

South Africa's Expanded Public Works Programme

Case study Module 2

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Ecosystems, poverty alleviation and conditional transfers

Guidance for practitioners

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Evidence from the international research community shows that careful management of nature results in benefits to people's wellbeing. Poor people especially depend more heavily on the quality of the ecosystems and have less access to substitutes when they are degraded. Making meaningful impacts in the way ecosystems are managed requires governments to step in and scale up, but the evidence also shows that empowered communities can make strong calls to enact and implement change at the local level. Positive incentives like payments for ecosystem services (PES) and other forms of conditional transfers can provide important signals to enact this behavioural change into positive actions. Carefully designed, these incentives can also contribute to the wellbeing of people, especially poor and vulnerable groups. New tools emerge that can help with scaling up and dealing with inevitable trade-offs, but more efforts are needed to bring this information closer to those making decisions. This case study accompanies a [Guidance for Practitioners](#) that helps to bridge this space by: 1) making evidence accessible, bringing the latest evidence from research on PES in theory and practice with documented case studies written for practitioners; and 2) supporting capacity building to 'train the trainers', through teaching modules which can be used to promote capacity building of practitioners.

Inclusive green growth in South Africa has been primarily pushed forward by the environmental authorities through a series of joint environmental and social protection job schemes. The social protection programme seeks to alleviate poverty through provision of temporary work and skills development through 'learnerships', which are deployed to projects to improve their local environments. Projects include, for example, clearing of alien vegetation, rehabilitation of wetlands, support of fire protection associations, waste management programmes, coastal management and eco-tourism. Starting with a water focus, it now mobilises about US\$285 per year and is managed under the Expanded Public Works Programme (EPWP).

Political support

It is hard to justify investing in the environmental agenda in a poor, developing country. Large areas and segments of the South African population have been excluded from the economy, are poorly skilled and have limited access to education. There is a high unemployment rate, which is fuelled by the main pillars of the economy (mining and agriculture) becoming less labour intensive. The government has used job creation programmes since 1994 and has a history of giving social grants throughout many years (for example, disability grants, pensions and child support).

Early stages of the EPWP took a cautious approach to linking employment creation to environmental work, developing the cross-institutions necessary to ensure job creation was mainstreamed into core functions of government, and not a parallel or peripheral function. The EPWP also set the systems to ensure impact on the environment, including co-ordination and mobilisation, monitoring and evaluation, technical support and feedback channels.

An important aspect of this new approach was the political opening provided by linking to the Millennium Development Goals (MDGs), especially related to basic infrastructure, education, health, gender and environmental sustainability. This meant that EPWP complemented and added weight to MDG-related investments.

As the programme matured, it became clear that political support was key to enable the programme to operate and expand. It is also clear that while there is wide support for the programme, there are also questions from some groups (Lieuw-Kie-Song, 2009). Sections of the business community are concerned about budget deficits and the amount of social spending. Upper and middle-class sections of society are sceptical that the government can deliver the impact on wages or question whether the resulting jobs are sustainable. Support from various policy parties (fiscal conservatives, labour and unions, progressives) varies depending on if it aligns with their own agendas. The poor and unemployed support the programme and would like to see it expanding.

Sustainable financing

The Environmental Programmes (EPs) total budget for the financial year of 2016/17 was ZAR3.865 billion (around US\$285 million).

The annual budget for the EPs has ranged from US\$224 to 236 million (ZAR2.8 billion to ZAR3.865 billion) between 2012/13 and 2016/17, with an expected average growth rate of 4.5 per cent until 2018/19 (Department of Environmental Affairs, 2016a; National Treasury, 2016). These funds are distributed among the different programme components.

Over and above this funding, the EPs seek to unlock investments from the private sector. Although investments from this source are very small compared with the EPWP funding, they are starting to become significant. The approach followed by the programmes is to see how they can contribute to improved profitability in the private sector and to an enhanced government tax base, by increasing sustainability and reducing business and livelihoods risks. They are thus targeting multiple sectors such as water (Department of Water and Sanitation and water utilities), climate mitigation and adaptation, wildlife economy, individual farmers, corporate social investments and supply chain development.

The ability to leverage budgets is very important. The EPWP has the ability to draw on existing, much larger budgets, with projects that are aligned to provincial and municipal plans. This devolution of implementation means that these local governments can mobilise their own budget to supplement grants from national government.

