

Employment Intensive Infrastructure: Job Creation through Public Works Programmes

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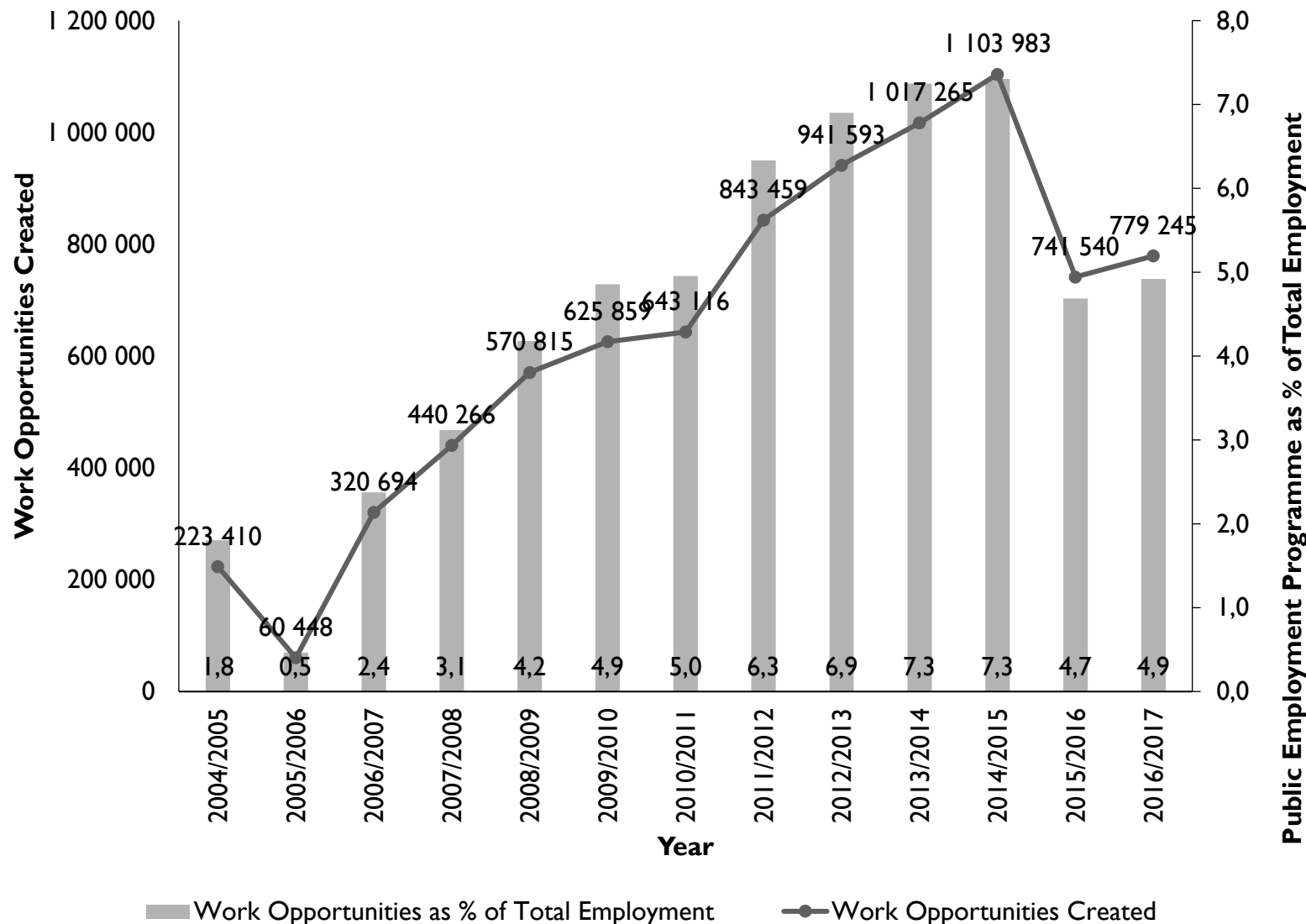
Sustainable Infrastructure Development Symposium

