



## BALANCING SERVICE DELIVERY THROUGH THE EPWP

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### ABSTRACT

There is significant potential for a balanced approach in service delivery through the EPWP, realizing both assets and social deliverables such as job creation. Municipalities are expected to contribute more than half of the EPWP Phase 3 (2014/15 to 2018/19) infrastructure work opportunity targets. Whereas almost all municipalities are reporting on the EPWP, most are not implementing it to their full potential. Inadequate technical capacity is often cited as the main constraint. To mitigate this challenge, most municipalities rely on consultants to boost their capacity to design and supervise labour intensive projects. However, the overall performance of municipalities remains below their full potential. What needs to happen to achieve the desired outcomes?

This paper elaborates on the role of municipalities in the implementation of the EPWP, the job creation potential, challenges they face and highlights key changes to note in EPWP Phase 3. Successful delivery models are outlined together with important considerations for ensuring balanced service delivery. The paper also offers recommendations to leverage the relationship between municipalities and consultants in order to exploit their full potential and achieve better outcomes.

### INTRODUCTION

The Expanded Public Works Programme (EPWP) was introduced in 2004 to contribute towards addressing persistent high levels of unemployment and contribute to poverty reduction. The Programme operates in four sectors; Infrastructure, Environment and Culture, Social and Non State sectors. National ministries, provincial departments and local authorities are expected to prioritise the programme in their day to day initiatives leveraging regular budget and incentive grants.

On 1 April 2014, the EPWP transitioned to its third 5-year phase with a revised objective; "To provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing to development." During this phase the EPWP has a target of creating 6 million work opportunities or 2.5 million Full Time Equivalent (person years).

Whilst the municipalities' primary mandate is service delivery and provision of productive assets, they have a secondary mandate to contribute to local and nation socio-economic objectives such as implementing the EPWP. There is significant potential for a balanced approach in service delivery through the EPWP, realizing both assets and social deliverables such as job creation.

### THE JOB CREATION POTENTIAL

Owing to their mandate, Municipalities are significant hubs for development within the communities, thus requiring service delivery through roads, public facilities such as schools,

Sector	Target	2004/05	2005/06	Ta 2006/07	2007/08	2008/09
Infrastructure	750 000	158 277	103 343	136 035	236 951	377 356
Environment and culture	200 000	58 796	78 855	117 502	115 686	96 882
Social	150 000	1 650	17 858	34 332	61 018	59 508
Economic	12 000	4 687	1 833	3 231	3 697	6 930
Annual total	1 112 000	223 410	201 889	291 100	417 352	540 676
<b>Cumulative total</b>		<b>224 410</b>	<b>425 299</b>	<b>716 399</b>	<b>1 133 749</b>	<b>1 674 425</b>

TABLE 1 EPWP – Performance by Municipalities – Phase 1

hospitals and infrastructure such as water reticulation schemes, electrical reticulation, waste water infrastructure, land fills and other community facilities that serve the community and also stimulate development. These infrastructure projects which require both construction and maintenance and hence Municipalities are expected to contribute more than half of the EPWP Phase 3 (2014/15 to 2018/19) infrastructure work opportunity targets. There is also an avenue for convergence as most of the projects could be intergrated to provide for synergy of resources thus achieving sustainability.

### OVERVIEW OF EPWP PERFORMANCE BY MUNICIPALITIES

Performance of Municipalities to date in Phase 1 and Phase 2 in terms of budget/expenditure, work opportunities, FTEs, is shown in Table 1 and Table 2 below:

Whereas almost all municipalities are reporting on the EPWP, most are not implementing it to their full potential. Inadequate technical capacity is often cited as the main constraint. To mitigate this challenge, most municipalities rely on consultants to boost their capacity to design and supervise labour intensive projects. However, the overall performance of municipalities remains below their full potential. What needs to happen to achieve the desired outcomes? The performance above is indicative that there has been varied performance resulting in both achievements in some municipalities and also non-realization of targets resulting in 82.75% achievement in work opportunities and 56.8% achievement in Full Time Equivalents (FTEs). Recognition is to be made of the various success factors that have contributed to achievement and even surpassing performance. These include political will and buy-in, communication and social facilitation, proper identification and design, establishment of structures and guidelines, target setting, effective capacity and capacity building interventions, feedback and responsive action, partnership and stakeholder involvement and timely reporting.