Institutional set-up

The EPWP umbrella includes several programmes:

- **Working for Water**, launched in 1995, focuses on the removal of alien invasive species from waterways, combined with job creation
- **Environmental Protection and Infrastructure Programmes**, initiated in 1999 and formerly known as Social Responsibility, Policy & Projects, focus on job creation, skills development, and environmental conservation and sustainability through infrastructure-related projects. One of its projects is **Working for the Coast**, which hires and trains people from coastal communities to protect and conserve coastal environments and estuaries
- **Working for Wetlands**, established in 2002, promotes co-operative governance and partnerships that support the protection, rehabilitation and sustainable use of wetlands
- **Working on Fire**, active since 2003, promotes integrated fire management to help protect lives, livelihoods and ecosystem services.

Integration across social and environmental government departments is crucial in this programme. Initially, the environmental programmes (water, wetlands, fire) were managed by the Department of Water Affairs and Forestry, while the Social Responsibility Policy and Projects fell under the Department of Environmental Affairs and Tourism. Now both strands fall under the EPs of the Department of Environmental Affairs (DEA), and are managed under the EPWP umbrella.

Management of the programmes has evolved over the years, from a programmatic approach, with near-total control by the central government, to a sector development approach. The large EPWP funding is still channelled through the Environmental Programmes Branch within the DEA, but then transferred to implementing agents at both national and local levels:

- i) national and provincial public entities established by the government
- ii) entities such as (but not limited to) community trusts, non-governmental organisations (NGOs) and co-operatives
- iii) educational institutions
- iv) public and private entities that represent business enterprises established in compliance with the law.

Systems and tools for effective implementation

Rules and regulations: Each programme component is supported by specific Acts (e.g. Biodiversity Act, Disaster Management Act)

Targeting: The focus of the EPs is to optimise employment opportunities, broad-based black economic empowerment and poverty reduction. When prioritising investments, the challenge is finding a balance between areas that have high biodiversity conservation value and those that have high levels of poverty (Department of Environmental Affairs, 2016b).

- *Environmental targeting:* DEA recognises the importance of developing optimisation strategies for each of their programmes, for example through the development of spatial frameworks that will evaluate future investments through the Land User Incentive (LUI) programme, enabled by local contractors (see Table 1).
- *Social targeting:* projects must comply with a minimum social criteria:
 - i) individuals already employed by the land user for more than 100 days of the year are not permitted to become project participants
 - ii) 90 per cent of temporary job days must be reserved for local people
 - iii) 55 per cent of temporary job days must be reserved for women, 55 per cent for youth between the ages of 16 and 35 years and 2 per cent for people with disabilities

- iv) training person days must be equal to 10 per cent of total person days
- v) 50 per cent of small, medium and micro enterprises used must have at least a 70 per cent equity stake owned by historically disadvantaged individuals.

‘Learnership’/ engaging with small contractors: Investments are disbursed locally through small contractors. ‘Learnerships’ are not specifically targeted to the employed or unskilled, but to those that have the best chances of succeeding as a small contractor. Characteristics include: experience in construction or the contracting sector; experience in owning, running or managing a business; higher qualifications than the minimum specified; and access or ownership of capital or assets that would be useful for the contracting company. Affirmative action is important in candidates demonstrating their ability to work with women, youth and people with disabilities. The programme also contracts site supervisors and facilitates financial advice to small contractors.

The requirements of the Memorandum of Agreement between the LUI programme and the government are:

- i. that the projects must be implemented in accordance with the EPWP guidelines as outlined in the Ministerial Determination and the Basic Conditions of Employment – Code of Good Practice
- ii. that the projects comply with the programme norms and standards (until recently designed only for invasive species’ clearing activities).

