mandatory ‘work for your benefits’ programme. That, as objectors have pointed out, would see recipients being paid about £1.70 per hour, £4 per hour less than the minimum wage (Kennedy and Morgan, 2009, p.24). The Labour Party often stood accused of imposing Conservative Party policy proposals on a hapless electorate. The ‘workfare’ trick, proposed in the Reform Bill, although apparently not taken directly from the Conservatives, came straight out of the centre-right think-tank Policy Exchange. The 2004 paper in which this proposal was aired is cited by Kennedy and Morgan (2009, p.110).

Frank Field, former Minister of State in the Department of Social Security as it then was, came out strongly in favour of workfare for 18-24 year-olds. See the article “Field calls for workfare system to force the young to earn benefit” by Patrick Wintour in the *Guardian*, 27 February 2009.

The summary, for example, of a seminal work on active labour market policies by Betcherman *et al* (2004), for the Bank, has this to say of PWP:

*“Public works programs. These can be an effective short-term safety net, but public works do not improve participants’ future labor market prospects.”* (2004, p.ii)

South Africa’s programme sets out to achieve precisely the opposite of what experience elsewhere suggests is possible. Approved by Cabinet late in 2003, the EPWP was launched in all nine provinces by September 2004, with the target of creating one million ‘work opportunities’ over a five-year period. The intention, according to former President Mbeki, was that those taking part, “... the unemployed, particularly those who were marginalised from the mainstream of the economy...” would:

“... gain skills while they are employed and increase their capacity to continue working elsewhere once they leave the programme...”

Senior EPWP personnel, aware, more or less from the outset, of the limits of what the programme could be expected to achieve, were at pains to prevent overblown claims being made for what it could achieve. In an interview in March 2005, EPWP coordinator Shaun Phillips, said that:

“The EPWP is not a solution for poverty in South Africa ... The main aim is to create job opportunities and improve the level of education and training.”<sup>19</sup>

Not long after that statement was made, however, the Policy Discussion Document on ‘Social transformation’ for the ANC’s historic Polokwane conference in December 2007, informed members (and the world at large) that:

“To respond to the plight of the poor who do not qualify for social assistance, government has set up Public Works Programmes to draw the unemployed into productive and gainful employment while also delivering training to increase the capacity of participants to earn an income once they leave the programme.” (ANC, 2007, p.4)

According to the most recent poverty estimates for South Africa, there were more than 13 million people between the ages of 16 and 59 years living on an income of less R515 per capita per month in 2008.<sup>20</sup> Most of them would have been able-bodied; some would have been numbered among the working poor, and many of them would have been living in workerless households. Even if the poverty line were lowered to somewhere near bare subsistence, the poor would still have numbered many millions.

Recognising and acknowledging the limits of the EPWP’s capacity to ‘respond to the plight of the poor’, is crucial to the design and implementation of policy that is capable of tackling such an awesome task. Unlike ANC politicians and sundry hacks, EPWP management is, as noted above, usually at pains to dispel the perception that the EPWP is a “panacea” for “the unemployment problem of the country...” (DPW, 2007) A typical warning notes that the EPWP:

<sup>19</sup> This quote and the one above by Mbeki are from a Buanews release dated 11<sup>th</sup> March 2005. Downloaded from [www.southafrica.info/about/social/publicworks.htm](http://www.southafrica.info/about/social/publicworks.htm). Buanews is a South African government news service.

<sup>20</sup> Estimated from the results in Table 3.10 and 3.15 on pp.35 and 38 of Leibbrandt *et al*, 2010.

- “is but one of a range of government interventions
- not designed to address demand for work, but is supply led: amount of work depends on government line function budgets, [and that,]
- [a] different design required if EPWP is to meet demand for work from unskilled labour” (DPW, 2007)

Of particular importance, the second of these bullet points makes it clear that the number of work opportunities is a function of budgetary allocations. These go to a few departments for execution of projects at national level, while the bulk of the remainder is allocated through the provinces and municipalities.<sup>21</sup> The Department of Public Works has little or no direct say over allocation.<sup>22</sup> Total budgetary allocation falls a long way short of the sum required to provide work for all of those without jobs who declare themselves willing and able to work. Thus although the EPWP has taken to describing itself as an “employer of last resort” (DPW, 2009c; 2010), this comes on top of an acknowledgement elsewhere that it cannot offer employment to anything more than a small fraction of the unemployed.<sup>23</sup> In line with this view is the recognition that:

“The EPWP will not solve the structural unemployment problem. It is merely one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment.”<sup>24</sup>

One can understand the political class trying to spin the fig-leaf of social protection provided by the EPWP into an all-enveloping blanket, but the attempt to do so leads to confusion. McCord (2008) has argued that:

“... conceptual confusion about the nature of PWPs is contributing to inappropriate policy choice, programme design errors, and even inappropriate expectations on the part of implementers.” (2008, p.4)

After surveying the international literature, and after examining more than 200 public works programmes (PWPs) worldwide, from among the “highly heterogeneous form[s] of intervention”, she distilled a PWP typology consisting of four basic varieties. The characteristics of each mark its suitability for one aspect or another of a social protection regime – if end-goal and instrument are not aligned, problems may be anticipated. To jump ahead in our story, to expect skills and training of any significance to be imparted to people who work for 70 days on a rural road maintenance project, in the expectation that it will “increase the capacity of [anything other than a tiny minority, CM] participants to earn an income once they leave the programme” is to engage in wishful thinking.

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<sup>21</sup> Financing arrangements vary – large programmes such as provincial and municipal infrastructure were required to fund additional employment (increasing labour intensity) from the Provincial Infrastructure and Municipal Infrastructure Grants (PIG and MIG). In Phase 1 of the EPWP there were no additional budgetary allocations. Attempting to increase labour intensity in this manner, as we shall see below, led to problems.

<sup>22</sup> It does, however head the task team and it commissions the consultants who come up with the relevant numbers.

<sup>23</sup> An interim report noted that the EPWP reached a mere 11 per cent of the officially unemployed, or six per cent of the unemployed according to the ‘broad’ definition (DPW, 2008).

<sup>24</sup> Statement downloaded on 12<sup>th</sup> July 2009 from the EPWP website home page: <http://www.epwp.gov.za/index.asp?c=Welcome>.

So inadequate is this poor substitute for the truly comprehensive social protection system to the creation of which the South African government regularly commits itself (and which it is bound, in terms of the Bill of Rights in the Constitution, to provide), that the South African government's insistent use of the measure as one of the major tools for tackling mass, long-term unemployment, and the income poverty with which that is associated, is intriguing, to say the very least.<sup>25</sup>

## **2. Phase 1 of the EPWP: what did it achieve?**

A full-scale assessment of the performance of any substantial policy intervention is a major enterprise – taking stock of the achievements of Phase 1 of the EPWP is no exception. To produce a good assessment is no simple task – the EPWP *Five Year Report* (DPW, 2009b), a substantial effort, backed by significant resources, including access to all the available data, falls well short of the standard one would expect – the photographs are plentiful and good, but the level of technical expertise on display leaves much to be desired. If, with access to almost everything of relevance, insiders are not capable of doing a decent job, their inability to do so should serve to remind outsiders of the need for modesty in what they can expect to achieve without such resources.

Monitoring and evaluation techniques are well established the world over, and have a suitably large literature to prove it. In this section of the paper, we look briefly at the monitoring and evaluation programme designed for the EPWP. We then make use of one item in the long list recommended by the designers of the M&E programme – the regularly published EPWP quarterly reports – to perform simple “performance monitoring”, to see “how well programme objectives are being achieved” Betcherman *et al* (2004, p.13). After that, we look at the story told about training in the monitoring and evaluation section of the EPWP *Five Year Report* (DPW, 2009b). The section ends with a critical overview of one of instruments that was supposed to be used for monitoring, the (then) bi-annual Labour Force Surveys (LFSs).

### **Monitoring and evaluation: Background**

As I have pointed out elsewhere (Meth, 2009, p.29) the section on the monitoring and evaluation exercise carried out for Phase 1, published in the EPWP *Five Year Report* (DPW, 2009b) is “deeply disappointing”. The purpose of this section of the paper is to provide a few introductory observations about monitoring and evaluation processes in general and aspects of the EPWP's M&E process in particular. It is not the intention to engage in any depth with

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<sup>25</sup> This is all the more so in view of the fact that government itself long ago acknowledged the superiority of social grants over public work programmes as a means for alleviating income poverty (PCAS, 2003, p.19). The sentiment has not changed over time – when it is uttered, however, it invariably has tacked onto to it, the need to link grants to economic activity. Here it is articulated by President Zuma in the State of the Nation address on 3<sup>rd</sup> June 2009:

“While creating an environment for jobs and business opportunities, government recognises that some citizens will continue to require state social assistance. Social grants remain the most effective form of poverty alleviation. As of 31 March 2009, more than 13 million people received social grants, more than 8 million of whom are children.

We are mindful of the need to link the social grants to jobs or economic activity in order to encourage self-reliance amongst the able-bodied.” (Presidency, 2009a)

that process – indeed, it must be acknowledged that by comparison with the set of activities involved in a thorough review, the analysis below barely scratches the surface. That notwithstanding, the exploration still manages to yield some interesting findings.

A useful way to begin is to flesh out the bare bones of the four sectors into which EPWP activities are divided, by listing briefly some of the activities tackled under each head. Projects originate in all three spheres of government; national, provincial and municipal, and (a much smaller number) in the non-state sector. Projects fit into one of four categories, listed below:

- **Infrastructure:**– minor roads (construction and maintenance), pipelines, stormwater drains, sidewalks
- **Environmental:**– alien plant elimination, coastline rehabilitation, Working for Water, Working on Fire, Working for Wetlands,
- **Economic:**– income-generating projects and programmes to utilise government expenditure on goods and services to provide the work experience component of small enterprise learnership and/or incubation programmes, (one target of Phase 1 was to create 400 SMMEs)
- **Social:**– creating work opportunities in public social programmes, e.g. Home and Community-Based Care (HCBC) workers, Community Health Workers (CHW) and Early Childhood Development (ECD) workers (DPW, 2009b, p.22)

Active labour market policies are but one among many different types of policy that require the scrutiny of monitoring and evaluation. Conducting such exercises on policy interventions follows well established steps. The Betcherman *et al* piece referred to above, although it claims only to provide a brief coverage of the more important aspects of evaluation (2004, p.13), manages to present a fairly comprehensive introduction to the pitfalls of monitoring and evaluation, a process that consists essentially of three activities. They are:

- “*process evaluations* these focus on how well a programme is delivered
- *performance monitoring* these focus on how well programme objectives are being achieved
- *impact evaluations* when properly carried out, these can identify the effects of programmes on participants. Coupled with cost information, they can disclose net benefits to participants, to government, and sometimes to the “broader labor market and society.”

Relatively simple to execute, even in countries with “low administrative and analytical capacity”, the first two measures are important for improving programme “effectiveness”. Reliable impact evaluations, however, “... require careful methodological design, good data, and, for some methods, sophisticated econometric techniques ....” (Betcherman *et al*, 2004, p.13).

Real net impacts of programmes cannot be established by tracking participant post-programme experience (Betcherman *et al*, 2004, p.13). The major difficulty confronting the analyst is that of attempting to determine a counterfactual, i.e., to answer the question of what would have happened if the participant had not taken part in a programme (to the participant and in the economy more generally). This may be illustrated by reference to the three well-known problems associated with wage subsidies. They are:

**“Deadweight Loss:** Program outcomes are no different from what would have happened in the absence of the program. For example, wage subsidies place a worker in a firm that would have hired the worker in the absence of the subsidy.

**Displacement Effect:** This usually refers to displacement in the product market. A firm with subsidized workers increases output but displaces output among firms without subsidized workers.

**Substitution Effect:** A worker hired in a subsidized job is substituted for an unsubsidized worker who otherwise would have been hired. The net employment effect is thus zero.” (Betcherman *et al*, 2004, p.16)<sup>26</sup>

To get at counterfactuals, it is usually necessary to construct a control group of non-participants with similar characteristics to the participants in any particular programme or set of programmes. Essential for adequate evaluation, construction of this group is the major challenge, made more challenging still by the fact that certain characteristics are not easily quantifiable. Experimental and quasi-experimental techniques may be used. The first randomly assigns similar individuals to one or other status (participant, control). There are obvious limits to the feasibility of conducting large-scale experiments when new ALMPs are introduced, or existing ones revised, not the least of which are the problems involved in playing with real people’s lives.

For this reason, quasi-experimental techniques are more common. Typically, these draw on survey data to construct a control group of individuals with similar characteristics to programme participants. Steps to control for differences between the latter and the former groups must be taken to ensure that results are as free from bias as possible. This is not the place to discuss the numerous problems confronting the would-be evaluator – suffice it to say that potentially, obstacles are encountered at every step, from design to interpretation by the users for whom the studies are conducted.<sup>27</sup> Among the things that can be done by governments implementing ALMPs is that of attempting to ensure that the national statistics offices collect data that reduces the difficulties of performing evaluations using quasi-experimental techniques.<sup>28</sup>

Reference above to ‘sophisticated econometric techniques’ echoes the statement by Betcherman *et al* (2004, p.6) that even though ALMPs have “economic, social and political objectives” the primary criteria by which activation programmes are judged are economic (the nature of the relevant indicators being implicit within the programme). A review of a

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<sup>26</sup> On that question, the *Five Year Report* has the following to say: “In the case of the EPWP, there was little reason to believe that there would be substantial offsetting impacts in relation to the short-term job opportunities created, as most of these jobs would simply not have existed in the absence of the EPWP. Only once beneficiaries exit the programmes and either enter formal employment or become self-employed, these effects are likely to become relevant. Although complex and costly to measure the impacts at this late stage, the longitudinal studies would at least pick up on some of these effects, as would the aggregate impact analysis.” (DPW, 2009b, p.65). Research into this matter in the future is vital. Even if only ten per cent of the 4.5 million job opportunities the EPWP Phase 2 is planning to create, result in jobs in the formal or informal economies, there could be significant substitution effects under conditions of demand constraint.