Presidential Roundtable

June 23rd, 2020

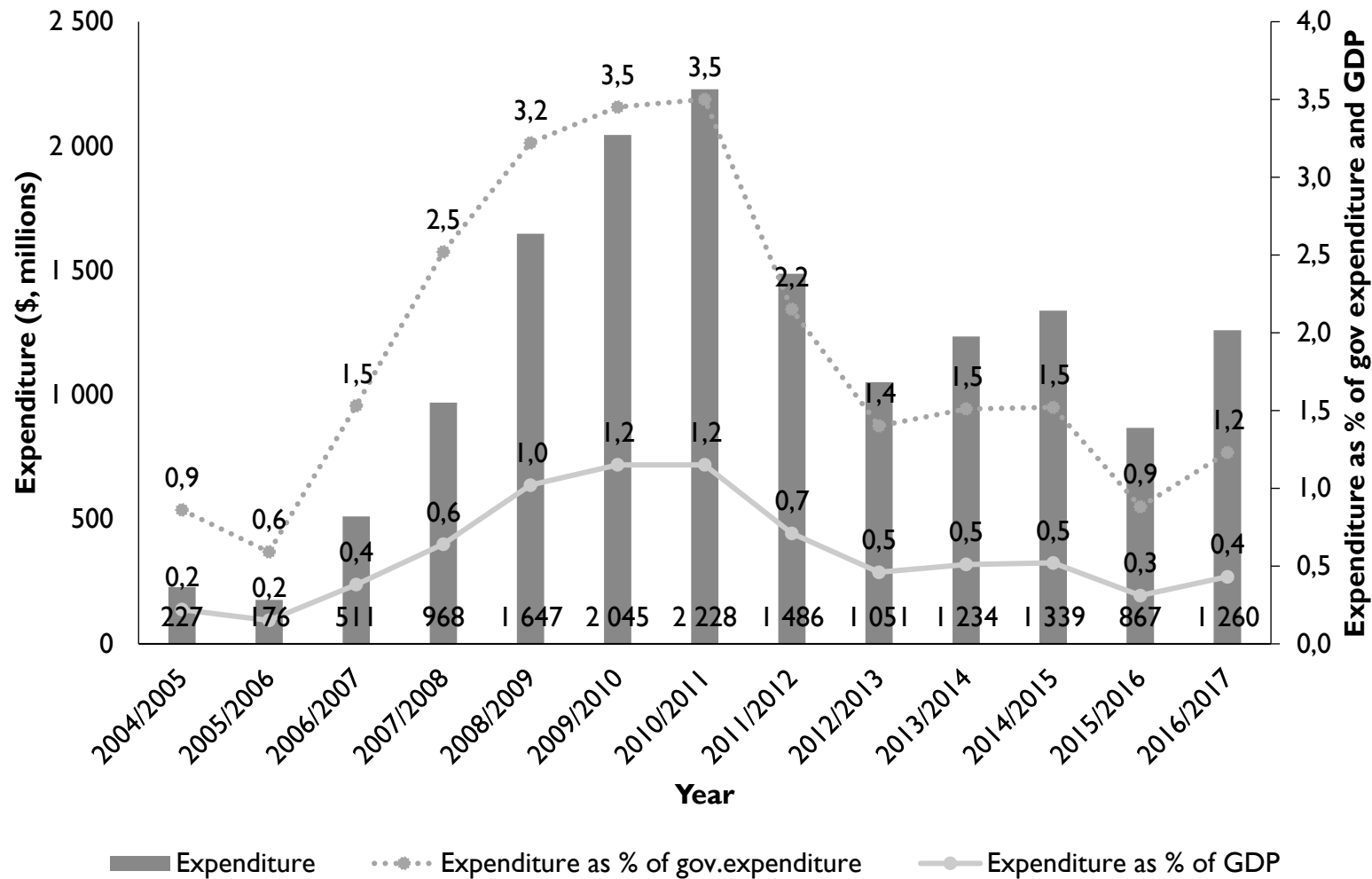
- Currently two broad interventions:
 - Expanded Public Works Programme (ePWP)
 - Community Works Programme (CWP)
- ePWP launched in 2004
- CWP launched officially (after pilot) in 2009.
- Differences between the two programmes in approach:
 - **ePWP**: Classic PWP designed to produce infrastructure ideally to crowd in private investment and to provide income through temporary work placement for unemployed.
 - **CWP**: Provides community-level infrastructure through work sites which are labour intensive (non-wage costs limited to 35% of total costs). Co-managed by NGOs and government. An employment guarantee scheme. Guarantees 100 days of work to participants.

ePWPs in South Africa: Work Opportunities Created 2004-2017



- ePWP had race, gender & disability targets & Skills training component.
- Created on average about 650 000 jobs per year since 2004.
- Average job generation rate of 5% of total employment over the period 2004-2017.
- Peak of 1.1 million jobs in 2015 – sharp decline since.

