



**EXPANDED PUBLIC WORKS PROGRAMME  
CONTRIBUTING TO A NATION AT WORK**

# **A Demand Driven approach to the EPWP**

**Discussion document**

**September 2006**

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## 1.0 Introduction

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, in a manner that will enable them to gain skills and increase their capacity to earn income.

The EPWP is **supply driven**, in that the work opportunities for unemployed South Africans are created by Government bodies and State Owned Enterprises who either restructure the projects that they normally undertake, so that they make use of labour intensive methods or implement new labour based projects and programmes. This approach has limitations, in that the extent to which work can be provided is dependent on the availability of suitable projects, the willingness of the implementing Officials to apply labour intensive methods and the time frame in which the project will reach the implementation stage. In addition the approach focuses on supplying as much work as possible, in a manner that is unrelated to the extent or geographic location of demand.

Due to the fact that unemployment, especially among unskilled individuals remains high and is persistent, at a Cabinet Lekgotla held in late 2005 a decision was taken to **increase the scale of the EPWP so as to increase its scope, impact and visibility.**

A South African delegation led by the Deputy Minister of Public Works, Mr N Kganyago undertook an investigative visit to India between the 13 March and 8 April 2006. The delegation reviewed a number of programmes one of which was the **Employment Guarantee Act [EGA] and associated Employment Guarantee Schemes.** This Programme applies a **demand driven approach** to the provision of work for unemployed individuals.

This report provides an overview of the approach applied in India and makes proposals as to how it could be implemented in South Africa in a manner that will result in a **significant expansion to the current EPWP.** This report includes:

- Findings from the visit to India
- A demand driven approach to the EPWP
- Conclusions

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## 2.0 Findings from the visit to India

### 2.1 Background and Context

Like South Africa, India has high levels of poverty especially in rural areas. Of its total population 72% live in rural areas and of these 25% earn incomes that fall below the poverty line. To address this issue the Indian Government passed the **National Rural Employment Guarantee Act (2005) [EGA]**, the aim of which is to generate employment in the most deprived areas of India through productive work.

**The EGA** guarantees 100 days of employment in a financial year, to every rural household, whose adult members volunteer to do unskilled manual work at the minimum wage rate prescribed by the state.

The EGA came into force in February 2006 in 200 districts but will be extended gradually to other areas, with the intention to cover the whole country within five years. The EGA is based on the Maharashtra Employment Guarantee Scheme which is now 30 years old having been initiated by the Maharashtra Government in 1972 to provide employment to agricultural workers as part of a strategy to reduce rural urban migration.

The EGA must be understood within the context of the political environment within which it was established. The programme was formulated as part of an election victory of the Congress party after having lost the elections prior to that. In the elections their main rival, the BJP party, was campaigning under the motto “India is shining”, referring to a period of high growth (higher than 7% p.a.) during their time in government. Despite overseeing this period of growth, the BJP lost the election, due to the fact that the majority of poor were not benefiting from the economic growth that the country was experiencing. As part of the Congress party’s campaign they promised interventions to ensure a more equitable distribution of the benefits of economic growth and this proved to be a successful election strategy.

It is also of interest to note that after the elections, the debates that took place in preparation for the act, centered not so much on whether or not an employment guarantee was justified or acceptable, but rather on the long term financial affordability of the programme and the risk of the funds not actually reaching the intended beneficiaries, but instead fuelling up the government bureaucracy. The structure of the act and its related programmes strongly reflect these concerns as explained in 2.2 below.

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## 2.2 Key elements of the EGA

The EGA went through an extensive consultation process and has resulted in a programme that while ambitious, has been designed so that it can realistically be implemented. Some of the key elements of the programme are highlighted below.

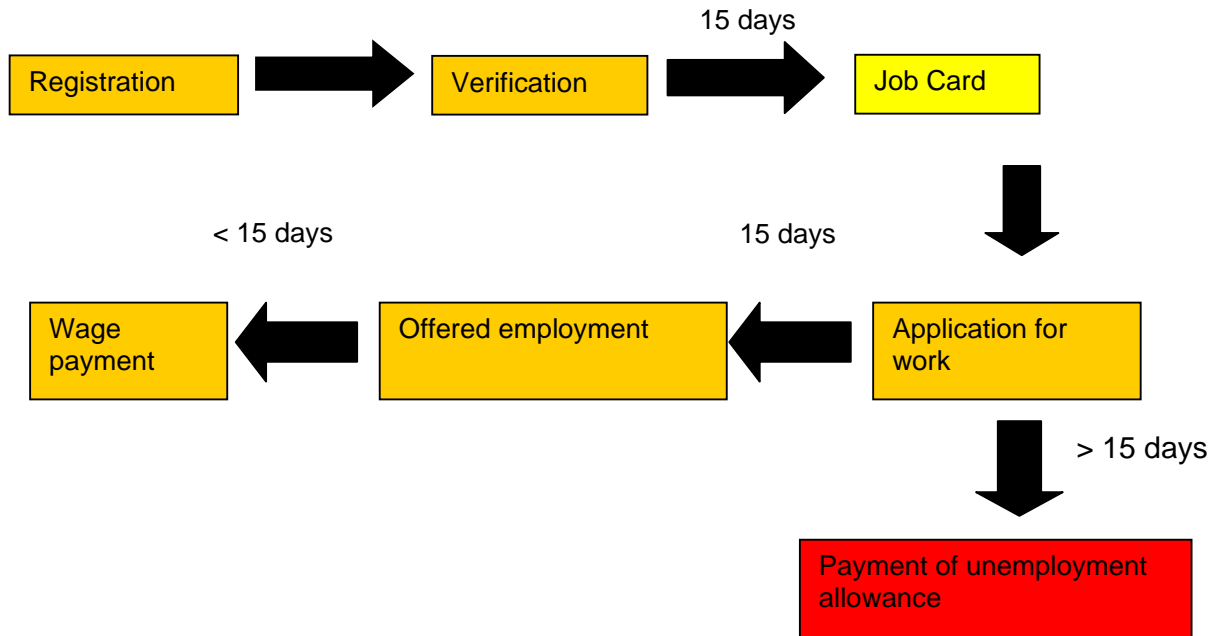
- The **National Ministry of Rural Development** is the coordinating Department for implementing the Act.
- **Central Government** is responsible for funding the largest share of costs, monitoring and evaluating the implementation of the Act. To this end a Central Employment Guarantee Council has been established.
- Each **State** [Provincial Government] must establish a:
  - State Employment Guarantee Council, which is responsible for facilitating implementation of the EGA within the State, including deciding on preferred projects.
  - State Employment Guarantee Fund to provide resources to fund projects under the scheme.
  - Employment Guarantee Commissioner to ensure that the state complies with all requirements of the EGA including addressing issues and grievances raised by the public.