<sup>27</sup> For a taste of the difficulties faced by researchers in constructing control groups, see Beale *et al*, 2007. Another paper worth looking at is that by Thomas (2008). Using Department for Work and Pension (UK) administrative data, the author claims some success for the exotic method developed, but warns that the strength of his findings should not be overstated (p.51). Applicability to other areas of the UK benefits dataset is probably very limited. See also Finn and Schulte, 2008, p.29.

<sup>28</sup> This section relies heavily on Betcherman *et al*, 2004. For a more technical treatment of the subject, see Schochet and Burghardt (2007), an evaluation of the Job Corps programme in the USA, where such delights as propensity scoring are discussed.

particular M&E exercise would thus entail checking to see if the standard tools used to test whether or not ‘economic’ criteria are being satisfied, have been properly applied. It would also mean looking critically at ‘social and political objectives’ (such ‘prying’ is likely to be contentious), and the instruments, if any, that have been used to examine them. The explorations that form the next sections of the paper, although they do touch here and there on social objectives, focus mainly on economic criteria.

Although the South African government has long been obsessed with monitoring and evaluation, in practical terms, its achievements in the field are modest indeed, primarily because of the absence (or weakness if present) of suitable M&E programmes at the policy design stage. Somewhat unusually for a department at the time, the EPWP team appears, at least during the initial phase of the project, to have given the important task of designing an adequate monitoring and evaluation programme the attention it deserves. It is not the intention here, however, to reproduce a summary of a document that is freely available – the briefest of outlines of what was proposed will be sufficient to allow us to tackle the tasks outlined above.

Drawn up in collaboration with the Human Sciences Research Council (HSRC), the monitoring and evaluation document informs us that the proposed techniques are as follows:

- **Cross-sectional surveys** of contractors, implementing agents, beneficiaries, communities and government departments, to be conducted in years 1, 3 and 5.
- **Longitudinal surveys** of beneficiaries six months after their exit from the EPWP, and six months thereafter, to be conducted in years 1, 3 and 5.
- **Case studies and completion reports** assessing the quality of assets and services, and quality of infrastructure against accepted benchmarks, to be conducted in years 1-5.
- **Poverty impact analysis** using secondary data and data derived from “surveys utilised” to be conducted in years 3 and 5.
- **Aggregate impact analysis** to be done using a computable general equilibrium model in years 3 and 5. (DPW, 2005a, Table 2, p.vi).<sup>29</sup>

Although the programme sketched immediately above stopped short of performing all the recommended steps, it was nonetheless fairly comprehensive.<sup>30</sup> The extent to which the EPWP management has adhered to the more complex parts of the proposed M&E programme (especially the longitudinal survey) has not been made public.

Rather obviously, the quality of analysis depends importantly on the quality of the data on which it rests. To judge by the scattered references in the EPWP documents, data quality is a perennial problem. At a 2007 briefing of the Public Services Select Committee of the National Council of Provinces (NCOP), the Chief Director in the DPW responsible for monitoring and evaluation, discussed problems of:

“... quality, accuracy and urgency of the data the Department was receiving from municipalities and provincial governments.” (DPW, 2007)

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<sup>29</sup> A more detailed presentation of the EPWP’s monitoring and evaluation strategy appears in Chapter 4 of the *Five Year Report* (DPW, 2009b, pp.57-66)

<sup>30</sup> It is not known how much, if any, of the EPWPs M&E programme was paid for by donor funding.



Steps taken to address this problem (glanced at in next section of the paper) have yet to take effect, as a recent (17 August 2010) overview on Phase 2 of the EPWP, clearly shows. Having observed that: “Data capturing capacity was lacking, to report properly on implemented projects”, the DPW official conducting the briefing, commenting on the poor performance of municipalities, said that this:

“... was due to a range of reasons, such as poor reporting, inaccurate capturing of data, poor planning by the implementing body and lack of technical expertise.” (DPW, 2010)

In answer to the question ‘what did Phase 1 of the EPWP achieve?’ the most sensible response must be that nobody can say for sure. It would be useful if some eager PhD candidate could lay their hands on all the data collected by the EPWP (by means of freedom of information application?), and subject it to careful analysis. It must be admitted though, that even if this were to happen, we would still be some years away from obtaining answers to a wide range of intriguing questions.

### **Monitoring the overall performance in Phase 1 of the EPWP**

In this section of the paper we make use of one item in the long list recommended by the designers of the M&E programme – the regularly published EPWP quarterly reports – to perform simple “performance monitoring”, to see “how well programme objectives are being achieved” Betcherman *et al* (2004, p.13). Table 1 below, which covers the five years of Phase 1 of the EPWP, gives an indication of how far this data source allows us to peer into the workings of the programme. The bare numbers are supplemented by information presented by the EPWP to parliamentary committees. The documents in question reveal a quite a lot about the weaknesses and problems faced.

In Table 1, the top three panels present estimates of the number of work opportunities (in thousands) to be created (target and achieved) in the various ‘sectors’ into which the EPWP is divided; the numbers of person-days of training, and the numbers of person-years of work, including training. These figures are taken directly from the recent EPWP *Five Year Report* (DPW, 2009b), covering all of Phase 1 of the programme. Estimates of mean numbers of days worked, by sector, appear in the bottom panel of the table. These have been estimated on the basis of the assumption that a work year consists of 230 day’s work. Some of the problems involved in such estimations are discussed immediately below.

**Table 1 Performance of the EPWP, Phase 1**

Net work opportunities – (1000s)	Targets	Achieved	%
Infrastructure	750	955	127
Economic	12	20	170
Environment and culture	200	468	234
Social	150	174	116
Overall	1 112	1 618	145
Person days of training (1000s)	Targets	Achieved	%
Infrastructure	9 000	3 398	38
Economic	39	56	143
Environment and culture	2 005	1 651	82
Social	4 535	2 082	46
Overall	15 579	7 186	46
Person years of work incl. training (1000s)	Targets	Achieved	%
Infrastructure	250	312	125
Economic	18	5	26
Environment and culture	200	114	57
Social	200	120	60
Overall	650	551	85
Person days work (per person)	Targets	Achieved	%
Infrastructure	77	75	98
Economic	345	54	16
Environment and culture	230	56	24
Social	307	158	51
Overall	134	78	58

Source: DPW, 2009b, Table 27, p.110

Dividing the numbers of work opportunities by the numbers of person years of work, as is done in the fourth panel of the table gives one a crude estimate of person years of work per job opportunity (assumed to be filled by one person). These may be expressed in person days in several ways. The first of these, obtained by multiplying the number of person years of work per job opportunity by 230, tells us how many days paid work, on average, each person who has a job opportunity, enjoys.

The other method, obtained by multiplying by denominators related to the periodicity of survey instruments such as the Labour Force Surveys (LFSs), or their successor, the Quarterly Labour Force Surveys (QLFSs), could potentially help in the difficult business of guessing at how long the calendar period is during which the person would be categorised as employed. If it could be estimated, the latter piece of information may have been useful for attempting to guess at the impact of EPWP job opportunities on unemployment levels. Since the QLFSs do not collect EPWP data, and the General Household Surveys (GHSs) to which questions on the EPWP have been relegated, are only conducted once yearly, the issue is academic.

Without access to records in a comprehensive data base, estimating work durations from total numbers of work opportunities and total numbers of person days worked is a hazardous business. This means that the figures in panel 4 of the table are only rough approximations. If one wishes to estimate average durations of actual employment in a population that is both depleted by those who have completed their work spell, and replenished by new entrants into the scheme, and, as is the case of the EPWP, the rate at which job opportunities is increasing

(or decreasing), one must obviously only use completed cases. Although the inaccuracies involved in looking at five-year data may be lower than those that result from playing with six-month data, the increases in size of annual intakes over the years, and the possibility of increasing durations, could still create a misleading picture. If the data for the most recent period in Phase 1 include some large number of incomplete records (those of people who have not yet completed their spells of work), the crude means estimated for the period as a whole could be quite different from those achieved in the last year of operation of Phase 1 of the programme.

A search through EPWP documents, admittedly not exhaustive, failed to disclose any reference to a central data base for Phase 1 of the EPWP (which does not necessarily mean, of course, that one did not exist). There are, however, a few references to difficulties in collecting data (at which we shall glance below) from the bodies (provincial and municipal) responsible for executing the projects designated as EPWP activities. Given that, one cannot simply round on the EPWP's management, and accuse them of failing to recognise that employment durations are key indicators. If a proper data base existed, it would have in it the information necessary to estimate mean durations of all completed spells accurately – only those still in the pipeline would be omitted. Since no trace of such information could be found, it is important, when using the figures in panel 4 of Table 1 to bear in mind that they could be out by some significant margin.<sup>31</sup>

Turning to the results themselves (finally), it may be seen that as measured by net work opportunities created overall, Phase 1 over-achieves fairly significantly, a performance that has been celebrated by politicians on a number of occasions.<sup>32</sup> They have been somewhat

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<sup>31</sup> To put this potential error into perspective, however, it is worth noting that even if it were of the order of, say, 25 per cent (a very large error) it would still imply that the mean duration of employment (person days of work) was only 100 days.

<sup>32</sup> One example of a politician bragging, worth quoting length, is to be found in the statement issued by South African Government Information on 18th July 2008, under the heading: "Expanded Public Works Programme (EPWP) exceeds set target". The statement was based on a speech made at an awards ceremony the evening before by the then Minister of Public Works, Ms Thoko Didiza.

This is what the statement reported about the Minister's remarks on the EPWP's job opportunities target:

"Government's ambitious poverty eradication initiative, the Expanded Public Works Programme (EPWP), has reached and surpassed its target a full year before the set deadline.

When the programme was launched in May 2004, it aimed to draw significant numbers of the unemployed into productive work with an objective of creating a million job opportunities by 2009.

However by the end of April this year, the programme had already created 1 077 801 job opportunities, way ahead of its scheduled 31 March 2009, time limit, says Public Works Minister Thoko Didiza.

"With another twelve months left in the lifespan of the programme, I can confidently say we have outdone ourselves in implementing this important national programme," Didiza said.

The training target was missed by miles, but instead of explaining this and suggesting ways in which the problem could be addressed, all the statement (and the Minister) had to say about the matter was:

"With regard to training, which forms a critical part of the programme, Didiza said per-person (*sic*) days set aside for training during 2007/08 were 2 082 155, achieving about 54 (*sic*) of the annual target of at least (*sic*) 3 800 000. [The minister does not make these errors in her speech].

In terms of the Codes of Good Practice for Special Public Works Programmes as gazetted by the Department of Labour, beneficiaries should receive at least two days of training out of every 22 days worked."

The minister also announced that:

"... her department was busy working on proposals for the implementation of the second phase of the programme, which will influence the adaptation of the programme and set targets for the next five years to 2014.

"Cabinet has given us the go ahead to develop these proposals and to present the details by January 2009," she explained."

less forthcoming on the training target, and as far as I can determine, silent on the number of person years achieved against those targeted.

In absolute terms, Infrastructure is way ahead in the work opportunity and person-years of work created, easily exceeding targets for both.<sup>33</sup> Best performer in the work opportunities stakes (in relative terms) was Environment and Culture. Five core programmes: Sustainable Land Based Livelihoods; Working for the Coast; People and Parks; Working for Tourism, and Working on Waste, make up the sector. If we ignore the tiny Economics sector of the EPWP, then Environment and Culture also apparently does best on training, scoring over 80 per cent of target. Congratulations need to be tempered, however, because by exceeding the job opportunities target so handsomely, the training has to be shared among more than twice as many people.

For the same reason, the performance of the Environment and Culture sector of the EPWP on the duration measure was also poor. The target for person years of work was 200 000, the same as that for job opportunities, giving a targeted mean duration of one year. Actual performance work-years recorded were 114 228, to give an unadjusted performance of about 57 per cent. When this is distributed over the number of opportunities actually created, actual mean as a percentage of target work days falls to 24 per cent (see panel 4 of Table 1). The fact that the EPWP was able to get people to work in these socially useful areas is cause for celebration – training is clearly a problem, as is duration, but this does not necessarily cancel out the positive effects of the policy intervention.

Although the Infrastructure sector (component) of the EPWP deserves a pat on the back for meeting the job opportunities and work years targets (assuming that the reports by participating authorities are to be relied on), its training performance was abysmal. Training will be considered in a little more depth in the following section of the paper.