### EPWP PHASE 3

In November 2013 Cabinet approved the establishment of the Presidential Public Employment Coordinating Commission (PPECC) to coordinate and report on public employment programmes with EPWP branch as Secretariat.

TABLE 2 EPWP – Performance by Municipalities – Phase 2

Sector	Targeted Work Opp	Work Opp (1 Apr'09 - 31 Mar '14)	% Progress (Work opp)	Targeted FTE	FTE (1 Apr '09 – 31 Mar '14)	% Progress (FTE)
Infrastructure	2 374 000	1 647 379	69.39	903 478	469 206	51.93
Environment	1 156 000	817 588	70.73	325 652	235 388	72.28
Social	750 000	866 246	115.50	513 043	314 944	61.39
Non-State: Non-Profit Organisations	256 000	180 154	70.37	111 304	49 454	44.43
Non-State: Community Works	384 000	559 925	145.81	166 957	78 708	47.14
<b>Total</b>	<b>4 920 000</b>	<b>4 071 292</b>	<b>82.75</b>	<b>2 020 435</b>	<b>1 147 699</b>	<b>56.80</b>



One of the key changes in EPWP Phase 3 is the introduction of core universal principles:

- adherence to the EPWP Minimum wage and employment conditions under the Ministerial Determination
- selection of workers based on a clearly defined process and defined criteria
- work provides or enhances public goods and community services
- minimum labour intensity appropriate to sector.

There will also be increased community participation for more visibility and ownership of the EPWP in poor communities. The scope of infrastructure maintenance will be enhanced in order to create longer term work opportunities whilst preserving assets. Furthermore, more emphasis will be placed on monitoring of assets created and their impact on communities thus generating sustainable livelihoods.

The Ministerial Determination by the Department of Labour (DOL) and the Code of Good Practice for EPWP will continue to provide guidance on labour-related matters.

### PROBLEM ANALYSIS AND DISCUSSION

While appreciating the progress achieved by municipalities in implementing the EPWP several challenges remain. These are discussed below for the various stages of the project cycle, together with possible remedial measures.

#### Identification

Most municipalities do not have a deliberate strategy to identify projects that are truly amenable to the use of labour intensive methods. It is common to hear project managers state that all their projects are EPWP or for the projects to be declared as EPWP at the reporting or implementation stage. The impact of this is that most projects are implemented conventionally, undermining the realisation of socio economic objectives. It is recommended that municipalities identify labour intensive projects in line with the EPWP guidelines.

#### Planning

Most municipalities have developed and signed an EPWP policy. However, full implementation of these policies remains a challenge. The implementation of the EPWP Infrastructure Projects is guided by the EPWP Infrastructure Guideline, which provides guidance on the roles of the implementation bodies, the Contract Documentation for Consulting Engineers and Contractors for Labour Intensive Construction Projects, Design Pre-requisites, Required Skills Programmes for Clients, Consultants, Contractors, Programme Indicators and Additional Sources for Information.

The majority of municipalities do not have a balanced portfolio of projects throughout the year. Often during the first quarter projects are designed, service providers procured in the second quarter, project implementation commences in the third quarter and peaks in the fourth quarter. This boom bust cycle repeats annually. The impact of this is failure to achieve employment targets, low productivity and under-expenditure. Some public bodies opt for machines in order to spend within a short time. This is tantamount to fiscal dumping and should not happen. There is mixed perceptions regarding whether poor planning or supply chain management and procurement prescripts prevent planning to ensure at any one time there are projects at various stages of the project cycle. A steady stream of projects would also ensure workers are able to find employment when one project finishes.

Some project managers and their supervisors perceive the EPWP as an add-on to their normal duties. This tends to culminate in less than ideal effort being deployed to EPWP initiatives. It is important for EPWP champions to emphasise that EPWP is an integral part of normal duties of officials in Public Bodies that are financed by government resources.

A master stroke is to incorporate EPWP targets into the performance agreements of senior managers, from technical officials to those in supply chain management and legal departments. As the saying goes, "what gets measured gets done".