The State is responsible for disseminating communication about the scheme and creating a network of agencies to ensure technical support for the implementing agencies.

- The Scheme is planned and implemented by **Panchayats or local Councils/Authorities** [Local Government]. The Panchayats are responsible for planning projects, registering workers, allocating work and executing projects. Panchayats must implement at least 50% of the projects. Other projects can be implemented by line function departments, other government agents or self help groups. Projects under the scheme do not utilise contractors and the tasks must be labour intensive. Panchayats must appoint dedicated personnel to manage the scheme.
- **Local Communities** through community representative groups play a role in terms of identifying work to be undertaken and monitoring and supervising the work.
- **Planning is an essential component** of the EGA and a range of plans are required at different spheres of Government
- The process applied in respect of the **allocation of work** is as follows:
  - Adult members of rural households register with the local Gram Panchayat, which manages from 1 to 20 villages. More than one member of a household can register. The person registering must be prepared to do unskilled manual work.

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- The Gram Panchayat issues job cards to every registered household. This card contains a photograph and registration number of each household member and is valid for a period of five years.
  - When the registered person wants to work they apply for work with the Gram Panchayat. The Gram Panchayat is required to provide work within 15 days of receipt of the application. If no work can be provided the person is entitled to an unemployment allowance from the Employment Guarantee Fund until such time as work can be provided. The benefit amount escalates over time; thus for the first 30 days the benefit amounts to 25% of the prescribed wage rate and this increases to 50% thereafter. The applicant continues to receive the benefit until the amount paid out equals the amount the applicant would have earned had s/he worked for a full 100 days.
  - Work is selected that will rejuvenate the natural resource base and the livelihood of poor communities and includes activities such as water conservation and harvesting, tree planting, irrigation canals, desilting tanks, land development, flood control, road building etc.
  - The Gram Panchayat then allocates work to the registered person who is not given a choice but must accept the work that is offered. The work must be within 5km of the person's place of residence. If work can only be provided outside of this radius, extra wages [10%] are paid to cover transport and other living expenses.
  - The conditions under which workers are employed and paid are stipulated in the Act, at a minimum wage rate that is prescribed by the State.

A diagrammatic overview of the allocation of work process is shown in Diagram 1 below.

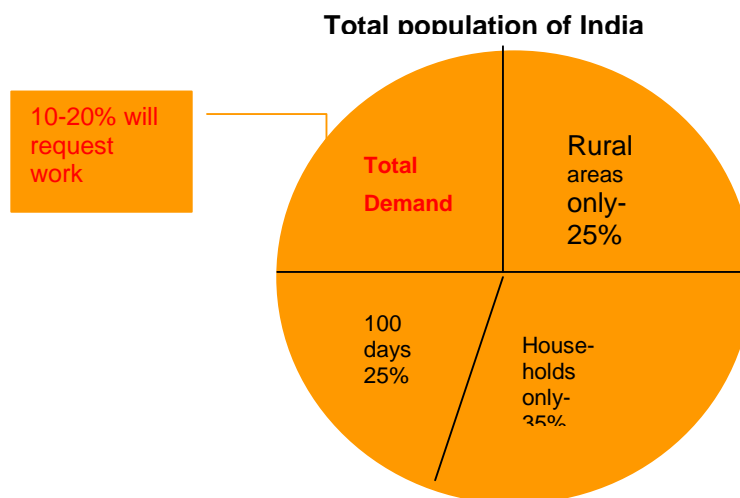


**Diagram 1: Allocation of work process**

- **Funding** for the implementation of the EGA is provided by Central Government, which has established a fund called the National Employment Guarantee Fund. This fund covers the cost of wages [for both skilled and unskilled labour] and 75% of material costs. The State Government is required to fund the cost of unemployment allowances paid out and a quarter of the administrative costs. In this regard the State establishes and implements an Employment Guarantee Fund.
- The **extent of demand** is managed through the application of **targeting measures**. Such measures effectively result in reducing the amount of work to be provided to manageable levels through mechanisms that allow the programme to reach specific target groups. Accordingly :
  - The guarantee is limited to rural areas only, which reduces the scope by 25% to 75% of the Indian population.
  - The guarantee is provided to households rather than individuals. This reduces the scope by a further 35%.
  - The guarantee is provided for 100 days rather than the 230 days provided in respect of the Maharashtra guarantee. This reduces demand by a further 15%.

- The wage rate combined with the nature of the work [hard manual labour] further determines demand in that approximately 10% to 20% of those who registered take up employment<sup>1</sup>.