Returning once more to the performances reported in Table 1, we fix our attention for a moment on the results in panel 4. Keeping in mind what was said above about the difficulties of estimating mean employment durations, we note that when actual work opportunities are translated into days worked (the 230 day year), that the longest mean duration of employment is in the Social sector, followed by Infrastructure. The 75 days achieved was more or less what was targeted.<sup>34</sup> Without this, performance, as measured by mean duration of work

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[The speech by the Minister of Public Works is reproduced in a Media Statement issued by The Presidency, in which the then Deputy-President Phumzile Mlambo-Ngcuka congratulates all concerned. Ms Didiza's speech also drew attention to the fact that 40 per cent of participants were youths, instead of 30 per cent target. Media Statement Downloaded from \[http://www.epwp.gov.za/downloads/Ministers\\\_speech.pdf\]\(http://www.epwp.gov.za/downloads/Ministers\_speech.pdf\), 19<sup>th</sup> April 2009.](http://www.search.gov.za/info/previewDocument.jsp?dk=%2Fdata%2Fstatic%2Finfo%2Fspeeches%2F2008%2F08080511151001.htm%40Gov&q=(+works+north+west+)+%3CAND%3E(+Category%3Cmatches%3Es+)&=T+Didiza+on+Expanded+Public+Works+Programme+(EPWP), 19<sup>th</sup> April 2009.</a></p>
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<sup>33</sup> Making sense of EPWP documents is not always the easiest of tasks. The section on 'Objectives' in the Monitoring and Evaluation chapter of the *Five Year Report* informs us that: "At the time [2005], it was estimated that the breakdown of work opportunities for the various sectors would be as follows: Infrastructure – 8%; Environment and Culture – 10%; Social – 40% and Economic – 30%." (DPW, 2009b, p.58). It is not obvious how one reconciles this with the numbers in Table 1 above.

<sup>34</sup> Sometimes the numbers produced by the EPWP are truly bizarre. For the 2008/2009 year, for example, the *Five Year Report* informs us that in Infrastructure, 'Gross work opportunities' created at Municipal, National and Provincial levels, were 218 490; 39 739 and 140 551 respectively. Corresponding durations were said to have been 67; 5 and 67 days respectively. This generates a total of 398 780 work opportunities. From these

opportunity, would have been truly dismal. As it is, overall performance (78 days out of a targeted 134) is 42 per cent short of what it should have been. One obvious question comes to mind, namely, are the Infrastructure results real, or are they a mixture of unknown/unknowable proportions of reality and creative accounting?

In preparation for Phase 2 of the EPWP, as part of the critical analysis carried out by the DPW, the department prepared what appears to be a presentation to the members of the “Second Economy Strategy Project” in TIPS (the Trade & Industry Policy Strategies research institution). Dated 29 September 2008, and headed “Overview of EPWP Phase 2”, the PowerPoint presentation contains a tantalising set of critiques of all sectors of the programme. The page dealing with the Infrastructure sector is reproduced immediately below (in italics):

- *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 (sic) has the portfolio with the greatest potential difficult (sic)*
  - *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 [labour intensive] Components being reported as EPWP*
  - *DPW has no **authority** to enforce compliance*
  - *No **incentives** for public bodies to increase labour-intensity significantly (DPW, 2008) (emphasis in original)*

None of the problems listed can come as a surprise. Rather than comment on them all, let us content ourselves with noting that the claim in the first bullet point is confirmed by the findings reported in Table 1. Having done that, we can focus our attention on the last bullet-point. Earlier on, the absence (or poor quality) of a work opportunity data base was lamented. In the final bullet-point above, the reasons why data are scarce and unreliable become clear. If municipalities and provinces can manipulate results (by manoeuvring in the grey area about what constitutes an EPWP project), then the boasting about targets achieved in any sector, particularly Infrastructure, needs to be taken with a grain of salt. More important than political point-scoring, however, is the damage likely to be suffered by attempts to measure the progress (or otherwise) of the programme.

## **Training and the EPWP: Much about which to be modest?**

Training is supposed to be at the very heart of the EPWP – as the founding document referred to above points out:

“The central objective of the EPWP is to alleviate poverty through training of poor unemployed people.” (DPW, 2005a, p.31)

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figures, the EPWP manages to estimate an average duration of work opportunity for the sector of 32 days – surely it should be 61? See DPW, 2009b, Table 29, p.112.

When one looks at the training proposed for those who fill the majority of the work opportunities – workers in infrastructure – one cannot help feeling that it is appropriate for the EPWP’s documentation to express such a low expectation of participants finding future employment (14 per cent are expected to be able to earn income in the future). As has been shown in Table 1 above, almost 90 per cent of the job opportunities provided in Phase 1 were in the Infrastructure and Environmental sectors. Given the relatively simple nature of the tasks to be performed on projects in these sectors (DPW, 2004, pp.2-3),<sup>35</sup> the training provided for ordinary participants (i.e., not the consultants, contractors, supervisors and other specialist staff) in projects can hardly be expected to produce skilled workers. As the same publication points out, the 8-12 days paid training provided:

“... is not sufficient to train unskilled labourers to become artisans.” (DPW, 2004, p.9)

Since training an artisan in all but the simplest of trades (bricklaying? plastering?) takes years, not days, one hopes that the comment is intended to be ironic. Some of the training in the social sector is spread over lengthy periods – workers in that category are, however, a minority of the total employed. In what follows, we concentrate on the majority, for nearly all of whom, training periods are of very short duration.

The legal document laying down the code of good practice for special public works (DoL, 2002, p.8)) stipulates that in addition to the requisite on-the-job training, participants must be given two day’s formal training for every 22 days worked (Section 15.2). The training criteria laid down are as follows:

- 15.4. Ensure sustainable training through certification. It is proposed that minimum of 30% of the training provided should be accredited;
- 15.5. Balance quality of life, functional and entrepreneurship training;
- 15.6. Balance formal training with structured work place learning.
- 15.7. Equip workers with skills that can be used to secure other employment opportunities;
- 15.8. Identify possible career paths available to workers exiting the SPWP (DoL, 2002, p.8).

Because job opportunities in infrastructure projects last between four and six months, with the result that participants are entitled only to 8-12 days of paid formal training, a period in which not much can be accomplished, the EPWP team struck an agreement with the Department of Labour to create a “generic 10-14 day training course” that would consist of:

“accredited unit standards on:

- General Life skills,

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<sup>35</sup> The following extract from the *Guidelines for the Implementation of Labour-Intensive Infrastructure Projects* gives an indication of the type of activities contemplated:

“The public body must implement the following types of civil infrastructure projects labour-intensively, in accordance with these guidelines:

- low-volume roads (typically less than 500 vehicles per day);
- sidewalks and non-motorised transport infrastructure
- stormwater drainage; and
- trenching

where such projects contain a significant amount of the construction activities for which the use of labour is specified in the Generic Labour Intensive Specification in section 3.3.3 below, i.e. excavation, loading, short-distance hauling, offloading, spreading, grassing, and stone-pitching.” (DPW, 2005b, p.2).

- Awareness of HIV and AIDS
- Labour markets and the world of work.” (DPW, 2004, p.9)<sup>36</sup>

By way of explanation for the failure to deliver this relatively minor service<sup>37</sup> (2.6 million days achieved out of a target of 9 million in the infrastructure sector of the EPWP), the quarterly<sup>38</sup> report (for the period April-September 2008) says that:

“The overall number of person-days of training that has been provided since the commencement of the EPWP is *at least* 5,9 million training days. The project has achieved 38% towards its 15, 5 million person-days of training target. Due to the delays with funding training from the Department of Labour, the training days targets will not be met.” (DPW, 2009a, p.5, emphasis added)<sup>39</sup>

This adds to the misfortunes of the target group, and bodes ill as well for the future of the EPWP. One would imagine (hope) that issues of this kind are being addressed in Phase 2 of the EPWP. The Social Transformation discussion document prepared for the 2007 ANC conference at Polokwane, trotted out some pious cant about the EPWP increasing “the capacity of participants to earn an income once they leave the programme” (ANC, 2007). Even if delivery problems are sorted out, for most of the participants, the ability of training of such a rudimentary nature to achieve this must be close to zero.<sup>40</sup>

A claim was made earlier that the section on the monitoring and evaluation exercise carried out for Phase 1 of the EPWP, and published in the *Five Year Report* (DPW, 2009b) is “deeply disappointing”. An attempt to justify this assertion, as it applies to the story told about training, will now be made.

Description in the *Five Year Report* of the intended shape of the monitoring and evaluation exercise stretches over a bit more than eight full pages (DPW, 2009b, Section 4, pp.58-66). Presentation of the research findings, excluding those extracted from the LFS, takes up four-and-a-half pages (Section 5, pp.68-72). If those few pages were brimful of interesting results and other salient information, the brevity of the report would be of no consequence. Unfortunately, this is not the case. Most of Section 5 of the *Five Year Report* is devoted to a discussion of two surveys, a cross-sectional study whose purpose it was to:

“... provide a sample of project level information for detailed monitoring of the EPWP, as well as to provide information that would contribute to the evaluation of the programme’s impact.”

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<sup>36</sup> See also DWP, 2005b.

<sup>37</sup> It imparts few, if any marketable skills.

<sup>38</sup> Oddly, the so-called ‘quarterly’ reports cover six month periods.

<sup>39</sup> It is difficult to imagine what purpose that ‘at least’ is supposed to serve, if not to evoke the reader’s sympathy.

<sup>40</sup> For a critical analysis of the limited efficacy of the EPWP training programmes, see McCord, 2007a). On p.570, for example, she concludes that: “The main factors underlying the limited success of the EPWP programme in improving labour market performance are the limited demand for low-skilled and unskilled labour, and the fact that the training offered under the auspices of the EPWP is not sufficient to improve the employability of participants, or to differentiate them from other low-skilled or unskilled workseekers, once they have exited the programme.

See as well, McCord (2009, p.178), where she concludes that there is no evidence to suggest that the lifeskills training that constitutes the bulk of training in the infrastructure sector “will have a significant impact on labour market performance...”

and

“[A] longitudinal survey ... aimed at accessing data regarding the employment prospects of beneficiaries once they were to exit the EPWP.” (DPW, 2009b, p.68)

Neither the questionnaires nor the research report produced by the EPWP based on these two surveys appear to have been published. All we have is what is published in the *Five Year Report*. Before taking a look at that, let us reflect for a moment on the variables at the heart of the declared aim of the surveys, especially the longitudinal survey, and the analysis based on them.

‘Employment prospects’ (or its close relation ‘employability’)<sup>41</sup> are determined by a number of variables relating both to the characteristics of the individuals concerned and to the context (especially labour market conditions) in which they find themselves. For individuals, the relevant variables are wrapped in a bundle of capabilities, loosely called skills. The bundle includes knowledge, skills and attitudes; the way in which these are used, and the way in which they are presented to potential employers. Given that the apparently simple task of defining skill can, in fact, be devilishly difficult, it is only to be expected that assessing how the bearer of a particular bundle of capabilities may be expected to fare in the labour market, is going to be difficult as well.

Since we do not know how the survey designers framed the questions intended to capture the information necessary to measure ‘employability’, we must rely on what is reproduced in the *Five Year Report*. The signs are not auspicious – from sample design onwards. For the cross-sectional survey, respondents were drawn from participants in 108 projects. Two questionnaires were used, one for project beneficiaries and one for economic beneficiaries, apparently the unskilled unemployed and other more skilled personnel, and those in the broader society who would benefit from the projects, respectively. Purposive sampling was used, and the sample was stratified according to size and type of project (DPW, 2009b, p.68). The latter would presumably locate the project in one or the other of the sectors. No indication of the size of the sample, nor of its breakdown is given. The sample allegedly “... represented the target population...” (p.68)

From the figures in Table 10 of the *Five Year Report*, the proportional distributions of net work opportunities in 2006/07, 2007/08 and 2008/09 respectively, may be shown to have been 47, 57 and 70 per cent in Infrastructure, 40, 28 and 18 per cent in Environment and Culture, and 12, 15 and 11 per cent in the Social Sector (DPW, 2009b, p.34). So, at the time the survey was conducted – mid-January 2007 onwards (2009b, p.68), Infrastructure and Environment and Culture accounted for close to 90 per cent of all net work opportunities. In the section of the *Five Year Report* that presents the results of the cross sectional survey, it is stated that:

“The sector with the most participants was the Social Sector, followed by the Environment and Culture Sector (30.6%), and the Infrastructure Sector (23.6%).” (DPW, 2009b, p.69)

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<sup>41</sup> In the discussion in the *Report* on the usefulness of the LFS as a monitoring device, readers are informed that the sample is: “deemed a sufficiently large sample to permit an analysis of the impact of the EPWP on employability” (DPW, 2009b, p.61).



That was followed by the presentation of a few results, all of which purportedly confirmed that the EPWP had brought about improvements in their lives. Household incomes rose and ability to save increased (mean increases quantified), ability to support families improved, as did the ability to afford wider range of goods and services. There were less tangible improvements as well, for example, in knowledge and independence (DPW, 2009b, p.69).

After that, the *Report* moves to the longitudinal survey, first informing us that:

“The low turnover rates [on short-term projects? CM] and other findings indicated the availability and willingness of previously unemployed community workers to earn an income on these projects. While the skills earned were perceived as a very positive step towards long-term employment and poverty alleviation, the question that required a response was whether the time spent on most of these projects was sufficient to develop the necessary skills and opportunities for future employment.