#### Design

The most sensitive stage of a labour intensive project is the design stage, regardless of whether the design is done in-house or outsourced. The conventional design approach assumes work will be done using machine based methods. It is therefore, imperative that design specifications and particular conditions of contract are specifically aligned with labour intensive approaches, if projects are to be implemented and reported under the EPWP.

Some Municipalities have hired consultants to enhance their delivery capacity. In such cases the contract agreement between the municipality and the consultants tends to be weak in terms of expected outputs related to the EPWP. It often becomes difficult for the municipality to enforce compliance with EPWP requirements if the agreement with service providers is not explicit about how deliverables would be measured. Municipalities are urged to sign agreements with consultants that go beyond just stating that "the consultant must comply with EPWP requirements."

As contractors grow they tend to acquire more capital intensive equipment. In some cases a single big contract is issued to a highly mechanised contractor whereas if it had been packaged as smaller contracts relatively less capital intensive smaller contractors could be used. If the objective is to create employment there is a need to have a deliberate policy on how contracts are packaged. However, there should be a reasonable balance in the distribution of work amongst contractors in various registration categories.

The scope of the project is generally known at the design stage. It is therefore important for municipalities to insist that each design should have indicative projections of employment that the project is envisaged to create and associated project duration. Packaging of Contracts to allow for ease of implementation is also encouraged in the EPWP Large Projects which are infrastructure projects with a value of more than R30 million (including VAT) that involves the use of labour-intensive methods on a significant scope of work to maximise the creation of work opportunities. Large Projects should also be designed and packaged to promote participation of small to medium term contractors.

By the time the procurement phase happens consultations with the community should have happened regarding the target number of people to be employed and the daily wage to be paid should be agreed so that bidders use a common figure. It is important to harmonise wages for similar work in a locality in order to avoid social unrest. EPWP workers should be paid a wage that is not less than the minimum wage and not too high (compared to wages for similar work in the project locality) to attract people who are in formal employment or engaged in other sustainable income earning initiatives.

#### Implementation

Designing a project using conventional methods and then trying to convert it to an EPWP project during implementation is like a baker who decides to change from making bread to producing a cake when the dough is already hot in the oven. Sadly, there are some municipalities that label a project as EPWP during the implementation stage, thereby compromising potential to create more employment.

In construction the two most common basis for remuneration of unskilled workers is a time-based system and a task system. With the time based system workers are paid based on hours spent at work, with minimal emphasis on what they produced. With the task system workers are paid a fixed daily wage for reasonable work of agreed quantity and



quality that the slowest worker can finish within normal working hours. Faster workers may be able to finish within 75% of the normal working hours and are released to go home or attend to other matters of their choice. Work studies have shown that task-based (or productivity based) workers are generally twice as productive as time-based workers, who tend to work at the pace of the slowest member of the group.

Most municipalities are using the time based remuneration method. This means they could almost double their productivity without additional funding if they used the productivity based remuneration system. Those wishing to switch from the time based to the task based system are cautioned to apply it after consultation as workers who are used to being paid regardless of what they produce may resist the change. International experience has shown that where the task system has been adopted workers have refused to revert to the time based system, provided the task is fair.

One of the EPWP universal principles calls for "Selection of workers based on a clearly defined process and defined criteria." This implies that there should be no discrimination based on attributes such as political or religious affiliation. The EPWP offers guidelines on social facilitation to ensure fair and transparent processes are followed.

Training is regarded as an important component of the EPWP. Each project should have a clear training programme for its workers to improve their work performance. Training will focus on needs and will be implemented based on programme needs.

The contractor shall provide all the necessary on-the-job training to targeted labour to enable such labour to master the basic work techniques required to undertake the work in accordance with the requirements of the contract in a manner that does not compromise worker health and safety. Pre project implementation training may be necessary if a skills audit reveals the project target area does not have people with required basic skills.

**Maintenance**

Some municipalities are investing a disproportionate amount on construction compared to needful maintenance. This could culminate in early rehabilitation at a cost higher than that of early maintenance. Maintenance provides longer term employment than construction.