**Diagram 2: Measures to manage the extent of demand**



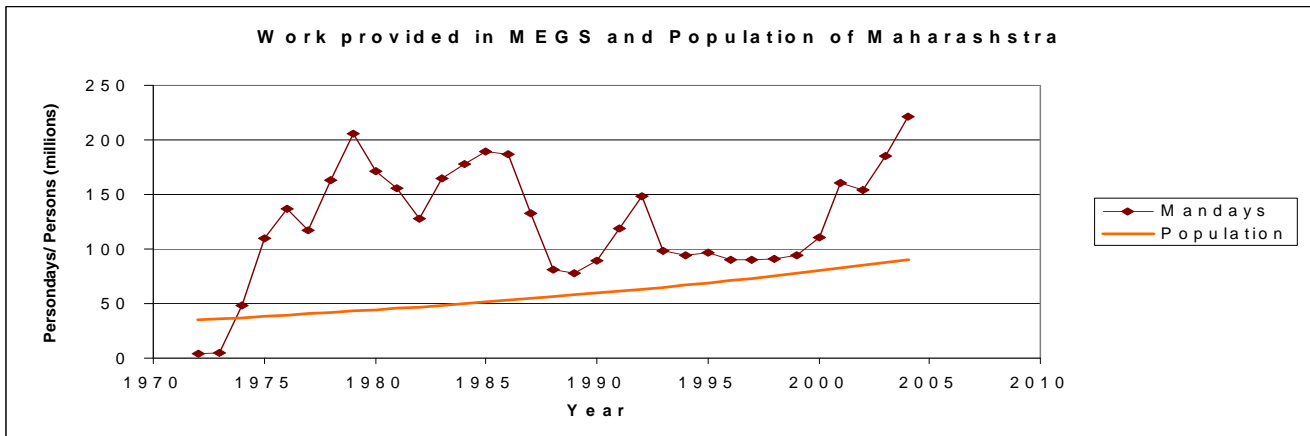
As the scheme only commenced on the 1 February 2006, all figures are essentially still projections. The budget for the EGA for this financial year is expected to be 113 billion Rupees [R17.2 billion] which amounts to 2,1% of the Central Government budget. THE EGA incorporates or replaces other employment and income programmes. During this year the scheme is anticipated to provide approximately 15 million households with 100 days of employment. In March/April 2006, 20 million households had registered for the scheme, 10 million had received job cards, of which 10% had requested work and 5% were working. In future years it is estimated that the budget for the full programme will be between 250 to 450 billion Rupees [R38 to R68 billion]. This will amount to between 0,7% and 1,5% of GDP and between 4,9% and 8,7% of Central Government expenditure [at 2006 levels].

On the basis of the Maharashtra experience it is envisaged that the need for work will be variable over time but will decrease relative to the size of the population over the long term [see Diagrams 3 and 4 below].

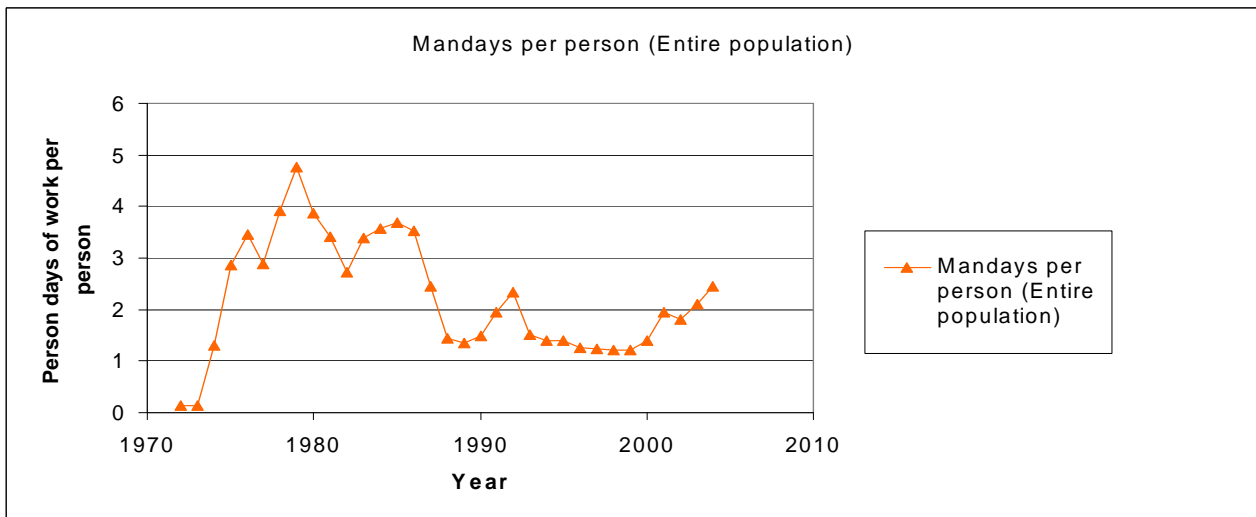
<sup>1</sup> This is based on experience in Maharashtra where 10-20% of eligible people take up employment and the national EGA where 10% of those registered have requested work to date.



**Diagram 3: Work provided in man-days since inception**



**Diagram 4: Work provided in man-days per person**



## 2.3 Lessons for South Africa

The Delegation identified the following **lessons for South Africa** in respect of the EGA:

- The EGA represents a paradigm shift from other Public Works programmes in that it is a legal guarantee to employment. It is a **bold and strong political commitment made to address rural poverty** in India within the context of an election victory by the Congress party. The rationale behind the scheme was that if the benefits of economic growth continue to elude the rural poor [India is currently experiencing a growth rate of 7%], it will translate into high rates of rural to urban migration and social unrest.
- A **legislative instrument** was used to back the EGA, which gives it considerable teeth for the purposes of raising resources and driving implementation.

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- The EGA uses both a **'carrot and stick' approach** to facilitating compliance by State and Local Government. National Government provides most of the financial resources [90%] required to implement the Act, **if the States comply with its provisions**. However if the State fails to provide registered people applying for work with a job within 15 days, the State is liable to pay an unemployment benefit until such time as work can be provided.
  - The **work entitlement provided is unambiguous** i.e. 100 days of hard manual labour at a specified minimum wage rate. Thus all households receive an **equal benefit**.
  - The **scope of the EGA is driven by the actual demand for work** and the objective is to provide work to all who have applied to work under certain conditions at a certain wage rate. Thus the impact of the programme can be evaluated in relation to the actual demand for work and the number of registered households that are reached in the process. The success criteria for the EGA are therefore **easily defined and measured**.
  - For many people the EGA is employment of last resort. This is demonstrated by the fact that only 10% of the registered households have so far actually applied for work. **Budgeting** for the programme is done on the basis of the **number of registered households, actual applications for work and past experience**.
  - The programme is a direct response to the need for employment for the poor. There are no **additional objectives** with regards to empowerment, SMME's, training etc.

