

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The purpose of this report is to provide information regarding the significant achievements of eThekweni's Expanded Public Works Programme (EPWP). The Project Management Unit (PMU) within Engineering Services currently facilitates the coordination of the EPWP programme across ALL SECTORS / ALL CLUSTERS especially in terms of EPWP compliance, planning, accredited training, funding and reporting.

1. INTRODUCTION and BACKGROUND

- 1.1. Job creation and skills development are some of National Government's top priorities. The unemployment rate of 39% for South Africa remains one of the highest in the world. The Expanded Public Works Programme (EPWP) is one of government's responses to address these challenges. President Thabo Mbeki formally announced the Expanded Public Works Programme in his State of the Nation Address in February 2003 and Cabinet adopted it in November 2003.
- 1.2. There are no direct grants available from National Government for The Expanded Public Works Programme. EPWP is about the reorientation of line function budgets (capital and operations & maintenance) so that expenditure by all spheres of government results in increased employment opportunities and training, particularly for unemployed and unskilled labour.
- 1.3. The National EPWP framework provides that local government develop an EPWP policy that is embedded within the Integrated Development Plan. The policy is expected to promote EPWP principles and the re-structuring of local government activities to facilitate and create greater employment opportunities per unit of expenditure.
- 1.4. The National EPWP framework further provides that EPWP projects and programmes must be identified within each government department, that can be implemented using labour-intensive or community based service delivery methods, with predetermined key deliverables over a given timeframe in the Infrastructure, Environmental, Social & Economic Sectors.

2. OVERVIEW OF THE ETHEKWINI – EPWP PROGRAMME

2.1. EPWP COORDINATION.

- The City's EPWP TASK Group provides the coordination of the EPWP programme across the city and is directly responsible for ensuring an integrated approach in terms of planning, coordination, monitoring and reporting of all EPWP related activities within each cluster. The Task Group also includes a nominated Political champion who provides political guidance and representation.
- The Task Group meets on a quarterly basis and comprises of DCM nominated sector specific champions for each cluster namely:

EPWP Champion	Cluster	EPWP Sector
Cllr. N. Nyanisa	Councillor	Political support
Jannie Pietersen (Chair)	Procurement & Infrastructure	Infrastructure Sector and Environmental
Mpho Mthembu	Health, Safety & Social services	Social Sector and Environmental
Shunnon Tulsiram	Sustainable Development & City Enterprises	Economic and Environmental
Zola Dyasi	Governance	Cross cutting support (policy, communications, community participation ...)
Thomas Mketelwa	Corporate & Human Resources	Cross cutting support (Training, learnerships ...)
King Singh	Treasury	Cross cutting support (Budgets)

- Each EPWP Task group champion has an WORKING Group supporting them made up of implementers and facilitators who drive that process at project level.

2.2. ETHEKWINI'S EPWP POLICY.

With references to point 2.3 above, The City's approved **EPWP POLICY** is currently being implemented out across all sectors and clusters across the city. Briefly the objectives of the eThekwini's EPWP policy are to:

- Establish the eThekwini's Expanded Public Works Programme as an **approved socio-economic developmental and poverty alleviation program** with sustainable exit strategies that maximise SMME development, employment creation and skills development.

- Entrench the **EPWP methodology within the IDP** – a methodology that expands the current service delivery model of goods and services to ensure shared economic growth.
- Ensure **developmental integration across all sectors** and **re-engineer** how we plan, design and implement projects / programmes within the existing municipal operational and capital budgets.

2.3. OBJECTIVES of ETHEKWINI'S EPWP.

The objectives of the programme are essentially about the reorientation of line function budgets (capital and maintenance) so that for every unit of expenditure we focus on:

- Maximising employment opportunities from each Cluster's business plan.
- Develop skills within communities through EPWP training programs, by accredited training providers aimed at developing sustainable skills and capacity within communities.
- Developing sustainable emerging enterprises through accredited learnerships.
- Maximise the percentage of the total annual budget spent and retained within local communities in the form of wages etc. (This KPI will be monitored).
- Adopt and align cluster / departmental annual business plans to EPWP objectives and deliverables.
- Monitor, evaluate and report all EPWP initiatives within eThekweni Municipality.