All cross-sectional study respondents were tracked and requested to participate in the longitudinal study. A total of 768 beneficiaries were located, and subsequently agreed to participate in the longitudinal study. This phase of the study was conducted approximately six months after the cross-sectional interviews were completed.” (DPW, 2009b, p.69)

Once past the sundry, mainly positive remarks about the programme (like the ‘the skills earned were perceived as a very positive step’ referred to above), we come to the heart of the matter. About 55 per cent of those interviewed were still employed by the programme. Of those who had exited the programme, 27 per cent were in employment, roughly half of them in full-time jobs (not a bad result, given goal of 14 per cent finding work). The question of what contribution training made to this is left unanswered. About training, all that the Report has to say is the following:

“Of the respondents who still worked for the EPWP, more than a third *contended*<sup>42</sup> that they had received training during the last six months. Of those who no longer worked under the auspices of the EPWP, *only 25%* had received training in the last six months.<sup>43</sup> Most of the respondents were confident that the training they had received would enable them to obtain other work. Social Sector respondents seemed to be most confident about this, whilst those in the other three sectors were less convinced.” (DPW, 2009b, p.70, emphasis added)

No distinction is made in the *Report* between formal training (such as the ‘Department of Labour generic 10-14 day training course’ referred to above) and the on-the-job training required to perform even the most menial of functions. The sectors in which the employed find work are not identified. No indication is given of the relative training status (either or both formal and on-the-job) of the employed as opposed to the unemployed. No reference is made to any apparently anomalous outcomes like less well-trained individuals (less skilled?)

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<sup>42</sup> This is an odd way to describe what is supposed to have taken place.

<sup>43</sup> Desperation on the part of the compiler of the research findings in the *Five Year Report* is evident in the summing up and recommendations, one of which reads as follows: “Furthermore, it seemed that not all beneficiaries received training, or that on-the-job training seemed insufficient. It was recommended that some of the training modules or programmes should be mandatory in order to improve the skills of beneficiaries to be more employable and well-positioned to start their own businesses.” (DPW, 2009b, p.71) It does not *seem* as though not all beneficiaries received training – more than two thirds of them did not.

obtaining employment ahead of their better trained counterparts. By the time sample respondents had been partitioned into those still employed by the EPWP and those not, and the latter group partitioned into those who were employed and those not, only 93 of the former, and 252 of the latter remained. The *Five Year Report* does not say it, but this is probably too small a number on the basis of which to say much of statistical significance. What it does say is that:

“The findings outlined in this report represented certain quantifiable changes and impacts on beneficiaries’ lives, such as improved levels of training and skills development, fluctuating (*sic*) levels of income, and increased opportunities. However, the long-term effect of the EPWP and its secondary benefits, i.e. training and skills transfer, will only be truly assessable in the many years ahead as beneficiaries embark on the slow process of integration into the mainstream economy.” (DPW, 2009b, p.71)

It may well be that the more detailed research report from which the findings in the *Five Year Report* are extracted, disclose ‘improved levels of training and skills development’ – the *Five Year Report* does nothing of the kind. In short, after what must have been the expenditure of a significant sum of money (longitudinal surveys are not cheap) the general public is no wiser.

To bring this section to a close, it is perhaps worthwhile, as a caution, to cite the findings from the Betcherman *et al* (2004) survey. After an exhaustive examination of almost 200 evaluations of active labour market policies, these authors reported that as far as training for the unemployed is concerned:

“Participants often benefit from these programs in terms of higher employment rates, but not in terms of higher earnings. The few evaluations in developing countries paint a less favorable picture. Programs seem to work best with on-the-job training and active employer involvement. Results are more positive for women than for men.” (2004, p.ii)

As far as the EPWP is concerned, all that can be hoped for is that developing country experience turns out to be very different from that in much-developed economies.

### **How useful is (was) the LFS as a tool for M&E?**

One of the tools that formed part the EPWP M&E package was the (then) bi-annual Labour Force Survey (LFS). The hopes expressed by the EPWP for the LFS are expressed thus in the *Five Year Report*:

“Assuming that approximately 800 000 people would work on the EPWP at some point during the initial five-year period of the programme, it could be expected that 1 800 participants would be included in the LFS sample. This was deemed a sufficiently large sample to permit an analysis of the impact of the EPWP on employability, as well as to provide information about the household income and structure of beneficiaries. An in-depth analysis of the programmes would not be possible through the LFS, but it would provide a high-level, macro-impact analysis.” (DWP, 2009b, p.61)

Looking back at the proposed framework, whose compilers began their discussion of the survey tools to be used with an examination of the Labour Force Survey (LFS) (DPW, 2005a,

Section 4.1.1, pp.21ff), it may be seen that the paragraph from the *Five Year Report* cited above, was lifted almost verbatim from the 2005 document. Here is the paragraph and the one that follows it:

“[The LFS has] a sufficiently large sample to permit analysis of the impact of the EPWP on employability, as well as to provide information about the household income and structure of beneficiaries. It should be noted that deep analysis of the programmes will not be possible through the LFS, as the survey is not geared to that purpose. It will enable high level, macro-impact analysis.

Not only will the inclusion of employment on EPWP projects in the LFS enable users of this data to clearly identify this category of employment, thereby preventing distortions of time series data, it will also be a cheap method of collecting information about the beneficiaries of EPWP projects and their households. Ultimately, once the scope and coverage of data collected in this way is assessed, it may be possible to reduce the scope of the other evaluation techniques, or even replace them with data from the LFS.” (DPW, 2005a, p.21)

In principle, there is nothing wrong with reproducing an aspirational statement, especially if the promise held out, is fulfilled. When, however, things do not work out as planned, a little reflection would not go amiss – if the LFS information extracted and published so far is any guide, then its potential has been grossly over-estimated.

Designing survey questions is, as anyone who has ever been required to do, is no simple matter. When it is unclear what the precise meaning is of a concept on which information is sought, it becomes nightmarishly difficult. ‘Employability’, I would suggest, is just such a concept. Whether anything useful about it can be gleaned from a few questions in a survey such as the LFS, is moot.<sup>44</sup> Critical scrutiny about the proposed uses of the LFS could thus do worse than to commence with an examination of the ‘deep analysis’ question. One could, for example, ask why, when looking at the survey questions and the responses they have elicited, if ‘deep analysis’ is not possible, the questions in the LFS were designed in such a way as to look as though they could yield the kind of information required for ‘deep analysis’ of certain aspects of the programme, or if not ‘deep analysis’, then certainly micro-analysis?

Without talking to those concerned, this question is not readily answered – beyond the trivial results presented in the *Five Year Report* (on which, more later) it is not known what the EPWP management and its analysts have made of the data currently available. If we want to know what contribution the LFS data sets could make to an analysis of the performance of the programme, it is going to be necessary to do a little digging.

Collection of data on the EPWP commenced in the March 2005 LFS. The questionnaire was revised for the September 2005 LFS (questions increased in number from three to eight), and data were duly collected in five successive rounds of the survey (September 2005-September 2007). Table 2 below reproduces six of the eight EPWP questions in the LFS.<sup>45</sup>

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<sup>44</sup> The definition of what constituted EPWP work, and the reporting of ‘work opportunities’ were both so sloppy as to render the survey results more than a little suspicious.

<sup>45</sup> Question 5.1 wanted to know if people had ever heard of the EPWP, and Question 5.5 asked for provincial locations of EPWP job opportunities. Questionnaires are available from a number of sites. One of the best one is the DataFirst site in the University of Cape Town – much less user-friendly is the Statistics South Africa site.

Why it was felt to be necessary to ask both questions 5.2 and 5.3 is not clear. One's intuition, since the EPWP is a 'government job creation programme', is that question 5.3 would call forth more respondents than question 5.2. From the table it transpires that this is not what happens – why, is not easy to fathom. What one does find is that the sum of 'Yes' and 'No' responses in each category in questions 5.6 and 5.8 is 505, while the sum of 'Yes' and 'No' responses in questions 5.7 is 508, roughly the number who respond with a 'Yes' to question 5.3.

The sum of the folk who could identify the project or programme they worked on (question 5.4) is a bit lower – the coding instructions for the handwritten responses collected by interviewer are to 'use EPWP codes' (Named EPWP project). Most participants chose 'Other'. Question 5.4 looks like a waste of everyone's time – it identifies only three programmes or projects where the number involved (population-weighted response total) was greater than 10 000, the cut-off point below which sample number is too small to provide reliable estimates.

Question 5.6 on skills is also a waste of time, energy and money, despite throwing up some quite big numbers (like the 85 000 EPWP participants who acquired skills in construction-related programmes). Apart from the fact that skill levels are notoriously difficult to measure, the trivial lengths of the average training periods disclosed in the analysis further below, especially in construction, could mean little more than, say, a worker has been taught to mix concrete.

The interesting information in the survey is that gathered in response to questions 5.7 and 5.8. Since the sum of participants who claim to have obtained work, either temporary or permanent, or to have started a business, exceeds by a long way, the number who are not still working in the programme (175 000 vs. 102 000), one must assume that those still on it are included amongst those who have obtained employment or started a business.<sup>46</sup> This result, if correct, is the news that the EPWP ought to be bragging about – if this performance were repeated in the following half year, then about 40 000 permanent jobs will have been created, and roughly the same number of businesses started. Certainly, the achievement is way over the target level of the 14 per cent it was hoped would be able to earn income after participating in the programme (DPW, 2005a, p.v).<sup>47</sup>

A cursory search of cyberspace did not reveal any trace of the pointed boasting of the sort one would find if it had been discovered (via the LFSs) that the EPWP was generating jobs or businesses at a scale large enough to affect unemployment levels. Speculation about this does not get one very far – one could, for example, suppose that the EPWP management had not yet analysed the LFS data when it came to writing the *Five Year Report*.

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<sup>46</sup> This is easy to check – all it requires is that one dips into the data set available from Statistics South Africa. The answer, although is not relevant for our purposes here, may have something to do with fact that almost 90 000 of the jobs obtained were of a temporary nature.

<sup>47</sup> The success rate in obtaining employment or starting a business is also considerably higher than that reported in the studies examined by McCord (2009, pp.257ff).

**Table 2 Responses to EPWP questions in LFS 12 (September 2005)**

	N	Nw
Q5.2 Has ..... participated in any EPWP programme or project during the past six (6) months?	712	273 839
Q5.3 Did ..... work in any government job creation programme or project during the past six (6) months?	529	208 193
Q5.4 What is the name of the programme or project that ..... Worked/participated in during the past six (6) months?		
Named EPWP project	222	90 220
Other	258	96 955
Q5.6 Which of the following skills (if any) did ..... acquire during participation in any of the programmes or project mentioned in Q5.4?		
Variable Q56aCons : Construction related	232	85 653
Variable Q56bHome : Home based care	43	19 865
Variable Q56cChil : Early childhood development	16	13 513
Variable Q56dFore : Forestry	31	10 552
Variable Q56eAgri : Agriculture and animal husbandry	71	19 353
Variable Q56fNum : Numeracy /literacy	8	2 518
Variable Q56gHiva : HIV/AIDS awareness	45	23 237
Variable Q56hCare : Career awareness	38	19 750
Variable Q56iBusn : Business related	69	34 369
Variable Q56jOthr : Other skills	43	21 686
Q5.7 Is ..... still working/participating in the programme or project?		
Yes	275	98 390
No	233	101 504
Q5.8 What, if any, were/are the benefits of participating in the programme or project mentioned in Q5.4?		
Variable Q58aSust : Got a permanent job	54	22 299
Variable Q58bStar : Started own business using skills and experience acquired	58	22 211
Variable Q58cFurt : Opportunity for further training	124	52 196
Variable Q58dTemp : Obtained temporary work	243	89 323
Variable Q58eOthr : Other benefits	27	11 183
Source: Responses to LFS 12, Downloaded from <a href="http://interactive.statssa.gov.za:8282/webview/">http://interactive.statssa.gov.za:8282/webview/</a> , 20 <sup>th</sup> April 2009.		
Note: N = number of responses (sample estimate), Nw = Population weighted estimate.		
Universe – All members of the households in selected dwelling units aged 15 years and above (73 847 respondents in total).		

Simply adding up the number of people who report in each round that they have participated in the EPWP tells us very little – what we need is work histories. As a quasi-panel study (20 per cent of households were ‘rotated’ out of the LFS sample at each round), the survey was, in principle, capable of tracking individuals from survey to survey for at least four rounds, thus making possible the building up of labour market participation profiles. There are limits to what the survey could reveal – it cannot give durations for those who are only in an EPWP project for a short while, but it should register if someone appears in four successive rounds of the survey. It should also be able to tell us a little about participants who obtain employment (or fail to do so). The drawback, and it is no small matter, is that in order to perform longitudinal analysis using the data, respondent records have to be matched (linked from survey to survey). Only Statistics South Africa is allowed to carry out this task. Unless there has been a major change in recent times, it is unlikely that the official statistics producer

is anywhere near being up-to-date with this onerous task. It is thus unlikely (although not impossible) that the EPWP has performed any analysis of that sort, in which case, we (and they?) are in the dark. As a potential source of data for evaluating the performance of the EPWP, the Labour Force Surveys left more than a little to be desired.