The benefits of the EGA approach are that :

- The extent of the Public Works Programme can be scaled to better meet real demand for employment.
- Targeting measures can be used to manage demand to realistic levels, which can be met.
- It provides clear incentives and disincentives for public bodies in respect of implementing the programme.

### 3.0 A Demand Driven approach to the EPWP

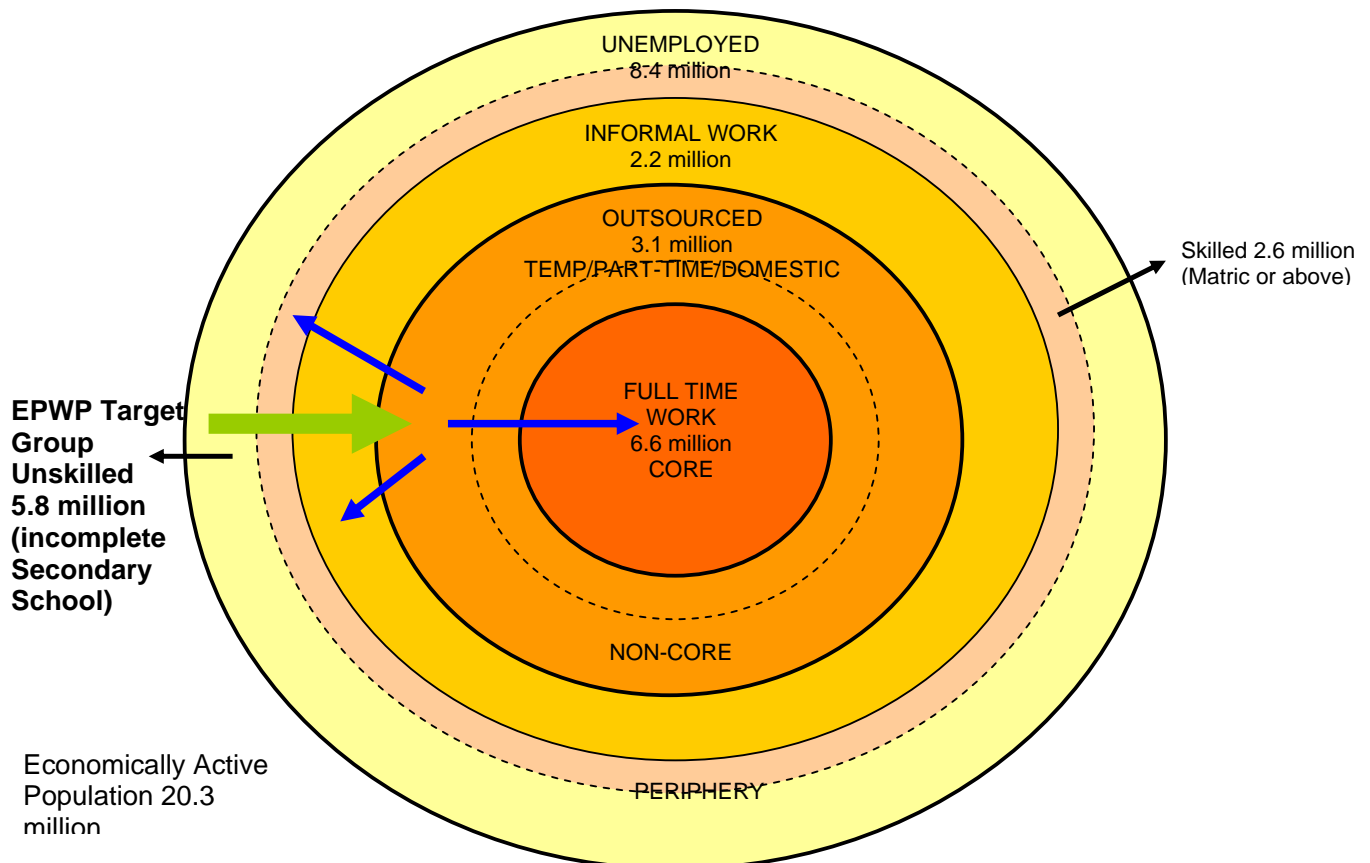
#### 3.1 Overview

The total economically active population of South Africa is 20,3 million individuals. Of these it is estimated that:

- 9,7 million are employed, of which 6,6 million are full time workers and 3,1 million are 'outsourced' in that they are undertaking temporary, part-time or domestic work.
- 8,4 million are unemployed, of which 5,8 million are unskilled having not completed secondary school and 2,6 million have matric or above. Of those who are unemployed it is estimated that 2,2 million engage in the informal sector.

As shown in Diagram 5 below, the **5,8 million unskilled unemployed individuals are the target group of the EPWP**. The EPWP seeks to provide **temporary work to such individuals and skills training** so as to assist them to move into full time work. Alternatively if this is not possible at least to provide them with skills or an ability to operate more effectively in the informal sector.

Diagram 5: Employment and unemployment in South Africa



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The EPWP aims to assist 1 million individuals within a five year period comprising **17% of its target group**. Accordingly while the EPWP is on track to meet its targets its **impact on unemployment will be small**. In addition the current approach has no incentives or disincentives for public entities to act and while there are legislative obligations to apply the approach there is limited ability to force public entities in this regard.

Based on the experience in India and taking into account the unique circumstances of South Africa, it is proposed that a **demand driven approach is adopted in respect of the EPWP** [Demand Driven EPWP]. The key principles of this approach are proposed to be that the Demand Driven EPWP should :

- Be a **national programme** with clearly defined roles for each sphere of Government, within their constitutionally defined roles and responsibilities.
- **Be legislated** so that all Public Entities are required by law to implement the programme. In addition it should provide **incentives to Public Entities** to employ unskilled labour.
- **Create work for all willing and able individuals within targeted sectors**. These targeted sectors should ensure that demand is manageable, as well as create work where it is needed most.