Table 1. Key social and environmental criteria for the EPs

Receiving Environment	
Evaluation Criteria	Description
Local poverty & unemployment	Proportion of households living below the poverty line with high levels of unemployment. Preference is for areas with a relatively higher number of poor and/or unemployed people.
Local household income	Areas with low household income, with preference for areas with proportionally higher numbers of low-income households.
Mean living level of income	Preference for areas with high proportions of low mean living levels of income, as these are areas where people live below the food poverty line.
Direct dependence on ecosystems	Degree to which households are reliant on the natural environment for resources such as fuel for cooking or heating, building materials or medicinal purposes. Preference for areas with relatively more households thus dependent.
Protection status of the land	Landscapes with some level of protection will be given preference over areas with little or no protection related to biodiversity conservation. Should the land not have a stewardship agreement already in place, preference for landowners who are willing to sign a 5-year Biodiversity Agreement.
Invasive alien species infestation (IASI) levels	Preference for areas with high levels of invasive alien species infestation levels, as well as areas that have potential for invasion. Preference for catchments that have higher proportions of areas susceptible to invasion, subject to the environmental impact of the infestation.
Wetlands/river health and condition	Preference for wetlands and rivers where a good ecological condition can be maintained, or for systems in fair condition that can be improved.
Landscape ecological infrastructure	Areas of biodiversity importance that should be prioritised for natural resource management (NRM) investment to improve landscape/catchment ecological condition.
Climate change mitigation	Areas of climate change mitigation through assessing above and below ground carbon stocks. Preference for areas with high sequestration potential.
Climate change adaptation	Preference for areas that provide ecosystem-based adaptation support (for example, storm surge protection areas for rivers and the coast, ecological process corridors for landscape connectivity).
Ecosystem Services/Benefit Potential	
Evaluation Criteria	Description

Water flow demand	Dependence on the natural environment for water resources Oversubscribed catchments
Water quality	Where applications can ameliorate the impact of point and diffuse pollution of water resources.
Existing EPWP projects distribution	Spatial representation of where existing EPWP projects are active.
Spatial biodiversity priorities	Critical Biodiversity Areas and Ecological Support Areas as identified in systematic biodiversity plans/bioregional plans (provincial and metro).
Fire management & risk reduction	Vulnerability of people to fire; potential impact of fire on livelihoods.
Security of NRM investment	Applications that demonstrate higher security for the NRM investment are favoured. Areas such as Protected Areas, Conservation Areas (various levels of stewardship agreements, military conservation areas, trans frontier conservation parks, etc); and land reform areas that have a biodiversity conservation management objective and that are enhancing the productive potential of that land.
Fire risk and vulnerability	Addressing ecological factors that influence fire hazard (fire frequency/load/intensity).
Water supply	Preference to landscapes ensuring water supply for human use.
Erosion control	Improvement in catchment condition to reduce sedimentation.

Financial inclusion: ABSA Bank has been appointed to provide financial services to contractors and has agreed to reduce criteria for learner contractors to qualify for finance.

Clear, time-bound contracts: The LUI model, as a form of ‘implementing agents’ agreement, entails a three-year contract (within the Medium-Term Expenditure Framework cycle) between the government and private landowners working together to achieve natural resource management objectives. Both parties contribute necessary resources for the implementation of the projects. This is calculated on a per project basis, and contributions can be financial or in-kind. Land users must indicate their own commitment to the project in terms of their resource contribution, for example, financial, management, logistical, transport, capital equipment or infrastructure. When the landowner or user is different from the LUI implementing entity, the latter will sign an agreement with the former who must agree to maintain the land in its restored state according to environmental legislation.

As with all other EP contracts with implementing agents, annexures are agreed upon and signed before project implementation can begin. The contract outlines the overall project concept and budget, the project scope and key objectives, and the annual plan of operations and budget that stipulates the targets set for the specific financial year. The project scope describes what activities will be carried out and how they will be implemented; it stipulates the budget, the agreed cost per person per day and the person-days per year for the duration of the contract, which is normally three years. The rest of the targets, such as hectares restored and person days, which are determined by the agreed cost per person-day and the budget approved for the specific financial year, are stipulated in the annual plan of operations.

Strategies to engage with the private sector: One initiative aimed at larger NGOs and community-based organisations is the LUI programme. Its objective is to engage with the private sector using NGOs and community-based organisations as intermediaries, through public—private partnerships that are less formal than standard service provider agreements between the government and the private sector. The fundamental difference between a LUI and the traditional implementation agreement is that LUI projects are co-resourced and so the LUI is seen as a partner to EPs, whereas the traditional implementation agreement is predominantly a fully funded public entity partner to the department. The reasoning behind this is that generally the private sector does not like doing business with the government due, for example, to government inefficiencies, ideological differences, and the fear of voluntary participation turning into forced participation under new regulations.

NGOs are the ideal vehicles through which the private sector, especially commercial investors and private land users, can engage with the government to minimise their risks. Furthermore, this approach allows NGOs, representing communities and individual land users as the providers of ecosystem

services, to engage with both the corporate sector as well as the government to unlock investments in the restoration of ecological infrastructure. A preliminary assessment has shown that NGOs were able to unlock the equivalent of at least 32c for every 68c of government investment.