The "Study on Enhancing Labour Intensity in the Expanded Public Works Programme (EPWP) Road Infrastructure projects" (ILO, 2012) showed that maintenance generally yields higher employment than construction. For example 73% of all employment created under the road works component was created on road maintenance. The same study showed that Eastern Cape and KwaZulu Natal (KZN) Provinces provided the highest employment figures – mainly due to their high labour intensity Household Contractor and Zibambele programmes.

**Monitoring and Evaluation**

The top challenges facing the EPWP include non-reporting and under-reporting (e.g. doing work but not reporting it) by public bodies, reporting of data of inadequate integrity (e.g. inaccurate ID numbers). This creates a problem when the Auditor General suspects fraud when it's just a case of poor reporting.

Furthermore, non-reporting means some public bodies will be considered to have failed to meet their employment targets. This may even lead to withholding or reallocation of the incentive grant. The EPWP through the Municipal Policies provides for various support structures including District Forums, Steering Committees, Community Liaison Officers, Champions and Reporting Mechanisms that facilitate effective delivery of the EPWP. In EPWP Phase 3 it is mandatory for Public Bodies to report on services rendered and assets created and subsequent impact of the same on the beneficiary communities. If the data integrity is questionable it would not be possible to assess true impact.

**Training and Support**

Limited knowledge and orientation on labour intensive and employment creation methods among the technical practitioners impacts on its implementation and has also contributed to the impasse. In recognition of this, the EPWP in collaboration with LG SETA have conducted training at NQF Level 5 for more than 723 Local Government Technical Practitioners. In addition, there have been interventions at providing Labour Intensive Orientation Sessions to various municipalities based on demand, in which 438 Officials have been trained, where EPWP facilitates the training resources and the municipality provides for logistics.

As a support mechanism, the EPWP has been availing resources including Technical Consultants in the provinces, ILO Technical Support and Guidelines and Technical Briefs and dedicated Deputy Directors for Technical Support. These resources can help facilitate the various processes in the project cycle.

Success factors that have contributed to Municipalities exemplary performance are highlighted in Table 3 below

**TABLE 3** Case Study on Success Factors

<b>RICHMOND MUNICIPALITY</b> <i>Utilizing labour intensive activities in all municipal and grant funded projects and programmes</i>	<b>CITY OF CAPE TOWN</b> Programme: Mayor's Special Job Creation Programme <i>Implementing Environment &amp; Culture, Infrastructure, Social Sector Programmes</i>
<b>Success Factors:</b> <ul style="list-style-type: none"> <li>• EPWP Champions</li> <li>• Targets included in Programme Plans</li> <li>• Targets included in Performance Contracts and Work Plans of Employees</li> <li>• Timely Reporting</li> <li>• Management Committee responsible for overall co-ordination with Quarterly Reports to Council</li> <li>• Capacity Building within various stakeholders to ensure common understanding and reaching consensus on targets</li> <li>• Involvement of all department and units</li> </ul>	<b>Success Factors:</b> <ul style="list-style-type: none"> <li>• Buy-in from the Top</li> <li>• Structures Established</li> <li>• Targets Set</li> <li>• Responsibility and Accountability</li> <li>• Capacity Building</li> <li>• Innovation</li> <li>• Wide-ranging</li> <li>• Involvement of Stakeholders at various stages</li> <li>• Project Documents require affirmation that they are compliant to EPWP</li> </ul>

**THE NEED FOR A BALANCED APPROACH TO SERVICE DELIVERY**

It is well accepted that Municipalities are a significant hub for transformation of development in the community as they are the ultimate point of contact with the community. In this respect there is need to balance delivery of infrastructure and services with the realization of social needs of the community. There is thus a need of shift of mind 'set', particularly to technical practitioners, whose main consideration are usually quality, cost and time where they need to factor in the other aspects, namely the softer issues including unemployment, poverty alleviation and inequality. With effective implementation of the above mentioned steps in the project cycle, concerns on quality, cost and timely delivery are addressed. There is thus an opportunity to seek a balanced approach that can provide the various aspects in a balanced manner.