Given the above the key components of the Demand Driven EPWP are proposed to be as follows:

- **Registration of households:** South African households within targeted sectors or areas should be offered the opportunity to register and access a limited amount of work [for example 100 days per annum]. Such work should comprise manual labour for a nationally gazetted minimum wage. This opportunity should be offered in terms of legislation specifically promulgated in this respect.

There should **not be a guarantee of work** and therefore no time frame or compensation is proposed should Government not be in a position to offer work.

- **Provision of work:** Work should be provided in the form of projects that are undertaken by Municipalities, Provinces and Non-Governmental organisations. In order to ensure that the Demand Driven EPWP does not result in the dislocation of the existing labour force it is proposed that the type of projects to be undertaken should be determined at a national level on an annual basis. Such projects should not in any way **displace existing labour, should genuinely require the use of labour and should significantly expand the current amount of work opportunities available**. The projects should be appropriate to and structured so that they occur in the geographic locations where individuals have registered.

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- Incentives: National Government should pay for the **wage component of these projects** in terms of dedicated funds made available for this purpose.
  - **Methodology:** Processes and procedures should be applied at a national level to link registered applicants for work with approved projects within a specific geographic area. Systems should be put in place to reduce corruption and ensure compliance. Preliminary operational proposals as to how the Demand Driven EPWP could be implemented is set out in Annexure A attached.

The **key challenges** to be addressed in order to implement the Demand Driven EPWP are:

- Determining and managing the **demand for work** so that it is manageable in terms of South Africa's budget, while at the same time reaching as much of the target group as possible.
- **Supplying sufficient work** to meet demand so as to create work where it is needed most and ensuring that the capacity to implement the funds and operationalise a scheme of this magnitude is in place.

Each of these challenges is outlined in more detail in Sections 3.2 and 3.3 that follows. In addition institutional proposals for implementing the approach are set out in Section 3.4.

## **3.2 Estimated demand and budgets**

There are two factors, which have a significant impact on the extent of demand and consequently the amount of funds that are required to implement the Demand Driven EPWP namely:

- the rate at which wages are set, and
- the extent of the programme.

Each of these factors is outlined in more detail below.

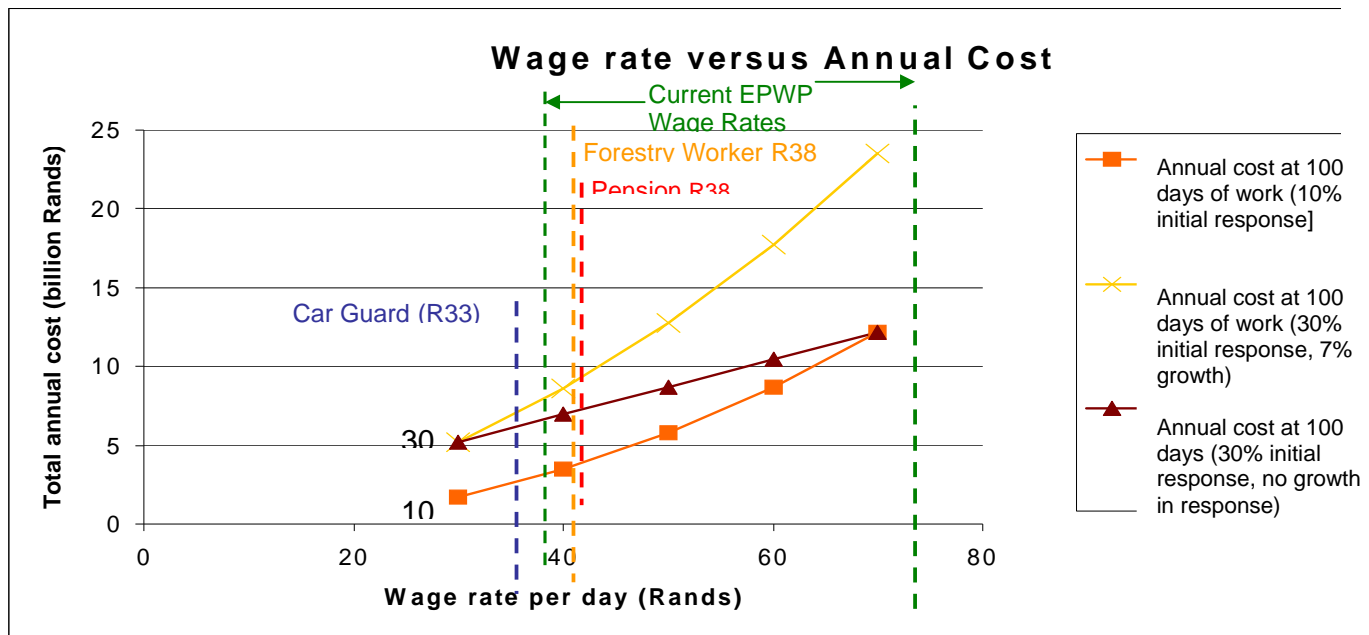
### ***3.2.1 The wage rate***

The rate at which the wage paid to labourers is set, has a fundamental impact on the extent of demand i.e. the higher the wage the higher demand is likely to be.

This is shown in Diagram 6 below which outlines three scenarios assuming 5,8 million unemployed individuals. The three scenarios are as follows:

- **Scenario 1:** This scenario starts at a minimum wage of R30 a day where it is assumed that at this wage 10% of the unemployed will want to work. In addition it is assumed that for every R10 increase in the daily wage an additional 5% of the unemployed will want to work. Each household is allocated 100 days of work per annum.
- **Scenario 2:** This scenario starts at a minimum wage of R30 a day where it is assumed that at this wage 30% of the unemployed will want to work. In addition it is assumed that for every R10 increase in the daily wage an additional 7% of the unemployed will want to work. Each household is allocated 100 days of work per annum
- **Scenario 3:** As for 2, but assuming no increased demand for work at increased wage rates.

**Diagram 6: Cost estimates based on different wage rates and labour demand elasticity (5,8 million unemployed)**



On the basis of the above Diagram it is evident that the total annual costs for the Demand Driven EPWP could range from R12 billion to R24 billion per annum depending on the amount at which the wage rate is set. The lower the wage rate the lower the extent that demand is estimated to be.