When the Quarterly Labour Force Survey (QLFSs) was introduced in 2008, the General Household Survey (GHS), which had been asking questions in parallel with the LFSs since 2004, became the sole source of information collected by Statistics South Africa on the EPWP. In the 2008 GHS Questions 5.2 and 5.3 above were condensed into one, making it impossible to separate EPWP work opportunities from other government employment creation projects (if any?). Questions 5.6 and 5.8 were retained,<sup>48</sup> while 5.4 and 5.7 were dropped. Getting rid of the latter puts paid to the possibility of separating ‘proper’ jobs from ‘temporary government-sponsored’ employment in the labour market. Despite the fact that (a) EPWP work opportunities do not last much longer than 70-90 working days on average, and that (b) the periodicity of the GHS is 12 months, instead of the LFS’s six months (and the QLFS’s three months), the combined question on participation in an EPWP project or other government scheme still asks whether this has taken place in the past six months. It is not clear why the shift has taken place – before it did, there was a chance, admittedly slender, of some longitudinal analysis being performed on the data. That is now gone, damaging further, the already impaired ability to conduct “high-level, macro-impact analysis” on the basis of the questions asked in the surveys.

Reference was made above to the trivial results from the LFS presented in the *Five Year Report*. Opening with a statement about the usefulness of the LFS for understanding developments in the labour market, the *Report* informs us that:

“Given the nature of the EPWP as a predominantly second economy intervention, the EPWP unit was keen to determine whether the programme had been heard of and understood. Therefore, as part of the LFS questionnaire, sampled households were questioned as to whether they had ever heard of the EPWP.”<sup>49</sup> (DPW, 2009b, p.72)

Three tables, covering the years 2005-2007 are then presented, showing numbers of and percentages of respondents, by province, answering Yes or No to the question (Tables 16-18). For the most part, year-on-year changes, especially at a national level, are small. From the responses to the question, the *Report’s* compilers conclude that:

“Overall, 30% of the households were aware of the EPWP and some had even participated in the programme. No figures are available for the 2008/09 financial year, as the LFS is currently under review in order to align it with the Quarterly Progress Reports.” (DPW, 2009b, p.73)

To be charitable, it may be argued that these results could be used to inform the EPWP’s publicity campaigns at both national and provincial level – the very fact that year-on-year changes are small, may, itself, be significant. That, however, cannot possibly justify the profligate use of space entailed in presenting such uninteresting information (apart from the breathless ‘and some had even participated in the programme’). Comparing this with the

<sup>48</sup> These became question numbers 2.19; 2.20 and 2.21 in the 2008 GHS. In the 2009 GHS, the number of questions was reduced to one only (Question 1.46) – “Has .... Participated in a Government or municipal job creation programme or expanded public works programme in the last six months?”

<sup>49</sup> This was question 5.1 in the LFSs up to September 2007.

paucity of information culled from the longitudinal survey, one can but wonder at the motives of the *Report's* compilers.

On that unhappy note, let us take leave of Phase 1 of the EPWP, to look at aspects of the recently announced Phase 2.

### **3. Phase 2 of the EPWP: What is on offer?**

By any standard one cares to adopt, EPWP Phase 2 is an ambitious undertaking. Even after the 'work opportunities'<sup>50</sup> have been converted to full-time equivalents (FTEs), the numbers are still large. Before the launch in April 2009, fairly detailed estimates of the numbers of work opportunities, and sums of money involved, were available. A Department of Public Works (DPW) presentation to the Parliamentary Portfolio Committee on Public Works in February 2009, for example, offers a breakdown of the numbers of work opportunities (and FTEs) by sphere of government, for each year of the programme.<sup>51</sup> Estimates differ slightly from source to source, but the differences are not significant.

Table 3 below has been constructed on the basis of the estimates published the *EPWP Five Year Report*. This contains numbers of 'work opportunities' and the number of full-time equivalent jobs (FTEs) that they represent, for each year of Phase 2 of the programme (DPW, 2009b, p.139). Also provided, are estimates of the distribution of 'work opportunities' (and FTEs) by sector for the 2009-2014 period (DPW, 2009b, p.141). The figures from the *Five Year Report* are highlighted in bold font – they appear in the first two panels of the table. Below that in the third and fourth panels, are the results of an attempt to estimate the annual numbers of work opportunities in the Infrastructural and Environmental sectors that may become available.

The estimates in panels 3 and 4 have been produced using the assumption that the proportional distribution of opportunities between sectors shown in the first panel, holds good for the whole of the five year period. This may not have been the way the projections were constructed, but as may be seen, the total numbers of work opportunities over the five-year period generated in this way are similar to the totals given in the first panel. For our purposes here, they are therefore, good enough.

In the last two columns of the table, estimates of the mean durations of job opportunities, and mean training durations if the code of good practice – 2 days for every 22 days worked – (DoL, 2002 ) is followed, are presented. In the first panel, a row that sums Infrastructural and Environmental job opportunities has also been added. The bulk of the work opportunities (72 per cent) and full-time equivalents (FTEs – 62 per cent) are concentrated in the Infrastructure and Environmental sectors. Should the programme deliver what these figures suggest, then employment duration in the former will average about 87 days, and in the latter, 70 days. If

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<sup>50</sup> The exact origin of the figures is not known. Slides 7 and 8 in DWP, 2008, the first being a table giving estimates of the numbers of EPWP 'job opportunities' required to reach the employment halving goal by 2014 under three different growth scenarios, do, however, give an indication of the likely source of the aggregate totals, possibly in the work of Miriam Altman.

<sup>51</sup> Details of the proceedings are available on the Parliamentary Monitoring Group website. The February 2009 briefing of the Portfolio Committee by the Minister of Public Works may be downloaded at <http://www.pmg.org.za/report/20090211-phase-2-expanded-public-works-programme-briefing>.

the recommendation on training is to be met, its duration, on average, would be eight days in Infrastructure, and seven days in the Environmental sector.<sup>52</sup>

**Table 3 Phase 2 work opportunities**

Sector	Work opportunities	Full Time Equivalents	Mean duration (days)	Training duration (days)
Infrastructure	<b>2 374 000</b>	<b>900 000</b>	87	8
Environmental	<b>1 156 000</b>	<b>350 000</b>	70	6
Sub-Total: Infrastructure + Environmental				
	3 530 000	1 250 000	81	7
Social	<b>750 000</b>	<b>500 000</b>	153	14
Non-state	<b>640 000</b>	<b>280 000</b>	101	9
Total (approx)	4 920 000	2 030 000	95	9
Yearly targets: Total				
Year 1	<b>500 000</b>	<b>210 000</b>	97	9
Year 2	<b>600 000</b>	<b>260 000</b>	100	9
Year 3	<b>850 000</b>	<b>360 000</b>	97	9
Year 4	<b>1 200 000</b>	<b>500 000</b>	96	9
Year 5	<b>1 500 000</b>	<b>680 000</b>	104	9
Total (approx)	4 650 000	2 010 000	99	9
Yearly targets: Infrastructural				
Year 1	241 000	93 000	89	8
Year 2	290 000	115 000	92	8
Year 3	410 000	160 000	90	8
Year 4	579 000	222 000	88	8
Year 5	724 000	301 000	96	9
Total (approx)	2 244 000	891 000	91	8
Yearly targets: Environmental				
Year 1	117 000	36 000	71	6
Year 2	141 000	45 000	73	7
Year 3	200 000	62 000	71	6
Year 4	282 000	86 000	70	6
Year 5	352 000	117 000	77	7
Total (approx)	1 093 000	347 000	73	7

As has been pointed out above, there is little evidence to show that training periods of short duration, offered to people performing mainly routine tasks, have much impact on employability (DPW, 2004; McCord, 2007a). Since training was a major failure in Phase 1, one imagines that when detailed information on Phase 2 is released, a clear statement of intent about training will be made. In the absence of guidelines and directives, it is likely that training will be neglected by many authorities.

Hints that the emphasis on training in certain EPWP sectors (recall from above that training was proclaimed to be a 'central objective' of the programme), has softened are present in a

<sup>52</sup> Estimates of the number of FTEs into which the work opportunities listed in Table 3 translate, differ from those given in the national expenditure estimates (National Treasury, 2010b, p.12). The differences are minor.



couple of EPWP documents. One of them, an early draft of the Business Plan for Phase 2 of the programme (DPW, 2009d), contains the following statement:

“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.” (DPW, 2009d, p.10)

One way of reading this is that in Phase 2, instead of having to conform to nationally specified training minima, “individual programmes” will be free to define what constitutes appropriate training. This is preceded by a statement to the effect that:

“It was ... 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.” (p.5)

An earlier document, Slide 11 in the presentation of the ‘Overview of EPWP Phase 2’ given at the Second Economy Strategy workshop on 29<sup>th</sup> September 2008 (DPW, 2008), distinguishes between ‘Longer Term Public Employment Programmes’ which aims to provide ‘Longer Term Training’ for medium/high skills jobs, ‘Project Based Public Work Programmes’ which provide ‘Training as and when required’, at medium/low skills, to Non-state and Community Programmes where ‘Training as and when required’ can cater for the skills needs of those who perform the manual labour on these programmes (DWP, 2008, Slide 11).

Appearing in one of its many guises (in this case as a sub-text to the discussion above), is a question that lies at the heart of economics, namely, that of how to distribute a scarce resource, especially when there is a possibility that the resource may have to be rationed. Cold economic calculus insists that resources be distributed so as to maximise welfare. If the purpose of training is equip the largest possible number with the skills necessary to obtain employment, and if capacity to absorb training is unequally distributed, and if training has to be rationed, then a search for those most likely to succeed, is indicated.<sup>53</sup> Of course, in the EPWP this may already be happening to some extent, especially in the Social sector. Although there is probably a fair amount of self-selection (as opposed to vetting) involved, the more able, however defined, may possibly be selected for the host of ancillary jobs (those requiring more than elementary skills). What determined which low-skilled participants received training in Phase 1 is not known (neither is the quality known of the training received by those lucky enough to get it).

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<sup>53</sup> Of course, other maximands may be specified: it may, for example, an equal division of the scarce resource among all participants, regardless of be demanded (an equity vs. efficiency problem). There is, it could be argued, a good case for abandoning the attempt to provide formal training (along the lines spelled out above) in the Infrastructure and Environmental sectors – in these sectors, most workers could get by with only the on-the-job training required to enable them to carry out the elementary tasks they are employed to do. If the ethical problems involved in concentrating resources on a minority (favouring them) could be overcome, consideration could be given to the provision of more extensive training to a select group who are likely to profit by it.

As may be seen in Table 2 above, nearly three-and-a-half million unemployed folk are scheduled to participate in relatively low-skilled jobs in the Infrastructure and Environment sectors. Finding those among them most likely to succeed in obtaining employment would have been difficult even if the Phase 1 monitoring and evaluation exercise had provided some guidance. If the findings in the *Five Year Report* are anything to go by, however, the M&E effort has little, if anything to offer. The dual question of the quantity and quality of training available, and the selection of recipients of such training, ought to be the subject of a major debate – little evidence that this is taking place, other than the few crumbs referred to above, can be found.<sup>54</sup>

Next up for consideration are the estimates of the numbers of work opportunities to be created. If the figures in the second panel of Table 3 are plotted on a graph, the outcome that the experience of Phase 1 was simply extrapolated into the future, with relatively slow growth between year 1 and year 2 giving way to faster growth in succeeding years. This raises the suspicion that a goodly measure of thumb-sucking has taken place. It is possible that this is not the case, but if that is so, it would be interesting to know something about the basis on which the estimates have been made. The possibility that the figures are helped along by guesswork is heightened by the fact that using an assumption of roughly equi-proportional growth in the Infrastructure and Environmental sectors yields estimates of total growth that are similar to the totals given in the *Five Year Report*.

To claim that figures for a project stretching well into the medium-term contain some element of guesswork can surely occasion no surprise – everybody knows that forecasting is difficult. What is of interest here is thus not the question of how much guesswork there is in the EPWP calculations, but rather, what likelihood there is of outcomes in 2014 anything like those depicted in Table 3, coming to pass. Two imponderables bar the route to (relative) certainty in this matter, both of which we have already met. The first is technical (i.e., it is concerned with production functions), the second, institutional-political. The two are intertwined.

Our cue comes from the performance figures given in the EPWP Phase 1 *Five Year Report* and reproduced in Table 1 above. It may be recalled that with the exception of Infrastructure and Social work opportunities, and Infrastructure person-years of work, few of the ‘achieveds’ was anywhere near the ‘targets’. As has been shown above, EPWP management has long been aware of the problem of poor data capture, and the difficulties of distinguishing EPWP from non-EPWP projects. In short, there are reasons to doubt the performance figures, especially those for Infrastructure.

The requirement for Phase 2 of the EPWP is twofold; one is to make the data more reliable, the other is to reduce the ‘distances’ between ‘target’ and ‘achieved’. The question is: how? From the EPWP *Five Year Report*, and from the various briefings and presentations referred to above, it is clear that a great deal of soul-searching, sector by sector, has gone into trying to work out what went wrong. It is not the intention here to examine those analyses – my interest is in the most significant measure adopted in Phase 2 to push performance closer to plan, namely, the performance-related incentive payments that have been introduced. Before looking at those payments, it may be useful to spend a few moments looking at the branch of economics concerned with the substitutability of factors of production. Doing so enables one to make some broad predictions about the areas where problems may be expected.

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<sup>54</sup> It could be argued, as Debbie Budlender has done (*pers. comm.* 31 January 2011) that ‘finding those most likely to succeed’ is too ‘economistic’ for a programme like the EPWP. She argues that it is neither economically (beyond the capacity of the state) nor politically feasible.