An imbalanced approach of either delivery of infrastructure or service without taking into consideration the needs of the surrounding community or providing programmes without a tangible output have led to cases of disgruntlement within the communities, increased poverty, inadequate services and ultimately to service delivery protests and even destroying infrastructure and services. Absence of involvement of communities has led to a lack of ownership and maintenance culture thus leading to deterioration. This includes providing quality infrastructure at a reasonable cost and in a timely manner, while putting into place socio-economic aspects including employment creation, skills development programmes, enterprise development.





Maintenance of Assets is an important aspect in ensuring effective service delivery. The thrust for construction without recourse for maintenance has led to the resultant lowering of condition and value of assets. Programmes could also be structured to include maintenance programmes which provide much more sustainable employment creation.

There have also been challenges where communities fail to identify with the infrastructure and service provided owing to absence of involvement which result in neglect and even sometimes rampage of the facility during service delivery protests. The EPWP is such a programme whose design and involvement allow for the community to participate in the implementation of programmes and have a resultant ownership effect which also results in protection of the asset. There is thus a need to re-think and approach service delivery with a holistic approach considering balancing between the infrastructure or service and the social needs of the people, in this respect employment creation by embracing the EPWP.

### RECOMMENDATIONS

In addition to recommendations already made above, it is recommended that the Public Bodies implement the following measures as shown in Table 4 below.

**TABLE 4** Recommended Interventions

Area	Recommended Intervention
Design	<ul style="list-style-type: none"> <li>• Hire designers competent in labour based methods</li> <li>• Estimation of employment targets to be part of the design process</li> <li>• Align contract documents to EPWP requirements; There do exist different documents for different municipalities, which is an administrative burden in orienting resulting in higher charges by service providers. A common EPWP document adopted by the Municipalities would simplify the process</li> <li>• Package contracts appropriately depending on the size of contractors being targeted and other socio-economic objectives; Consider Large Projects Concept</li> </ul>
Implementation	<ul style="list-style-type: none"> <li>• Conduct social facilitation with relevant stakeholders</li> <li>• Hire supervisors competent in labour based methods</li> <li>• Ensure reporting according to EPWP formats and timeframes</li> <li>• Adhere to the EPWP Ministerial Determination</li> <li>• Leverage the technical support provided by the EPWP Branch</li> <li>• Conduct social facilitation with relevant stakeholders</li> <li>• Hire supervisors competent in labour based methods</li> <li>• Ensure reporting according to EPWP formats and timeframes</li> <li>• Adhere to the EPWP Ministerial Determination</li> <li>• Leverage the technical support provided by the EPWP Branch</li> </ul>
Maintenance	<ul style="list-style-type: none"> <li>• Ensure you use an effective assets management system</li> <li>• Carry out effective asset maintenance whilst creating employment</li> </ul>
Monitoring and Evaluation	<ul style="list-style-type: none"> <li>• Data to be signed off by municipal manager before submission to EPWP</li> <li>• Public Bodies are encouraged to have an EPWP Champion(s) to win the hearts and minds of colleagues</li> <li>• Put in place effective coordination mechanisms e.g. District Forums in some Provinces</li> <li>• Incorporate EPWP in the performance agreements of senior managers</li> <li>• Conduct baseline studies where necessary in order to assess post project implementation impact</li> <li>• Appoint dedicated EPWP Technical/ Co-ordinating Officials</li> </ul>

There is also room for ingenuity, innovation and convergence in developing EPWP programmes for Municipalities that meet the municipalities' objectives which may vary. This is usually recognized through the Incentives and Awards Schemes such as the Kgamoiso Awards, for which exemplary municipalities have been awarded

### CONCLUSION

There are no EPWP "people" in any organisation. Every stakeholder is envisaged to play a part, from technical officials to those in Supply Chain Management and those in Legal Departments to service providers. Each stakeholder can make or break the EPWP by their actions or failure to take action respectively. One individual's decision can make a difference between creating 100 or 1 000 work opportunities. The person you help get employment may just be the person who would otherwise be hijacking you in future if you fail to act today. It is therefore, imperative that all role players understand what their role is and do the needful.

Whilst this paper has focussed on what is not working well and recommendations for improvement, it should be noted that municipalities in general are doing a lot of good work in terms of service delivery, creation of productive assets and contributing to employment creation.

### REFERENCES

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