It should be emphasised that Diagram 6 is an estimate and not based on detailed research. What the diagram demonstrates however is that an increase in wage rate has the potential to rapidly increase the funds required in respect of the Demand Driven EPWP.

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It should be pointed out further that the above estimates are based on a national programme where all unemployed, unskilled individuals are eligible to participate in the scheme. In India in order to manage the demand, some interventions were introduced that effectively made the demand more manageable. These interventions could be introduced in South Africa and could include for example :

- Work should be offered to households rather than individuals.
- Limited employment [for example 100 days] should be offered per household
- Specific vulnerable groups should be targeted [for example youth and women]

A further intervention is that of reducing the extent of the programme. This intervention is outlined in 3.2.2 below.

### ***3.2.2 Extent of the programme***

A significant intervention that could reduce demand is to limit the extent of the Demand Driven EPWP. The basis by which the extent of the programme can be limited can vary to include for example only specified Provinces, metropolitan areas only or rural areas only. In order to assess the potential impact of this type of an intervention this section sets out restricting the Demand Driven EPWP to the Integrated Sustainable Rural Development Programme [ISRDP] Nodal Areas only. These areas are significant in that they have a high percentage of low income, unskilled and unemployed individuals for example it is estimated that<sup>2</sup>:

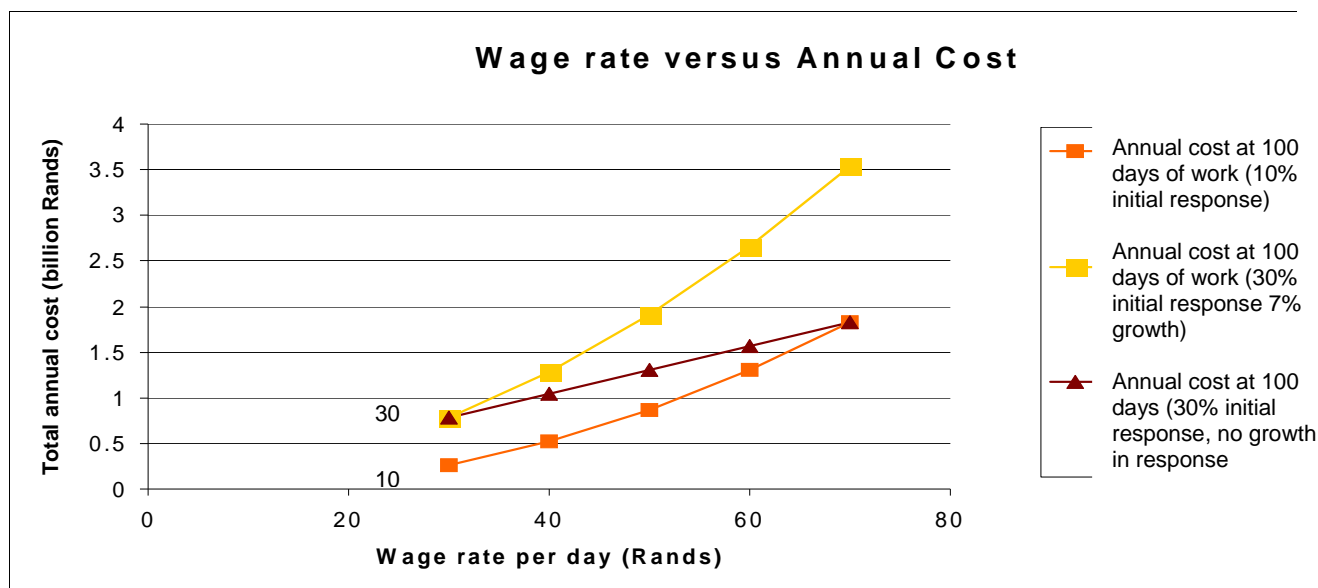
- 20,2% of individuals aged 18 years and above living in such areas do not have any formal education, as opposed to 9,7% nationally.
- 78% of households in such areas have a household expenditure below R800 per month.
- Unemployment is between 34 and 52% depending on the definition applied.

By restricting the Demand Driven EPWP to the ISRDP nodes it would reduce the potential participants in the programme to 1,3 million people, which is estimated to be the number of unemployed individuals in these areas [in terms of the broad definition]. If this intervention is applied, effectively targeting a reduced number of individuals, the cost estimates are drastically reduced as illustrated in Diagram 7 below. The assumptions applied in respect of this scenario is 1.3 million unemployed targeted comprising 850,000 households, 100 days of work per annum per households. For every R10 increase in wage rate, demand for work grows by 5 or 7 % respectively.

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<sup>2</sup> Labour force survey 2002

**Diagram 7: Cost estimates based on different wage rates and labour demand elasticity (Eligibility reduced to 1,3 million unemployed in ISRDP Nodal Areas only)**



As shown in Diagram 7 above by reducing the extent of the programme the extent of demand is significantly reduced. Table 1 below sets out a comparative analysis of a National programme and a programme that focuses on the ISRDP nodes only. As shown in the table should a National Programme be offered to individuals 215 million person days of work will be created at a cost of R8,6 billion per annum. Should the programme be restricted to ISRDP nodal areas and households only 32 million person days of work will be created annually at a cost of R1,3 billion per annum.

Even if the programme focuses on ISRDP nodes only it will result in a significant increase [double] to the number of person days provided by the programme compared to the current supply side approach, which in 2004/05 provided 16,3 million person days of work.

Table 1: Comparative analysis of a national programme and ISRDP nodes programme

	National Programme	ISRDP Nodes
No of unemployed individuals targeted [million]	5,8	1,3
Households targeted	Individuals only	0,87 million
Days of work per year	100	100
Wage	R40	R40
Response and growth	30%, 7%	30%,7%
No of individuals working [millions]	2,15	0,322
Cost transfer to unemployed unskilled households [R billion pa]	8,6	1,3
Person days of work created annually [million]	215	32



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Prior to the Demand Driven EPWP being implemented it will be necessary to undertake more detailed research on the elasticity of the demand for work amongst unskilled labour in South Africa, in order to determine what percentage of the unemployed are likely to register and apply for work. This work is currently being commissioned.