Conventional economics is fond of teasing students with diagrams depicting lovely smooth isoquants, along which the factors of production, capital and labour, may be substituted until an equilibrium, determined by relative factor prices, is reached. The discipline is not so silly as to fail to recognise that fixed factor proportions are at least a possibility, so a decidedly prickly looking isoquant, with a corner solution to the allocation question, may be found lurking in some texts.

Surprising though it may seem to some that such abstract considerations have any relevance to the EPWP, it is the problems of allocation highlighted by this simple model, that are at the heart of the difficulties of those trying to predict future outcomes of the programme. A *leitmotif* of the EPWP, the need to increase labour intensity of production, relies for its applicability precisely on the extent to which labour may be substituted for capital. This approach opens the way to a rigorous understanding of the possibilities of the programme. This may be illustrated by reference to a few EPWP projects – take early childhood development (ECD), for example, in the Social sector. If this is to be provided by way of nursery schools or kindergardens (now referred to by the politically correct term ‘ECD Centres’), then factor proportions are relatively fixed – a suitable building, and qualified staff required. No more than a certain number of children can safely be admitted, and there are norms for the ratios of children to staff. Equipment may be more or less elaborate, as may the building itself, but that is all that can be varied. Community care, by contrast, requires trivial capital outlays, relying almost entirely on trained staff. Administrative capacities will probably have to be strengthened as numbers of carers increase, but this is likely to occur in stepwise fashion, rather than in any close relationship to the size of the carer workforce. Clearly, in both cases, talk of increasing labour intensity would be inappropriate – this explains why the goal of the social sector of the EPWP is to expand provision and not to make existing production more labour intensive. Investigation of why the sector had not come up to scratch in terms of meeting employment targets would focus not on labour intensity, but rather on budgetary allocation processes – either these activities are given priority or they are not.

Infrastructure, by contrast, especially road-building, offers scope for a wide variety of production techniques. Minor roads can be constructed almost entirely by hand using the simplest tools. That includes the classic prison-labour task of producing the equivalent of crusher run, using hand-held hammers, as well as excavation by pick and shovel. When choice of technique widens, uncertainty enters, and economics begins to stumble. Moving out of a world of workers with known productivities and market-determined wages into one in which neither condition holds, the temptation to stick to tried and trusted capital-intensive techniques is strong, particularly when management is dominated by engineers.<sup>55</sup> The responsibility of delivering on time and within budget is a powerful disciplining force. It does not require 20/20 hindsight to claim that inducing the awarders of contracts (provinces and municipalities) to increase the labour intensity of infrastructure projects was always going to be a difficult task. The weaker the municipality, in terms of technical capacity, the less one would expect it to be able to confront capital-intensive bias.<sup>56</sup>

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<sup>55</sup> According to the EPWP *Five Year Report*, labour intensity in the Social sector was more than twice as high as it was in the Infrastructure sector. See DWP, 2009b, Figure 19, p.113.

<sup>56</sup> Unfortunately, many examples of capital goods bias may be seen in the larger municipalities and metropolises as well. The explanation is likely to be that offered above.

Although the Infrastructure work opportunity and person-years of work targets were both allegedly met in Phase 1 of the EPWP, with the largest contribution to the total coming from the municipalities (see DPW, 2009b, Table 29, p.112), there have been indications over the years that the goal of increasing labour intensity is not viewed with great enthusiasm. The 2007 briefing referred to above noted that:

“... contribution from the municipalities was lacking...” (DPW, 2007)

The 2008 overview, as we have seen above, commented that:

“Use of labour-intensive methods remains contentious and seen as high risk”

and that there are:

“No **incentives** for public bodies to increase labour-intensity significantly...” (DPW, 2008) (emphasis in original)

The 2009 Ministerial and departmental briefing pointed out that:

“Both Provincial and Municipal entities needed to be reminded that the projects were intended to be labour-intensive.” (DPW, 2009e)

The *Five Year Report* commented that:

“During EPWP Phase One, municipalities did not significantly adopt labour-intensive approaches to infrastructure implementation.” (Presidency, 2009b, p.57)

Despite being in its sixth year, the programme’s managers said in the PowerPoint presentation in August 2010 that:

“Labour-intensity of projects implemented not being optimized by Provincial Departments and Municipalities.” (DPW, 2010)

Facing the EPWP as it enters Phase 2 is a large array of challenges, to which a wide variety of responses has been devised. Increasing labour intensity, if not the most difficult of these to overcome, is certainly the challenge which has attracted the largest budgetary allocation – performance-related incentive payments referred to fleetingly above. The remainder of this section is devoted the presentation of a few of the details of the incentive scheme.

EPWP watchers would have been able to pick up an early warning about impending changes in the about-to-be-launched Phase 2 of the programme, in the “Overview of Phase 2” that appeared on the TIPS website (referred to as DPW, 2008). That presentation informed its audience that:

“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)”

In essence, the incentive scheme is simplicity itself – if the authority responsible for implementing an EPWP project meets an agreed target for the creation of work opportunities, it qualifies for an incentive payment. As ever, the devil lies in the detail. Obviously, care in the design of the proposed incentives is necessary to prevent them from sliding into municipal coffers and being diverted to other purposes.

To qualify for the proposed incentive – (at the time) an amount of R50 per person-day of work created – eligible municipalities will have to meet (or exceed) formal targets for work opportunity creation. The intention is to stimulate enthusiasm in municipalities, which have much of the responsibility for the implementation of the EPWP, for the programme’s original aim of increasing labour intensity. The proceeds are to be spent by municipalities on increasing the number of work opportunities beyond those specified in the agreed targets – that, it is hoped, will provide a boost that will help to achieve the massive increase in the EPWP employment numbers listed in Table 3.<sup>57</sup>

The sums of money involved are large – the AsgiSA annual report for 2007/2008 (published in mid-April 2009), reported that:

“From 2009 to 2012, R4.2 billion has been allocated to Phase Two of the EPWP. This will include a new EPWP grant incentive for municipalities aimed at providing them with incentives to increase the number of employment opportunities on infrastructure projects. During EPWP Phase One, municipalities did not significantly adopt labour-intensive approaches to infrastructure implementation.

The extension of this programme targets 400 000 full-time equivalent longer-term jobs in the social and municipal services sectors, home-based and community care, as well as project-based employment in infrastructure and environmental protection, in adult literacy initiatives and in programmes delivered through non-governmental organisations.” (Presidency, 2009b, p.57)

In Phase 1 of the EPWP, little direct funding was made through the Department of Public Works (DPW), the department with overall responsibility for the programme. In the financial year 2009/2010 for example, in a budget of R5.7 billion, more was allocated to administration (R690 million) than to the EPWP (R510 billion). Such funding as there was went instead through other departments, and other jurisdictions, e.g., municipalities. With the introduction of the incentive scheme, this changes dramatically. In 2010/2011, the DPW expenditure allocation to the EPWP increases (to R1.5 billion). It reaches a projected R2.5 billion 2012/2013 (National Treasury, 2010c, p.90).<sup>58</sup>

<sup>57</sup> Early indications that the incentives may work, are favourable. See the article “New grant boosts EPWP project” by Samantha Enslin-Payne in IOL (Independent online) *Business Report*, October 14, 2010.

<sup>58</sup> Over the Medium-Term Expenditure Framework (MTEF) period 2009-2012, the expenditure estimates in the 2009 Budget for the National Public Works Programme, have amounts of R353 million in 2009/10, R954 million in 2010/2011, and R1.9 billion in 2011/12 set aside for ‘Transfers and subsidies to Provinces and municipalities’. About R730 million over the period 2009/12 will also be transferred to ‘non-profit institutions’ (National Treasury, 2009, Table 5.6, p.13). Note that the expenditure downloads of the expenditure estimates on the Treasury website are all in small files. The page number given here will thus not be the same as the page number in the paper publication.

The EPWP is an awfully large project for any government to tackle. Consider, for example, the range of bodies through which incentives have to be distributed. According to the August 2010 incentive update:

- “The Infrastructure sector incentive is applicable to Provincial Departments and Municipalities.
- The Environmental sector incentive is applicable to National Departments through their appropriations from National Treasury.
- The Non-state sector grant is paid to Non-Government Organisations (NGOs) and Non-Profit Organisations [NPOs] through the Independent Development Trust (IDT) which was appointed as the intermediary.
- The Social sector grant has been paid as a schedule 5 grant to Provincial Departments of Social Development and Education.” (DPW, 2010)

To require bodies that malfunction much of the time, bodies which earn qualified audits year after year, to improve performance to the point where they can qualify for the payments, is to ask a great deal. Even with the help of the additional data capturers hired through the EPWP (90 of them) and the engineers at head office available to advise and assist, it is not clear how the transition is to be achieved. There is, however, as we shall see immediately below, an escape hatch from the condition that no payment is supposed to be made in the event of non-compliance.

It is contained in this long extract from a speech made in September 2009, in the Eastern Cape to award incentive cheques. The incentive is supposed to function as a reward for meeting a target. What the passage below suggests is that for many of the institutions or authorities concerned, where, for whatever reason, the parties are unable to agree on a target, the target is set to zero, and the incentive is paid, on what basis it is not specified. Zero-thresholds (targets) appear to apply mainly in municipalities likely to lack capacity. Here is the passage:

***“Report monthly on the EPWP MIS [management information] system***

*After the public body has submitted the EPWP quarter report an audit will be done and the money will then be transferred to the public body’s account by treasury if it has met the threshold.*

*The EPWP incentive grant can only be used for job creation programmes, nothing else. Public bodies are compelled to sign the wage incentive agreement, committing themselves in implementing EPWP and achieving the targets as set. All eligible public bodies within the province have signed except for Ingquza Hill Municipality.*

*Program Director tonight we are here to award these ceremonial cheques to the public bodies that are eligible for the EPWP incentive grant as a symbol of commitment in accelerating and taking the fight against poverty and unemployment to greater heights. Our province is greatly affected by the current global recession, mines are closing down forcing the mine workers to migrate back home as unemployed people. The automobile sector that we have heavily relied on is seriously affected resulting in high retrenchments and other*

*companies closing down. Note how many ‘zero thresholds there are among the public bodies eligible for the EPWP incentive grants:....’*<sup>59</sup>

The list of zero thresholds is indeed noteworthy: of five provincial government departments, one that has a positive threshold, the Department of Roads and Transport receives more than 90 per cent of the funds disbursed (R29.9 million). The other department that has a positive threshold, Health, receives 3.7 per cent of the sum handed out. The other three departments have zero thresholds. Among 12 municipalities to receive cheques, only two, Nelson Mandela Metro and Buffalo City had thresholds. They each received about R333 000. The remaining R26 million was distributed among ten municipalities, four of them taking 83 per cent of the disbursements to zero threshold recipients. The reason for reproducing the numbers above is to draw attention to the relative amounts allocated to departments and municipalities that have no targets or thresholds, as opposed to those that have. Without knowing what period the funds cover, or how the allocations were decided, it is difficult to comment on the figures. If, however, the figures above represent the future of what the distribution of payments may be like in some provinces,<sup>60</sup> then there are problems ahead. The threshold is supposed to function as a gateway to the incentive pot – if the zero threshold criterion causes that to fall away, what, one wonders, will the effects be on the programme? Will the monitoring structures be able to cope with poor record-keeping?

Some portfolio and review committees, aware of their power, exercise it in ways that are acutely discomfiting for the minister, the deputy ministers and senior civil servants alike. Scanning the minutes of the meetings (reviews, reports-back, briefings) referred to above, at which the EPWP has explained what it does, and why, does not give one with the sense that the members often ask questions that put the EPWP team on the spot. One can only hope that the monitoring and evaluation systems for Phase 2 are not as ineffectual as those for Phase 1 give the impression of being.

#### **4. What effect will Phase 2 have on unemployment?**

Government’s boast that unemployment will be halved by 2014 has attracted surprisingly little critical attention. Apart from Miriam Altman of the HSRC, mine seems the only mind to have been sufficiently exercised by the ‘halving’ boast to want to challenge it.<sup>61</sup> Several papers, the first of them (Meth, 2004) published not long after the ‘halving’ goal was announced, have followed. The most recent of them (Meth, 2009) argued once more that barring some miracle, neither the unemployment halving goal, nor its companion, the commitment to halve poverty by 2014, would be achieved. To the best of my knowledge, no-one in government has ever responded to these claims. Great was my surprise, therefore, when I stumbled across the scenarios prepared by the National Treasury, on the basis of which it is concluded that:

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<sup>59</sup> The speech is headed “Eastern Cape MEC for Roads and Public Works Pemmy Majodina presenting Expanded Public Works Programme (EPWP) incentive grant cheques”. Dated 30 September 2009, it was downloaded on 22<sup>nd</sup> August 2010 from:

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=6040&tid=6185>.

<sup>60</sup> Provinces are likely to differ significantly in the proportion of funds going to zero threshold municipalities.

<sup>61</sup> See, for example Altman, 2009. In that paper, she attempts to update an earlier set of employment forecasts to take account of the global economic crisis.