Monitoring and evaluating performance: Projects are subject to standard operating procedures and quality controls, as well as quality assurance and monitoring and evaluation processes. Monitoring and evaluation takes place at many levels, some in more detail than others. Performance is monitored by contract managers, and payments are linked to delivery. The EP staff oversee project implementation, including technical standards, health and safety and day-to-day management. Project outputs are monitored on a monthly, quarterly and annual basis, while outcomes and impacts are monitored on a less regular basis through research projects run by research and academic institutions.

Feedback: The Natural Resource Management Programmes as part of the broader EPs have what is called a Management Research and Planning (MAREP) platform. MAREP meetings are used to give feedback to stakeholders, project implementers and funders. They bring together natural resource managers within the IA's/LUI's with planners and researchers to share the results of their respective interventions. Thus, they allow project managers to present their projects to researchers and planners, highlighting successes and failures and challenging the others to come up with solutions. At the same time, researchers are given an opportunity to present their results and recommendations to managers who can then test them for their applicability. The MAREP forum can be used with regards to all the EPs, but also with a focus on specific areas of interest or geographical areas. The key is that representatives from all three components of the sector must participate: researchers, planners and managers.

Ability to demonstrate impact

According to the DEA's 2016/17 Annual Performance Plan, 120 wetlands and about 25,000 ha of land were under rehabilitation in 2015/16, in addition to 2,113 km of accessible coastline cleaned and 90 per cent of wildfires suppressed. In the case of the Working for Water programme (WfW) about 192,000 ha of land with invasive alien plants (IAPs) was added that year to the project's total treatment and maintenance of more than 1.5 million ha. The programme, backed by strong hydrological research, removes invasive species vegetation along waterways and watersheds, as these species (established in over 20 million ha of land in South Africa) adversely impact water security and biodiversity (Marais and Wannenburg, 2008; Porras and Neves, 2006; Turpie *et al.*, 2008).

The EPs promote environmental conservation and sustainability while creating jobs for people with a focus on women, youth and people with disabilities. According to the DEA, during 2015/16 more than 95,000 job opportunities were created, approximately 35,000 of them full-time, employing 55 per cent women and 65 per cent youth. The typical three-year contracts provided to the programmes' implementing agents have provided crucial economic support for those with typically only access to irregular, informal employment (Government of South Africa, 2011). In addition to employment, in the same year the EPs provided 143,665 training person-days, and facilitated community empowerment through the use of 2,354 small, medium and micro enterprises (Department of Environmental Affairs, 2016a).

Beyond the creation of jobs, social development is achieved through a variety of activities and partnerships, for example between the WfW project and The Planned Parenthood Association of South Africa (PPASA) in the Eastern Cape. The association actively engages in skills development, training, and community awareness of health issues, hygiene, environmental health, inoculation, sexually transmitted diseases, pregnancy and menopause. This partnership has made a visible difference and there appears to be a decline in teenage pregnancies, rape and alcohol abuse (Department of Environmental Affairs, 2016a).

Lessons

Like India's MGNREGA programme, the EPs in South Africa are managing to tackle high-level social problems in ways that contribute to environmental protection.

The EP umbrella programme has been very effective in combining environmental and socio-economic objectives through job creation. The investments in ecosystem services follow a sector development (rather than programmatic) approach. By using different individual components (WfWater, WfWetlands, etc) it is possible to target the specific ecosystem threat or issue, while using a similar social development model to provide social benefits. In addition, programme operations are supported by strong biophysical and hydrological science.

Given that the programmes are government-led, their challenges include those typically associated with bureaucratic processes such as delays in payments and contract approvals, which can be especially harmful for the vulnerable participant groups. In addition, engaging local authorities as implementing agents has, in many cases, proven both inefficient (as the transaction costs tend to be higher), and ineffective, with projects deviating from their intended focus. Overall, government agencies tend to be more expensive as implementing agents than NGOs, private sector agencies and other commercial entities.

There are also challenges that are programme-specific. For example, one of the main constraints of the WfW programme has been securing sustained control of IAPs in cleared areas. This requires on-going follow-up or handover of land to landowners and it is unclear whether, once the land has been cleared, the landowners feel a greater obligation to maintain the land and prevent future infestation by IAPs. Another challenge has been unlocking significant investments from the water sector despite the restoration of ecological infrastructure and its impacts on watershed services being acknowledged in both the National Water Resources Strategy and the National Water Pricing Strategy.

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