### **3.3 Managing the supply side**

Apart from managing the demand side of the Demand Driven EPWP, the other key challenge will be to operationalise an effective supply side that will be able to supply productive work to those willing to participate in this programme.

A key challenge in mobilising this work is to ensure that it does not disrupt markets and existing labour. Accordingly the selection of projects needs to be undertaken with care and only those projects that will not result in such disruptions should be undertaken. The type of projects that could be appropriate are set out below. Some of these projects already form part of the current EPWP:

- Routine gravel and earth road maintenance
- Cleaning along roads and streets
- Cleaning other public spaces for example :
  - Rivers and estuaries
  - Parks
  - Stormwater drains
  - Lades and dams
  - School yards
- Combating erosion, water harvesting and irrigation infrastructure
- Removing alien vegetation and restoring land
- Maintaining public assets
- ECD, HCBC and other social programmes
- Labour intensive capital programmes [eradication of backlogs]

It is estimated that the above projects have the potential to create 115 to 200 million person days of work as set out in Table 2 below.

Table 2: Potential work by project

Type of project	Assumptions	Potential work [Million person days]
Road maintenance	300,000km of gravel and access road at 100 days of work per year [Zimbabwe case study]	30
Environmental programmes	Currently 3,5 million person days	10-20
Other capital		30-80
Other maintenance		30-40
Social sector programmes	ECD and HCBC	15-30
<b>Total</b>		<b>115-200</b>

A key issue in respect of the above projects is that while they have high potential to create work and are important in serving the public good, they are often not able to attract funds as given restricted budgets other projects are prioritised over and above them. Accordingly it is recommended that a National Fund is established that will provide funding for the **labour component** of specified projects [such as those listed above] to be implemented by Non-Governmental Organisations and Public Entities at all three spheres of Government. This fund would be managed through an Agency whose role would be to match the demand for work with supply through labour-intensive projects. The agency would have the following functions:

- To manage and oversee the fund.
- To register work seekers and match their applications for work with work on suitable projects.
- Determine and approve the type of projects to be implemented.
- Through the Fund reimburse public bodies and NGO's/CBO's the wage costs of work created for unskilled labour in terms of approved projects.
- In cases where public bodies do not have the capacity to implement project to undertake the project management on their behalf.

By providing a clear incentive through the funding of the labour component, it is anticipated that existing labour intensive programmes will grow significantly and that many new such programmes will be started.

### 3.4 Institutional proposals

The Demand Driven EPWP should be a Presidential priority. An appropriate government entity [Agency] that is accountable to Government, but has operational independence should be established to implement the programme.

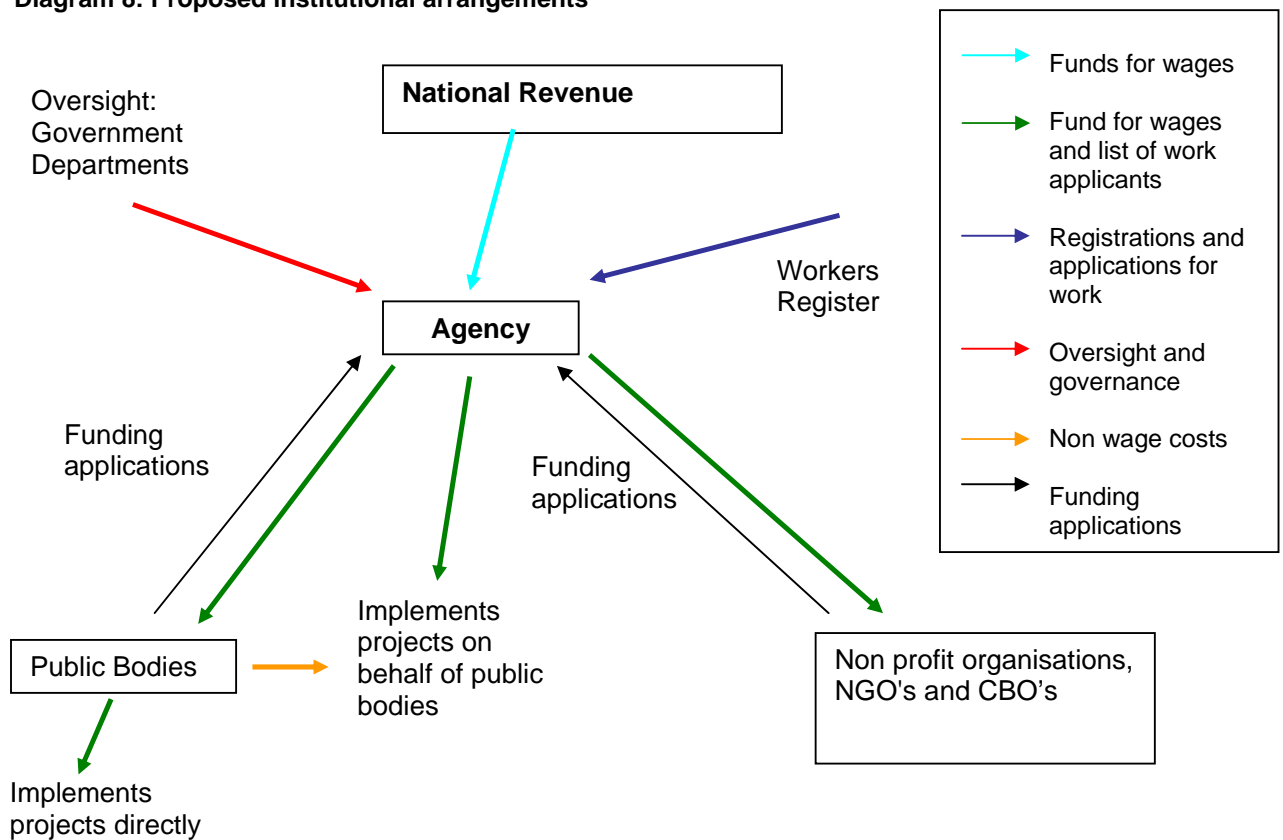
The Agency will be responsible for:

- Determining the minimum wage, which will apply nationally.
- Implementing a national registration system
- Identifying and scoping projects to be undertaken
- Registering organisations and projects to be implemented
- Coordination of the supply of projects and demand for work
- Reporting on the programme nationally
- Managing a national budget for the implementation of projects.
- Directly undertaking projects where Provincial or Municipal authorities do not have the capacity to do so and request assistance.