2.4. The IDP and ETHEKWINI'S EPWP.

- Point 3.2 refers to the '*entrenchment of the **EPWP methodology within the IDP** – a methodology that expands the current service delivery model of goods and services to ensure shared economic growth*'.
- The EPWP Task team has been part of the current 08/09 IDP review process in an effort to ensure that EPWP is in fact a guiding principle in the IDP, with a number of submissions being made by the PMU and the Task Team.
- However, looking at the draft IDP (March 2008) there are still a number of gaps which are currently being addressed. EPWP is mentioned in Chapter 1 as cross cutting sectoral intervention and is only covered appropriately in 3 of the plans. This is currently being addressed.
- It is also important the EPWP KPI's of employment opportunities and training also be captured as part of the **City's scorecard**.

3. ETHEKWINI EPWP - SECTOR SUMMARY REPORTS:

3.1. INFRASTRUCTURE SECTOR:

3.1.1. The eThekwini Contractor Development Programme (CDP).

At a recent meeting on 'contractor poor performance' the DCM for P&I Cluster, Mr. D Naidoo requested that the PMU, assume responsibility for the coordination and development of a formalised a Contractor Development programme (CDP) for eThekwini Municipality.

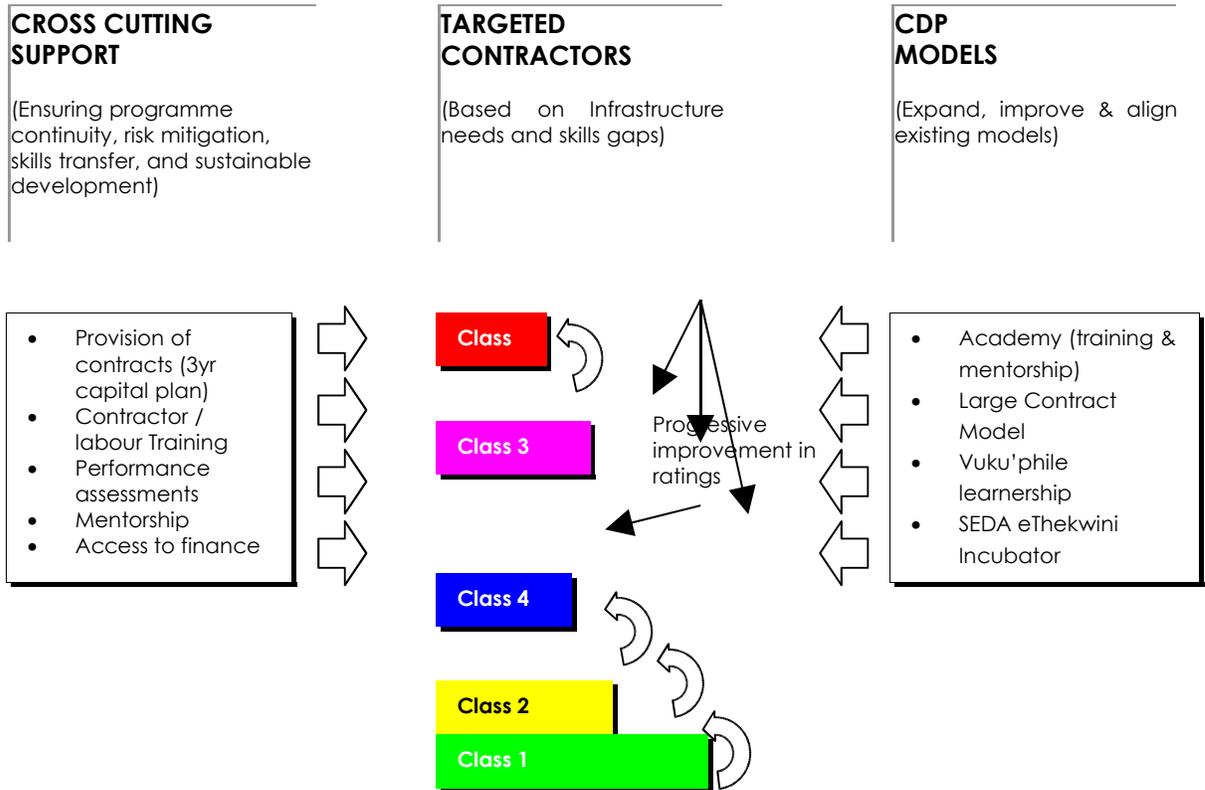
An inception meeting was held with line department officials to plan a way forward resulting in the first draft inception report which documents current so-called contractor development type initiatives across the city. This report can be made available; some extracts from the report are as follows:

- In general the majority of contractor development initiatives within eThekwini cannot be classified as contractor development programmes but rather ... **service delivery models** utilising emerging contractors.
- There is no coordinated thrust to enhance transformation and accelerate the development of sustainable contracting enterprises that deliver value products.
- The 'contractors' used in most instances are essentially 'artisans' and it would appear, learn nothing about actual contracting.
- There is a need to also have database by area detailing the available artisan skills pool / job seeker by area. And based on performance and entrepreneurship skills, some could be developed by being included in formal CDPs in the City.
- Reference to definition of 'LOCAL CONTRACTOR / LABOUR' – this needs to be resolved politically.
- There is a clear need to nurture and provide support to those contractors who have selected contracting as a chosen profession. (Training and mentorship needs to be provided in terms of contract administration, technical skills, management skills, financial management & project management).
- Within the Rural Water & Sanitation programme, it is not recorded whether contractors are CIDB registered, but it's important to note that they are merely '**labour brokers**' – with very little contracting skills being transferred.
- Some departments are doing simple assessments of contractors and gaps are identified in terms of the contractors' technical, financial and project management abilities. However due to no formal CDP nothing thereafter is done to formally address these shortcomings.

The **GOAL therefore of the CDP** would beTo incrementally increase the capacity, sustainability, quality and performance of a targeted number of CIDB registered emerging contractors over the next 5 years within specific categories based on capital works and operations & maintenance demands.

Figure 1 below illustrates the goal of **targeting emerging contractors** (centre) in terms of their respective CIDB rating, their capacity constraints and then to determine which **CDP model** (Right) which is informed by infrastructure demand, is best suited to their developmental needs with the appropriate **cross-cutting support** (left) required to ensure programme continuity, risk mitigation, skills transfer, and ultimately sustainable development.

Figure 1



All future EPWP reports to council will include a status report of all CDP models being implemented. But for now, to briefly touch of some of these interventions:

3.1.2. eThekweni Construction Academy

The only way to effectively answer on a demand basis to the development needs of our existing contractors who fall outside of formal learnerships etc is by means of a dedicated construction academy that is CETA / EPWP accredited.

Negotiations are currently underway with NURCHA (contractor financing), TUSK (mentorship & training) and F.O.M. (A Netherlands Development Bank) regarding the possibility of forming a partnership with eThekweni to establish and pilot a construction academy within eThekweni. FOM and TUSK have initially committed €126,000 to the initial pilot with a further €1,000,000 being made available based on the success of the pilot. All that is required from eThekweni in-kind, is the availability of training venues and projects.

3.1.3. Vuk'upihle EPWP Construction Learnership

The eThekweni Vuk'uphile Programme was a two year learnership aimed at developing sustainable emerging contractors needed to support the basic service delivery challenges that the city faces. The learnership was launched by the PMU in November 2004 with 24 emerging contracting entities made up of one contractor and two supervisors. Each contractor was trained to NQF level 2 and each supervisor to NQF4 in labour intensive construction principles. The learnership ended in August 2007 and the contractors are now in various stages of being exited from the programme dependant upon their individual exit strategy requirements.

The Programme has been characterised by some significant successes as illustrated by the following achievements:

- 97 of 105 projects have been completed in time, to specification and quality within budget, thus ensuring profitability for the contractor.
- Only 5 of 105 projects (less than 5%) posted losses (which were recovered in all cases on subsequent projects) and in most cases performance and profitability exceeded expectations.
- Municipal Infrastructure assets worth nearly R 70 million (R 66.4m) have been constructed by the learner contracting companies.
- R19 million was paid in wages to over 3,000 workers, most of them among the city's most marginalised individuals.
- A total value of R 8 million in construction vehicles and plant was purchased (largely through asset finance) and
- Working capital of over R 30 million was borrowed from and repaid to ABSA with zero bad debt, a remarkable achievement!

