

## Incentivising Public Sector Performance

*In a nutshell: R19,3m was paid to KwaZulu Natal during the quarter ending June 2009 by the Department of Public Works for the creation of 32 384 work opportunities on the Zibambele roads maintenance project. The payment was based on a formula in terms of which the Department of Public Works subsidises the labour cost on labour intensive projects above a specified employment threshold. By off-setting part of the labour cost in this way, the cost to the province is reduced and the incentive to meet national public works objectives increased. This was the first payment on the government's new R4,5bn scheme to incentivize provinces and municipalities to increase labour intensity to provide income and work for 4.5 million people over the next five years.*

**Relevance:** Under the current economically difficult conditions South Africa's 4.2 million unemployed people who account for 25% of the economically active population are unlikely to find work in the formal economy. The Expanded Public Works Programme (EPWP) is one of the government's medium term responses to this. In 2005 the Business Trust launched a R100m programme to help the Department of Public Works to accelerate the implementation and expand the impact of the programme by providing technical assistance to the Department.

**Detail:** The Expanded Public Works Programme (EPWP) is a nation-wide government led initiative aimed at drawing a significant number of unemployed South Africans into productive work. The objective of the EPWP is to utilize normal public sector budgets to alleviate unemployment by creating temporary productive employment opportunities. The implementation of the EPWP is coordinated by the Department of Public Works (DPW) which has established a dedicated unit (the EPWP Unit) to perform this function.



The first phase of the EPWP aimed to create one million work opportunities between April 2004 and March 2009. This target was achieved one year ahead of schedule. In 2008, the EPWP Unit with the assistance of the Business Trust's Support Programme began the planning and preparation for a second phase of the EPWP. This phase was approved by Cabinet in June 2008 and aims to create the equivalent of two million full time jobs, by providing 4.5 million work opportunities of a one hundred day average duration, between April 2009 and March 2014.

The incentive grant system has been developed to assist public entities to meet this ambitious target. It provides R50 for every person-day of work created and is being phased in over a two year period. During this financial year it will be offered to nine provinces and sixty eight municipalities. To access the incentive eligible public bodies must create work opportunities above a minimum threshold and report the work opportunities that they have created to the EPWP Unit. The incentive is paid out on a quarterly basis. The more employment created, the higher the incentive that is be paid out.

The 32 384 work opportunities produced in KZN exceeded their minimum threshold of 25 912. The main project implemented by the province to generate these work opportunities was the Zibambele roads maintenance project. As a result they were rewarded with the first payment from the EPWP incentive grant amounting to R19.309 million. The funds will be used to increase the activities of the province in other maintenance projects.

The Business Trust's Support Programme has provided extensive strategic and technical support to the EPWP Unit, by helping to develop the proposal for Phase 2 of the EPWP and the funding arrangements for the incentive grant. This included the development of systems and procedures to support implementation

Ignatius Ariyo, Chief Director for the Infrastructure Sector of the EPWP Unit says "It was an exciting moment to make the first incentive payment after the hard work to get the processes in place. We appreciate the role that the Support Programme played in putting the framework in place. It was very satisfying". Glen Xkaba a representative of the KwaZulu Province says "We are excited for the province because it means we are going to be creating more job opportunities for the people in the province."

While the introduction of new systems and the application of increasingly onerous reporting requirements resulted in lower work creation figures in the first quarter of the new system (April to June) than targeted, a significant improvement is expected in the second quarter. Current indications are that four Provincial Departments will receive some R43.6 million (in total) and 44 municipalities will receive R35.5 million.



The Minister of Public Works Mr Geoff Doidge has stated that the department will reach the target of providing 500 000 work opportunities by December 2009 and provide 4,5 million work opportunities to the poor by 2014.

For more information on the Business Trust's Expanded Public Works Support Programme, [click here](#).

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