“The moderate recovery outlined in the budget forecast is projected to create just over 1 million jobs in the next five years, and would result in only a marginal decline in the number of unemployed and the unemployment rate by 2014.” (National Treasury, 2010a, p.46)

In the general melee of the 2010 Budget, the Treasury speculations have been almost entirely overlooked. Yet they are of great significance, contradicting, as they do, the official line on unemployment, trotted out repeatedly by high-ranking ANC politicians and civil servants.<sup>62</sup> Given their official provenance, the Treasury scenarios offer an obvious base on the strength of which to construct a set of estimates of the possible contribution of Phase 2 of the EPWP to goal of halving unemployment.

It is clear from the tone of the statement made by the Minister of Public Works upon announcing the inception of Phase 2 of the EPWP that there is an expectation that the programme will make a substantial contribution to government’s goal of halving unemployment by 2014.<sup>63</sup> Yet how substantial this may be, seems not to have been the topic of any serious analysis – the present paper tries to fill part of the resulting void. In earlier versions of the present paper, I made use of my own estimates for performing this task – the publication of the Treasury figures opens the way to a somewhat different approach (and a refreshing change from regurgitating estimates, even if only in summary form, I have published elsewhere). The Treasury scenarios are reproduced in Table 4 below. They are used as the basis for a set of speculations on the possible impact of Phase 2 of the EPWP on unemployment.

It is not clear whether or not the Treasury figures take into account the EPWP job creation effort. For the purpose of the exercise conducted below, it is assumed that they have not. As may be seen, even in the most optimistic of the scenarios, the unemployment rate does not fall below 20 per cent by 2014, a long way from the ‘halving’ goal’s 14 per cent – that is achieved only by the year 2019. At most, the number of unemployed in 2014 falls by less than 300 000 (from its 2009 level of about 4.1 million).

Apart from the growth rates specified in the first two columns of the table, the other assumptions Treasury used to generate the unemployment rates in the last two columns, are an employment elasticity of growth (percentage change in employment divided by percentage change in output growth) of 0.5; a participation rate of 55 per cent over the whole period, and a growth rate of one per cent per annum for the working-age population.

Both the employment elasticity and the participation rate assumptions are a little suspect – in particular, the latter. It is extremely unlikely that the rate will not respond quite rapidly to changing economic conditions, with significant implications for unemployment levels.<sup>64</sup> Our

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<sup>62</sup> A particularly craven example is that of the official responsible for the EPWP monitoring and evaluation in the DPW, who said (in the presence of his Minister) that: “... that Government had adopted targets to halve unemployment and poverty between 2004 and 2014, but this should be viewed as an interim target only, as the aim was to improve upon these figures.” (DPW, 2009e)

<sup>63</sup> See the article “SA on track to halve unemployment by 2014” by Wendell Roelf, in the *Mail & Guardian* online, 6 April 2009.

<sup>64</sup> In my work, the participation rate was allowed to take up a wide range of values, to cover a variety of possible responses by the potentially economically active. In that work, I allowed the employment elasticity to depend on guesstimated numbers of jobs created. Assumed economic growth rates (from a variety of medium-term forecasts reported in the press) were then used to guess at employment elasticities. These ranged from about 0.6 to 1.2. The latter outcome, implying falling national productivity, results from the combination of fast growth in



business here was not, however, to develop a critique of the Treasury model, rather it was to speculate a little, as has been done above, on what the figures suggest could happen in the future.

Notionally, using a survey instrument such as the Quarterly Labour Force Survey (QLFS) with appropriately designed questions, two distinct sets of effects of the pursuit of the 'halving' goal may potentially be distinguished: the first of these, the macro-picture generated by the survey results, is concerned with the more conventional estimates of unemployment, namely the rates and numbers of people unemployed; the second of these, the number of days that people spend classed as 'officially unemployed', opens the door to a micro-examination of the socio-economic impacts of the EPWP. They are considered below in that order.

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the economically active population in response to relatively rapid economic growth in the economy, with employment creation through the EPWP and the Community Work Programme (CWP) added to that associated with economic growth. See Meth, 2009, pp.19ff.

**Table 4 Employment scenarios, 2010-2019**

	Growth (%)		Change in employment		Employment (thousands)		Change in unemployment (1000s)		Unemployment rate (%)	
	2010 - 2014	2015 - 2019	2010 - 2014	2015 - 2019	2014	2019	2014	2019	2014	2019
Scenario A	3.2	3.5	1085	1274	14 058	15 332	-122.7	-311.4	22.6	19.8
Scenario B	3.4	4.0	1147	1470	14 120	15 590	-184.9	-507.2	22.2	19.8
Scenario C	3.5	4.5	1189	1667	14 162	15 829	-226.5	-704.1	22.0	17.2
Scenario D	3.7	6.0	1251	2266	14 224	16 490	-288.9	-1303.1	21.7	13.8

Source: National Treasury, 2010a (*2010 Budget Review*), Table 3.6, p.46

## How much can EPWP Phase 2 reduce unemployment rates and levels?

To produce the estimates, it is necessary first to replicate the Treasury figures. Since they do not give the origins of the base data they used, a little guesswork has been necessary – I have used the working age population, employment and official unemployment figures from the QLFS for the fourth quarter of 2009 (Statistical release P0211, 9 February 2009, p.vi). No divergence is larger than 20 000 or so (most are much smaller), well within the limits of experimental error for an exercise of this sort. Clearly, since the Treasury has opted to allow the growth rates to increase monotonically in the narrow range of 3.2-3.7 per cent per annum, it is not necessary, when performing the calculations, to do so for the two intermediate values. The estimates in Table 5 are therefore based on growth rates of 3.2 and 3.7 per cent per annum, respectively. Estimates of the numbers of FTEs – full-time equivalent ‘jobs’ – to be created by Phase 2 of the EPWP are available for the years 2009/10 to 2013/14.<sup>65</sup> The 2013/14 figure is 680 000 FTEs. The financial year ends at the end of March, so to take the results up to the end of calendar year 2014, it is assumed that a further 600 000 EPWP FTEs (not ‘work opportunities’) are created.

In order to gauge the significance for the unemployed of Phase 2 of the EPWP, it is necessary to compare the outcomes in Tables 4 and 5. If we assume that the Treasury model does not include the EPWP work opportunities (converted to FTEs?), then, under the most optimistic of the Treasury assumptions (Scenario D), the unemployment rate in 2014 would be about 18 per cent when the EPWP work opportunities are taken into account, as opposed to about 22 per cent when they are not. Corresponding numbers of unemployed are 3.25 and about 3.85 million.<sup>66</sup> Phase 2 of the EPWP causes the number of unemployed to fall by 900 000 or so, as opposed to the 290 000 drop that occurs in its absence.

To object that exercises of the sort that generate the results presented in Tables 4 and 5 are too mechanistic to allow much reliance to be placed in them, would not be entirely unreasonable. Certainly, the assumptions used by the Treasury are too constricting to allow for the wide range of possible outcomes of an uncertain future. The significance of the Treasury scenarios lies not in the possibility of any of them being fulfilled, but rather in the fact that they constitute, a rare and little noted acknowledgement by a government department of the probability that the unemployment halving goal will not be achieved.

Having taken this preliminary step, it is to be hoped that Treasury will in future put some effort into increasing the sophistication of their basic model to allow for the inclusion of other job-creation efforts, such as the Community Work Programme (CWP), for which R1.5 billion has been allocated in the 2010 budget.<sup>67</sup> Until such time Treasury offers a set of scenarios built on assumptions that pay greater respect to the radical unknowability of the behaviour of some of the variables involved, especially the changes in the participation rate, I prefer the set of results presented in Meth (2009), if only because they pay greater respect to the uncertainty of what the future holds.

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<sup>65</sup> The figures were published in the EPWP *Five Year Report*. See DPW, 2009b, p.139.

<sup>66</sup> The latter figure is not given in Table 4, it is taken from the spreadsheet used to generate the results.

<sup>67</sup> See Treasury (2010a, p.127). On the same page, reference is made to R52 billion set aside for Phase 2 of the EPWP. This must be an error – it should surely be R5.2 billion?

**Table 5 The impact of the EPWP Phase 2 on unemployment rates and levels**

Treasury Scenario A	EPWP FTEs	Revised employment (1000s)	Revised unemployment (1000s)	Revised Rate (%)	Change in unemployment (1000s)
2009/2010	210	12 974	4165	24.3	0
2010/2011	260	13 455	3911	22.5	-254
2011/2012	360	13 779	3760	21.4	-405
2012/2013	500	14 147	3568	20.1	-597
2013/2014	680	14 559	3333	18.6	-832
Rest of 2014	600	14 715	3356	18.6	-809

Treasury Scenario D	EPWP FTEs	Revised employment (1000s)	Revised unemployment (1000s)	Revised Rate (%)	Change in unemployment (1000s)
2009/2010	210	12 974	4165	24.3	0
2010/2011	260	13 474	3891	22.4	-274
2011/2012	360	13 818	3721	21.2	-444
2012/2013	500	14 207	3507	19.8	-658
2013/2014	680	14 641	3251	18.2	-914
Rest of 2014	600	14 819	3251	18.0	-914

### How much can EPWP Phase 2 reduce unemployment person/days?

Estimates of the potential contribution of the EPWP to the unemployment ‘halving’ goal have been considered above. Despite the narrowness of the Treasury scenarios, they will still be used as the basis of an attempt to translate the estimates of potential impacts of Phase 2 of the EPWP on the severity of unemployment, as measured by proportional reductions of the anticipated total numbers of days of unemployment experienced by the workforce as a whole.

One of the problems faced by would-be analysts of the EPWP is that of attempting to discover, from the publicly available material, what the labour market status was of those who are fortunate enough to obtain a work opportunity.<sup>68</sup> In the absence of such knowledge, the conservative (if dubious) assumption to use is that the opportunities are collared by the officially unemployed (this will have the maximum impact on the unemployment rate). It is trivially obvious that the EPWP reduces the number of unemployed by reducing the number of days they spend being idle during the year. Expressing the total number of EPWP work days as a percentage of the total number of days of ‘official’ unemployment experienced by the workforce as a whole, gives us the figures reproduced in Columns 2 and 3 of Table 6 below.

<sup>68</sup> This could not be determined from LFS and GHS questions reviewed above – what one needs to see is the longitudinal surveys.

Because these figures ignore the distribution of work opportunities among the unemployed, they tell us little about the welfare effects of the Phase 2 programme. A more nuanced understanding of these effects can be gained by looking at the sectors into which prospective workers will be drafted. In the 2010 national expenditure estimates the EPWP is supposed to create the following ‘jobs’ by March 2014:

- 2 374 000 work opportunities (904 000 FTEs) in the infrastructure sector
- 1 156 000 work opportunities (326 000 FTEs) in the environment sector
- 750 000 work opportunities (513 000 FTEs) in the social sector
- 640 000 work opportunities (278 000 FTEs) in the non-state sector (National Treasury, 2010c, p.96.)<sup>69</sup>

Simply dividing the number of FTEs by the number of ‘work opportunities’ shows that durations of ‘jobs’ in these sectors will be very short, providing neither income security for any great length of time, nor much opportunity for training, even of the most rudimentary kind. As a matter of interest, mean durations of the work opportunities in the four sectors are 90; 51; 157 and 100 days respectively. This yields an overall (weighted) mean of about 92 days.<sup>70</sup> Measured purely in terms of projected duration of employment, the place to be, if one can get there, is the social sector. On the face of it, the least desirable area is the environment sector, despite the social value of such projects as Working for Water. The figures in Columns 5 and 6 tell us how much of the reduction in unemployment will be due to the contribution of the infrastructure and environment sectors, the sectors in which work opportunity duration is (nominally) shortest.

In year 1, the percentage reduction in employment days is small but not insignificant. By year 5, although fairly substantial, the EPWP does not even reduce the time that the officially unemployed spend out of work by one fifth. As one would expect, the Infrastructure and Environmental sectors are responsible for most of the slight improvement observed.

So much for the bald numbers – the socio-economic effect is more difficult to decode. Let us approach the problem by spelling out two extreme scenarios. In the first of these, we assume that each participant is only allowed one work opportunity, and that they are not offered another work opportunity until all other unemployed who wish to take up the EPWP opportunity have enjoyed at least one work opportunity. In all, somewhere between 4.6 and 4.9 million people would be processed through the system in five years, enjoying on average some 92-95 days of work. If we treat as eligible only those who are classified as officially unemployed, then somewhere after year 3 has commenced, depending on how fast the economy has grown, some of the unemployed will become eligible for a second spell of work. If we include the discouraged unemployed, by the end of the five-year period there would still be some among them who had not enjoyed a spell of EPWP work. Under these assumptions, with the possible

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<sup>69</sup> The same figures (referred to above in connection with Table 3) appear in the expenditure booklet (National Treasury, 2010b, p.12)

<sup>70</sup> Despite a commitment to making EPWP ‘jobs’ more worthwhile, it appears that like the Phase 1 ‘jobs’, Treasury acknowledges that mean duration of employment for Phase 2 will not be much more than 100 days (National Treasury, 2010a, p.51). Clearly, this is because more than three quarters of the 4.5 million work opportunities to be provided will be in the Infrastructure and Environment sectors.

exception of Social sector participants, training makes little sense, and the wage can be fixed at some minimum. Not much attention needs to be given to benefits.