Not only has the programme provided a boost to the city's construction capacity on the one hand, but realised significant professional growth of the contractors and their supervisors. These contracting companies are now in a position to tender for projects requiring a CIDB grading of 2-4 CE. There has been many lessons learned that position the city well for future developmental programmes especially in terms of the next Vuk'uphile intake.

Contractors too, bought into the spirit of the EPWP by renovating a crèche in Langalibalele (Inanda) at their own cost.

As part of a **sustainable exit strategy**, the PMU is now in the process of evaluating the various independent assessments done of the contracting entities so as to exit them into appropriate

major infrastructure projects or programmes where they will receive further mentorship in areas of weakness like financial management, contract administration etc.

- Final assessments per contractor have been done and gaps identified.
- 10 Contractors have been exited into the SEDA / eThekweni Incubator programme with projects.
- 4 Contractors have been exited into the Large Contract Project (R500million project) where there is in-house mentorship from the managing contractor.

- The remaining contractors are being exited into especially packaged water & sanitation and housing development projects which will have the benefit of the following:
 - NURCHA to provide bridging finance – The PMU has negotiated this on behalf of the City.
 - Also within the scope of these projects TUSK will be providing onsite/ classroom mentorship and training.
- The PMU is currently establishing procedures for ongoing monitoring of these contractors as they finally exit the programme to ensure their sustainability and participation in the City's capital delivery and asset management plans. This is being developed in conjunction with line departments and SCM.

3.1.4. The 2nd Vuk'uphile EPWP Construction Learnership

The PMU is currently facilitating 2nd Vuk'uphile learnership intake of approximately 50 contracting companies which is scheduled to commence mid 2008. Taking into account all the lessons learnt on the 1st Vuk'uphile learnership, the PMU is currently finalising details with all the stakeholders, to name a few:

- The required MOA between eThekweni Municipality, Department of Public Works and Construction CETA currently being drafted and finalised with all stakeholders.
- The MOA between eThekweni Municipality, NURCHA and TUSK has been drafted and is due for signature. (NURCHA will be providing the bridging finance for the individual projects and TUSK the mentorship)
- Finalisation of the contractor selection process which will be based on an number of criteria, for example:
 - Existing contractors with an CIDB level rating of 1-4,
 - Contractors will also be selected & matched to projects identified on the 3-year Capital budget. (Projects to the value of R200 million per year have been

identified on the Capital budget that are suitable for Labour Intensive Construction and contractor development and will need to be ring fenced for the Vuk'uphile programme)

- Those wards not previously covered by the 1st Vuk'uphile intake – depends if there are listed Vuk'uphile projects in those respective wards.
 - Individual contractor assessments, interviews by selection committee. (Made up of stakeholders from; eThekweni PMU and Line Departments, DPW, CETA, NURCHA, ABSA and TUSK)
 - Statutory compliance and clearance.
 - Previous work experience....etc.
- The expression of interest will be published in May, which will detail all the selection requirements and procedures.

3.1.5. The Large Contractor Model

The eThekweni's Large Contractor Model was conceived by the PMU in an effort to accelerate contractor development within the City where the **managing contractor / agent** would be obligated within the terms and conditions of the contract to subcontract **emerging contractors** as part of a formal CDP within the project whereby they would receive training and mentorship in terms of contract administration, financial management, project management, plant management etc.

The current project (R150 million per year) is managed by Water Services department and involves the relaying of AC pipes across the City. There are currently 16 emerging contractors involved with this project who are all approximately 50% of the way through their first projects with them all progressing well.

Individual business plans have been prepared for each contractor to ensure that the project objectives are achieved.

Not all the employment figures have been received as yet, but so far since November 2007 – March 2008 over 2,301 job opportunities have been created amounting to 274,888 labour days with over 600 persons being training in construction, supervision and administration. This is a significant achievement.

The PMU is currently packaging other types of projects (rural roads programme and housing delivery) that could be implemented as Large Contract projects so as to take advantage of accelerated service delivery and contractor development.

The above are just some of the EPWP infrastructure interventions that are currently being implemented throughout the City.

3.2. SOCIAL SECTOR:

The eThekweni Municipality EPWP Social Sector Working Group meets monthly or as and when there is a need. The issues that are always on the table are usually about projects planning, coordination, community consultation and mobilization and most importantly, building of partnerships to enhance capacity and resources for the implementation of the business plan.