Municipalities, Provinces and Non-Governmental organisations will be responsible for identifying and implementing projects.

The proposed institutional arrangements are outlined in Diagram 8 below.

**Diagram 8: Proposed institutional arrangements**



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## 4.0 Conclusions

This report sets out proposals for a Demand Driven EPWP. The proposals are based on a programme currently being implemented in India. The proposed approach will significantly increase and expand the number of work opportunities that are being generated by the EPWP.

The following key issues are highlighted in respect of the proposed Demand Driven EPWP:

- Managing the extent of demand to ensure that those households who register for work receive such work, within the fiscal constraints of Government. This issue is addressed through limiting the number of days of work offered per households, restricting the geographic area and the minimum wage rate applied.
- Unless the projects selected to be implemented in respect of the programme are carefully chosen they could result in labour replacement and/or displacement. Accordingly the type of projects to be undertaken will be carefully investigated and only those projects that will not result in labour replacement will be approved.
- Funding for the wage component of approved projects should be provided as an incentive to public entities and non governmental organisations to identify, submit and implement approved projects so as to ensure that there is an adequate supply of work.
- In order to ensure that demand and supply are matched in a manner where meaningful projects are undertaken within budget and quality specifications, while ensuring that work opportunities are created in areas where households require work it is proposed that a dedicated and specialist Agency is appointed to undertake this task.
- The preliminary operational proposals [see Annexure A] have been developed so as to keep the problem of corruption to a minimum. This is both in terms of undertaking audits and applying sanction should corruption be found, as well as making the process transparent i.e. sending an SMS to workers to confirm that they received payment for work undertaken.

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## **Annexure A: Preliminary operational proposals**

Below are a number of preliminary proposals with regard to the operation of the proposed fund and agency. These are still suggestions at this stage.

- The programme should be a Presidential priority and should be implemented by a designated specialist Government Agency to be formed [the Agency]. The Agency should manage a National Fund to be established in this regard.
- All South African households should be offered the opportunity to register and access a limited amount of work to the amount of 100 days per annum. Such work should comprise manual labour for a nationally gazetted minimum wage. This opportunity should be offered in terms of legislation specifically promulgated in this respect.
- An extensive awareness programme should be undertaken by the Agency to inform households of this entitlement.
- Households could register for the programme through relevant recognised agencies (Post Offices and/or Lotto outlets and or Cell Phone companies for instance). A national database, managed by the Agency, should be established in this regard. The following information will be collected as part of the registration process:
  - Household name
  - Number and Identification numbers of all adult members
  - Address and contact number, which must be a cell number
  - Details of bank account

Once registered, households will be provided with a job card.

- In order to ensure that the Demand Driven EPWP does not result in the dislocation of the existing labour force, it is proposed that the Agency defines and scopes at a national level the type of projects that qualify for the programme. Such projects should genuinely require the use of labour and should significantly expand the current amount of work opportunities available. Such projects would include for example:
  - Maintenance of public infrastructure for example cleaning roads and other transport routes.
  - Maintenance of public assets in the public domain such as beaches, rivers etc.
  - The development of infrastructure for example roads.

The Agency will identify and scope these projects on an annual basis. Submissions from Public and Private organisations will be entertained.

- Municipalities, Provinces and Non-Governmental organisations willing to undertake the prescribed projects should register with the Agency. In registering, organisations should be required to fulfil the following requirements:

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- The provision of a list of projects to be undertaken, the location and commencement date of each project and the number of work opportunities to be provided by each project.
  - The establishment of a separate account to receive and disburse all funds in respect of the programme
  - The capacity and systems to implement and report on projects

If a Municipality or Province does not have the capacity to implement a project they can request the Agency to implement the project on their behalf.

In the case of Non-Governmental Organisations approval will be required from the relevant Municipality/Province in respect of the projects they are proposing to undertake.

- The Agency should confirm with the relevant organisation that a registered project is going to commence as scheduled. Once such confirmation is received the Agency should identify from the national database all registered households within a 10 km radius of the project. All registered households within this radius should be informed by SMS that a project is being undertaken and the date and time on which they can apply for work. The list [with identification numbers] should be provided to the relevant organisation.
- On the day, household members should be employed by the implementing organisation on a first come first serve basis. The organisation will be required to check identification numbers and no payment will be made for any individual employed who is not on the list. Spot checks should be undertaken by the Agency to ensure that no coercion is used in the employment process.
- For short term projects [less than one year] the implementing organisation should be required to appoint and pay household members in terms of specified terms and conditions and at the nationally specified wage rate. Once payment of wages has occurred the implementing agent should submit a claim for payment to the Agency. The Agency should only make payment on the basis of proof of payment to the worker through the provision of pay slips and that the worker was on the recruitment list.
- For longer term maintenance projects payment of household members will be made directly by the Agency into their bank account. Households who do not have a bank account will be required to open one, should they be appointed to undertake a long term maintenance project.
- Once payment has been made the Agency should update the data base to reflect that the household member has worked and the number of days. This information should be sent by SMS to the household member.

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- The Agency should undertake adhoc audits to ensure that the household members listed were employed and paid and the project was implemented as specified. Should it be found that false payments were made or that the project was not implemented, the individual responsible for implementing the project should be charged with fraud. In addition the responsible organisation [Municipality, Province or Non-Governmental Organisation] will be required to pay back the funds paid out in respect of the project, with penalties.
  - The Agency should provide regular reports to the registered organisations [Municipalities, Provinces and Non-Governmental Organisations], as well as National Government in terms of the number and names of people employed and what was delivered.