**Table 6 The impact of the EPWP Phase 2 on unemployment days**

	No of officially unem- ployed (1000s) if no EPWP jobs Column 1	No of days unem- ployment (millions) if no EPWP jobs Column 2	Total No of EPWP work days (millions) Column 3	% reduction in unem- ployment days Column 4	No of Infr- structure and Environ- ment work days (millions) Column 5	% reduction in unem- ployment days Column 6
Scenario A assumptions						
Year 1 – 2009/10	4165	958	48	5.0	30	3.1
Year 2 – 2010/11	4184	962	60	6.2	37	3.8
Year 3 – 2011/12	4147	954	83	8.7	51	5.3
Year 4 – 2012/13	4108	945	115	12.2	71	7.5
Year 5 – 2013/14	4067	935	156	16.7	96	10.3
Rest of 2014	4025	926	138	14.9	85	9.2
Scenario D assumptions						
Year 1 – 2009/10	4165	958	48	5.0	30	3.1
Year 2 – 2010/11	4151	955	60	6.3	37	3.9
Year 3 – 2011/12	4081	939	83	8.8	51	5.4
Year 4 – 2012/13	4007	922	115	12.5	71	7.7
Year 5 – 2013/14	3931	904	156	17.3	96	10.7
Rest of 2014	3851	886	138	15.6	85	9.6

That is the one extreme – the other is that once into the system, those filling the EPWP slots are re-appointed as each work opportunity is completed. This is tantamount to EPWP participants becoming permanent quasi-government employees. If this were to happen, although it would not affect the figures in Tables 5 and 6, the socio-economic effect on the unemployed would be very different from that in the previous scenario. Instead of, say, a few million unemployed experiencing almost a year's work at least once during the five-year period, at the start of the period, 210 000 people would enter full-time employment. They would remain in those jobs, being joined by new recruits each year, until the number grew to 680 000 people at the end of the five-year period. Under such conditions, training becomes a viable proposition. In addition, wage levels and associated benefits would have to receive more careful attention.

Rather obviously, neither of these extremes represents a likely outcome of Phase 2 of the EPWP – that is likely to lie somewhere between them. Although it is not possible to say what that is likely to be, the compilers of the business plan should at least, present their speculations as to what the likely outcomes could be. In practical terms, it is of vital importance to the design of the training programme, the single most important failure of Phase 1. In welfare terms, it forms a basis for judging the efficacy of the programme.

Despite its importance, little is known about government's intentions as far as the duration of EPWP work opportunities is concerned. Let us spend a few moments looking at areas where clarification of policy intent would assist in understanding the socio-economic (as opposed to statistical) impact of the EPWP.

Potentially, the EPWP may contribute to a reduction in unemployment by three means. The first of these is the work opportunities provided directly by the programme. Although the mean duration of EPWP jobs is (to be) about 90-100 days, it could well be much longer – the “Code of Good Practice for employment and conditions of work for Special Public Works Programmes” (DoL, 2002) stipulates in Section 7.3:

“No person may be employed for more than 24-months within a 5-year cycle, except in circumstances where no other local labour is available.”

It does not say, however, that the 24 months cannot be continuous (i.e., must be punctuated by ‘rest’ periods). A clear statement of government's position on this question is necessary.

The second contribution to reducing unemployment happens when some of the EPWP participants succeed in obtaining employment elsewhere (or in starting their own businesses) after going through the EPWP programme. In the founding document referred to above, the EPWP revealed as an objective, the goal of increasing:

“... the potential for at least 14% of public works participants to earn future income by providing work experience, training and information related to local work opportunities, further education and training and SMME development” (DPW, 2005a, p.11)

Information from the monitoring and evaluation programme on the progress of the EPWP towards the achievement of this target (in propaganda terms, one of its most important), is urgently required – it should be placed before the public without delay.

The last arises because the EPWP also creates some jobs that may be regarded as permanent.<sup>71</sup> In Home and Community Based Care (HCBC), for example:

“... job opportunities will be provided for relatively long periods, ranging from 12 to 24 months. Hence a high number of person years (170,000) will be created from the 120,000 work opportunities.” (DPW, 2005a, p.17)

Here again, the results of the monitoring and evaluation programme need urgently to be placed before the public. In a country that is desperately short of community service workers, programmes of this sort are of self-evident importance. More than just numbers, however, need to be provided. If it is regarded as essential to monitor the quality of assets created under the infrastructure sector programme, how much more so is it necessary to know about quality, when it is a service that is being provided to those who are incapable of fending for themselves.

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<sup>71</sup> The 41 000 learnerships (37 000 in the social sector) proposed for Phase 1 of the EPWP (McCord, 2009, p.175) would also resemble permanent jobs.

Boasts about the numbers of work opportunities created by the EPWP may sound impressive. Until the information necessary to make a proper assessment of the socio-economic effects of the EPWP is made available, doubts will continue to be expressed about the ability of the programme to meet whatever its goals are.

## **Conclusion and Recommendations**

Criticisms of aspects of the EPWP do not imply that public works programmes (PWPs) *per se* are without merit. Well-designed and implemented, they can contribute handsomely to the goal of providing universal social protection. The corollary, of course, is that poorly-designed and implemented, they can have the opposite effect. It must also be acknowledged that it is much easier to be a critic than it is to be a designer and implementer. That said, it must also be acknowledged that pinning too much hope on the contribution that the EPWP can make to addressing South Africa's unemployment problem, as is sometimes done, can lead only to confusion.

Clear statements expressing government's belief (faith?) that unemployment will be halved by 2014 are common – they have been trotted out over the years by several high-ranking politicians and party members. By contrast, statements that the EPWP is there only to hold the fort until economic growth takes over and solves the unemployment problem, are not all that common. One example (doubtless there are others) may be found on the EPWP website, where, under the heading "Introduction", one finds the following:

"The EPWP is one of an array of government strategies aimed at addressing unemployment. The fundamental strategies are to increase economic growth so that the number of net new jobs being created starts to exceed the number of new entrants into the labour market, and to improve the education system such that the workforce is able to take up the largely skilled work opportunities which economic growth will generate. In the meantime, there is a need to put in place short to medium-term strategies. The EPWP forms one of government's short to medium-term strategies."<sup>72</sup>

As noted in the first section of the paper, EPWP management has been quite explicit about the capacity of the programme to address South Africa's unemployment problem. The following statement cannot be misunderstood:

"The EPWP will not solve the structural unemployment problem. It is merely one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment."

By the time 2014 comes around, the EPWP will be celebrating its tenth birthday. Although short-, medium-, and long-term are not periods with precise boundaries, a decade must surely qualify at least as medium-term? (short-term = 2-3 years?). If the speculations above about the likely size of the unemployment problem in 2014 are roughly correct, and if government

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<sup>72</sup> Downloaded from <http://www.epwp.gov.za/index.asp?c=About#Introduction>, 18<sup>th</sup> April 2009.



perceptions do not change, the EPWP would be required for at least another decade, because in addition to the three million or so officially unemployed, there will also be some large number of discouraged workseekers to accommodate. By no reasonable standard can a policy that is likely to stretch out for twenty years or more be described as ‘short- to medium-term’ – to do so would be to engage in self-delusion of a high order.

Sooner or later, government is going to have to admit that jobs for some large number of people who lack even the most rudimentary skills are not about to be created by economic growth. If government continues to insist that social protection for the able-bodied poor is going to be through provision of ‘job opportunities’ in ‘public work’, then some sort of employment guarantee scheme (EGS) is probably going to be necessary. The EPWP already has some of the features of such schemes – and government is known to be flirting with the EGS idea (a couple of pilot schemes are underway). My first reading of the reference in the AsgiSA annual report cited above about a “new modality for delivery ... the Community Work Programme...” (CWP) was that it possibly heralded a ridding of the elements that prevent the EPWP from being turned into an EGS.<sup>73</sup> The CWP is an ambitious project, which, if successful, could see some substantial number of the unemployed absorbed into, if not full-time employment, then at least regular paid work. Some idea of the numbers being spoken about is given in Meth (2009b). There is a danger of CWPs being seen as another panacea – to avert this it is desirable for government to engage in open dialogue with civil society about social protection. That, unfortunately, is unlikely to occur while government clings so desperately to its prejudices about social grants for the able-bodied poor.

From the foregoing analysis, a number of imperatives emerge – they are listed below:

- EPWP management should make public the full report of the results of its attempts to monitor and evaluate Phase 1 of the EPWP. This should include a description of the M&E programme, and the ways in which this differs, if any, from that proposed in DPW (2005a) and that described in the *Five Year Report* (DPW, 2009b). It should also include publication of an un-edited version of the mid-term programme review, which reportedly recommended the severing of the ‘employment opportunity’ and ‘training’ aspirations of the programme.<sup>74</sup>
- An interim poverty impact analysis of the EPWP should be undertaken as recommended in DPW (2005a, pp.31ff) – it was suggested that this be done in years 3 and 5 of the programme. It would have been useful if the outcome had been compared with the effects of introducing social grants for unemployed adults.
- EPWP management should produce reliable data on durations of employment spells of those who participate in the EPWP. Data on the numbers who enjoy more than a single ‘work opportunity’ should be made available, preferably by area and sector of employment.

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<sup>73</sup> Employment guarantee schemes, of course, are not without problems of their own – but that is another matter altogether, and not one that will be considered here. A World Bank paper by Murgai and Ravallion (2005) suggests that the poverty reduction aims of the job guarantee schemes for India’s rural poor could possibly be more effectively achieved by means of social grants.

<sup>74</sup> An unpublished report by McCord (2007b) formed part of this review.

- An analysis of all the data generated by the LFSs (both cross-sectional and longitudinal) should be undertaken. One point of this exercise should be to determine which questions in the LFSs were rubbish. Another may be to see whether the LFS suggests that EPWP M&E data are rubbish.
- A formal statement from Statistics South Africa on the reasons for shifting the EPWP survey questions from the LFS to the GHS at the time the QLFS was introduced, is required. Some comment on the implications for analyses would be of assistance in helping to decide whether there is any point at all in collecting the information. This question arises because the periods between surveys are so different (LFS: 6 months, QLFS: 3 months, GHS: 12 months)
- The Department of Public Works should have placed before the public a draft of the EPWP Phase 2 strategy, so that comment could be offered. If the figures being bandied about are to be believed, the programme is truly massive – a government truly committed to democracy would have encouraged participation in the design of Phase 2 from an early stage.<sup>75</sup>
- An explanation of how the manifest weaknesses in Phase 1 of the programme, especially those relating to training and employment duration, were to be addressed, should be provided. The question of whether or not it is sensible even to attempt to link training with short-term employment creation needs to be thoroughly aired.<sup>76</sup>
- Government should make known the basis of its conviction that the unemployment halving target can be met. Any models used in arriving at this conclusion should be submitted to full scrutiny.
- Given that the combination of EPWP ‘work opportunities’ and jobs created through economic growth cannot solve the unemployment problem in the medium-term (a decade or more?), government should be required to spell out how it proposes to deal with the poverty of the millions of able-bodied adults who are without income.

Until such time as government places before the public much more information than is presently available, the statements it chooses to make about addressing the problem of mass unemployment, whether by way of economic growth, or of the contribution of the EPWP to the goal of reducing unemployment, should be treated with the utmost circumspection. EPWP management, without apparent irony, and after stressing repeatedly that the EPWP cannot solve the problem of structural unemployment, has taken to describing to itself as the ‘employer of last resort’. The claim is hollow – if it were genuine, i.e., if anyone wanting paid employment were able to obtain it by appealing to the EPWP, South Africa would then have a fully-fledged employment guarantee scheme (EGS). It manifestly does not. The creation of low-paid, government-funded employment may not be the solution to the structural unemployment problem, but it would go some way towards creating income security for those millions who currently do not enjoy this luxury.

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<sup>75</sup> The EPWP website, although filled with interesting documents, gave very little information on Phase 2, at the time this section of the paper was first drafted (July 2009). In any case, the website is not readily accessible to all members of the public.

<sup>76</sup> A starting point for addressing this question may be found in McCord (2009, Chapter 7).

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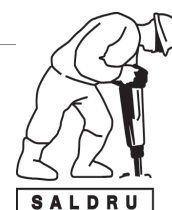


# southern africa labour and development research unit

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The Southern Africa Labour and Development Research Unit (SALDRU) conducts research directed at improving the well-being of South Africa's poor. It was established in 1975. Over the next two decades the unit's research played a central role in documenting the human costs of apartheid. Key projects from this period included the Farm Labour Conference (1976), the Economics of Health Care Conference (1978), and the Second Carnegie Enquiry into Poverty and Development in South Africa (1983-86). At the urging of the African National Congress, from 1992-1994 SALDRU and the World Bank coordinated the Project for Statistics on Living Standards and Development (PSLSD). This project provide baseline data for the implementation of post-apartheid socio-economic policies through South Africa's first non-racial national sample survey.

In the post-apartheid period, SALDRU has continued to gather data and conduct research directed at informing and assessing anti-poverty policy. In line with its historical contribution, SALDRU's researchers continue to conduct research detailing changing patterns of well-being in South Africa and assessing the impact of government policy on the poor. Current research work falls into the following research themes: post-apartheid poverty; employment and migration dynamics; family support structures in an era of rapid social change; public works and public infrastructure programmes, financial strategies of the poor; common property resources and the poor. Key survey projects include the Langeberg Integrated Family Survey (1999), the Khayelitsha/Mitchell's Plain Survey (2000), the ongoing Cape Area Panel Study (2001-) and the Financial Diaries Project.



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