3.2.1. KEY STAKEHOLDERS PARTICIPATION

Council Units / Departments which consistently participate in the EPWP Social Sector planning and coordination meetings are the following:

- Community Participation
- Skills Development Unit
- Health – Social Development Department
- Fire and Emergency Services
- Rural ABM
- Cato Manor ABM
- INK ABM
- Project Management Unit

3.2.2. SOCIAL SECTOR SKILLS / TRAINING

The EPWP Social Sector has identified training needs with clear exit strategies for DoL funding and approval for funding from the Department of Labour is yet to be confirmed. Skills Programs Progress to date:

- Paralegals that are being trained by UKZN, funded by eThekweni Municipality. In the amount of R120,000.
- The application for funding of identified EPWP Social Sector technical and vocational skills was submitted to the Department of Labour exactly a year ago and to date, there is still no confirmation whether eThekweni EPWP Social Sector skills program will be funded or not.
- Through a strategic partnership entered into with Iqraa Trust, 65 school leavers will have access to interest free loans for technical and vocational skills in the 2008 financial year followed by 120 in 2009.

3.2.3. PROGRAMMES AND PROJECTS

The following are just some of the programmes and projects that are currently being packaged and implemented within the EPWP Social Sector:

- Paralegal Community Resource Centres
- Career Guidance, Counselling and Information Centres
- Substance Abuse Help Desks
- Community Bakeries
- Early Childhood Development
- Neighbourhood Watch & Pension Pay Points Monitoring Services
- Repair / Rebuild Unsafe Homes for vulnerable families
- Labour Intensive Community Support Farms: **(Agriculture Sector)**

The purpose of this project is to facilitate the development of agricultural social and economic community farms. The farms will benefit emerging commercial farmers and at the same time ensure food security for vulnerable and frail families who cannot produce food for themselves e.g. unemployed and destitute TB, HIV & AIDS and terminally ill patients, child headed households, disabled and elderly people living with orphans and depending on social grants etc.

The project will be piloted in the following wards in order of priority:

	WARD	Budget	Financial Year
53	Amaoti	R 2,000,000	2008 / 2009
99	Danganya	R1,000,000	2008 / 2009
100	Umbumbulu	R1,000,000	2008 / 2009
8	Ngcolosi	R1,000,000	2008 / 2009
1	KwaXimba	R1,000,000	2009 / 2010
3	Umzinyathi	R1,000,000	2009 / 2010
97	Bhekolwandle	R1,000,000	2009 / 2010

3.2.4. CHALLENGES:

Institutional arrangements: The Expanded Public Works Programme is not on the organogram of eThekweni Municipality and as such, it has no dedicated staff except for the 4 EPWP Drivers nominated by Deputy Municipal Managers. The EPWP Social Sector currently depended on In-Service Trainees whose contracts have also expired, and support from the Health's Social Development Department.

Lack of financial resources: The municipality operates within tight budget constraints and the idea of funding a new item which has never been on the general expenses line items before, is quite new to most officials who are still battling on how they can be creative in realigning their budgets to accommodate the EPWP. Secondly, the set macro limit is so stringent that very few projects can be funded from the municipality coffers

3.3. ECONOMIC SECTOR:

The Economic Development Strategy report (**Hands of Prosperity**) has been submitted as a separate report to the Economic Development and Planning Committee. (This can be made available)

The strategy recognizes the creation of decent work opportunities as a fundamental cornerstone in the **fight against poverty, and unemployment** and sets out a path towards these broad objectives.

The current strategy is a culmination of significant research to understand the economy and obtain views from various City departments. It outlines the high level direction for the City to meet a set of strategic outcomes. The success of this strategy requires firm political commitment.

The research undertaken highlighted the following key challenges facing the eThekweni Municipal Area:

- Reducing the high levels of extreme poverty and inequality
- Enhancing the effectiveness of educational and training systems
- Enhancing the global competitiveness of the EMA business environment
- Developing government capacity and developing PPPs to enable collaborative planning

The growth of the EMA depends on its ability to successfully create decent work opportunities for its citizens; while leveraging off global trends and local advantages to create economic growth. The job creation challenge exists in the context of a dual economy. The City must play an active role in mainstreaming of the informal economy and stimulating economic activity and new business development.

The specific projects and programmes will be captured and presented in the next report.

3.4. EPWP TRAINING:

3.4.1. DOL Linkages Pilot Project: (Infrastructure Focus)

The Linkages Pilot Project was established by the PMU to ensure that the workers on Expanded Public Works Projects (EPWP) in eThekweni Municipality are trained. Continued procedural problems with the Department of Labour (DOL) in the 2006/2007 financial year led to a situation

that very little training has taken place during that year. Previously only technical training was allowed by DOL relative to specific infrastructure projects. The effectiveness of this was questioned....now we ask "what do we want to leave behind' especially in terms of expanding community driven socio-economic activities. Hence the focus of training now is not just technical / supervisory skills for the current and future infrastructure projects but also to provide training to expand on current livelihood and food security activities already happening in the communities.

In an effort to untangle these hurdles, the Pilot Project Team was appointed by the Business Trust to assist the Municipality during the 2007/2008 financial year. The DOL had allocated R11,3 million for training to eThekweni for the 07/08 period.

Again the process was seriously hampered by DOL administrative red tape, miscommunication between the different DOL spheres of government, uncertainty regarding institutional role and responsibilities and some mismanagement at DOL due to the existing capacity to deal with applications not being able to cope with the demands.

The Pilot Project Team documented the issues hampering the processes and came up with a set of recommendations to each of the major role players, namely the Department of Labour, the Department of Public Works – EPWP unit and eThekweni Municipality.

One of the major positive impacts emanating from the Pilot Project is that most of the recommendations were accepted by the different role players and they are in different stages of implementing these recommendations.

Currently training within the pilot is underway which now includes appropriate technical training associated with the projects as well as livelihood training which is conducted after the infrastructure project is completed. Below is the work-plan for the project which is targeting over 2,000 people to be trained for the 07/08 period.

eThekwini Linkages Project.

Objective	Expected result	End date	Responsibility	Person days
1. Monitor training and processes regarding the training approved for the 2007/2008 year.	<ul style="list-style-type: none"> • 1935 Workers trained in Health and Safety (3870 training days) • 24 Workers trained as Contractors (792 training days) • 32 Workers trained as Pipelayers (320 training days) • 10 Workers trained in Paving (100 training days) • 90 Workers trained as Bricklayers (4050 training days) • 20 Workers trained in Storemanship (200 training days) • 16 Workers trained in Administration (160 training days) 	30 June 2008	Fanie/Chrystal/CPU	24
2. Manage the process of livelihood training needs analysis for 2008/2009.	<ul style="list-style-type: none"> • Training needs analysis for 9 2007/2008 Projects submitted to DoL • Training needs analysis conducted for new 2008/2009 Projects 	31 August 2008	Fanie/Chrystal/CPU	24
3. Finalise 2008/2009 Project list.	<ul style="list-style-type: none"> • Integrated list of rolled-over 2007/2008 Projects, new 2008/2009 Projects as well as some social sector projects with a total training value of R 15 million. 	30 April 2008	Fanie/PMU	7
4. Submit new training applications to DoL	<ul style="list-style-type: none"> • Training applications to the value of R15 million submitted to the DoL 	31 August 2008	Fanie/Chrystal/SDU	20
5. Liaise with Councillors and other stakeholders regarding training logistics.	<ul style="list-style-type: none"> • Common understanding amongst all stakeholders regarding the objectives, requirements and logistics 	Ongoing up to December 2008	Fanie/Chrystal/SDU	20
6. Ensure that capacity is established and maintained in Municipality to deal with Projects.	<ul style="list-style-type: none"> • eThekwini Municipality has internalised the process of linking workers to training on EPWP Project. 	Ongoing up to December 2008	Fanie/Chrystal/PMU/SDU /CPU	18
7. Track the livelihood	<ul style="list-style-type: none"> • 70% of the workers that receive 	Ongoing up to	Fanie/Chrystal/CPU	18

4. CONCLUSION:

The main focus over the next 12 months will be to ensure that EPWP potential is fully realised in each of the 8 IDP plans and in all cluster business plans. These will be captured within a logical framework with identified timelines, budgets, resources and measurable outputs for reporting purposes. National government had a target of 1 million job opportunities. As a City we need to identify all possible EPWP type initiatives that we can expand upon so we can set realistic goals in terms of the number of **sustainable jobs** through appropriate training and skills transfer.