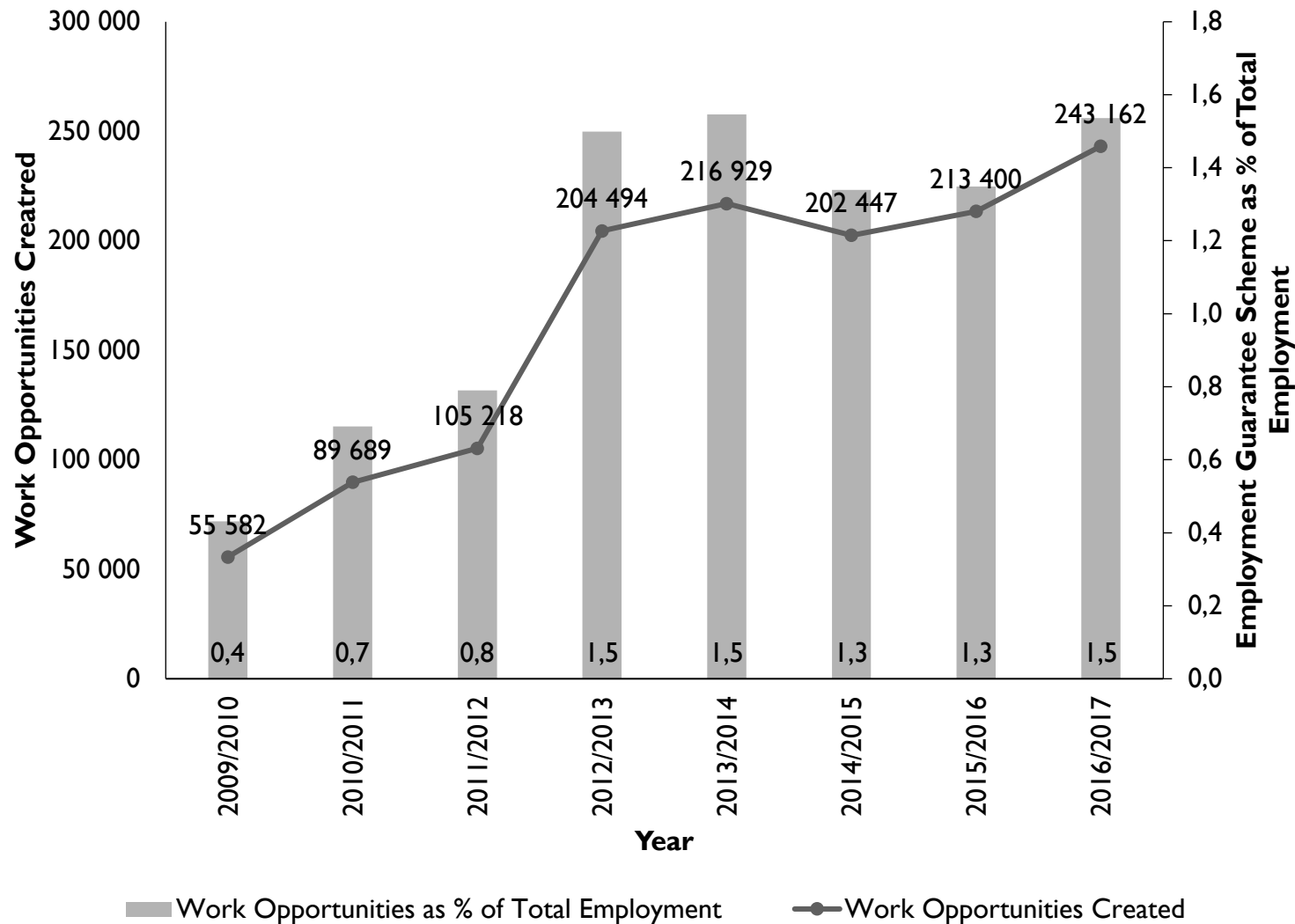
ePWPs in South Africa: Total Expenditure, 2004-2017



Source: SACN (2017) and Department of Public Works (2009).

- Total ePWP Expenditure : R 16 billion per year.
- 1.8% of Government Expenditure per year.
- 0.59% of GDP: Average expenditure on ePWPs per annum.

Community Works Programme: Work Opportunities Created, 2009-2017

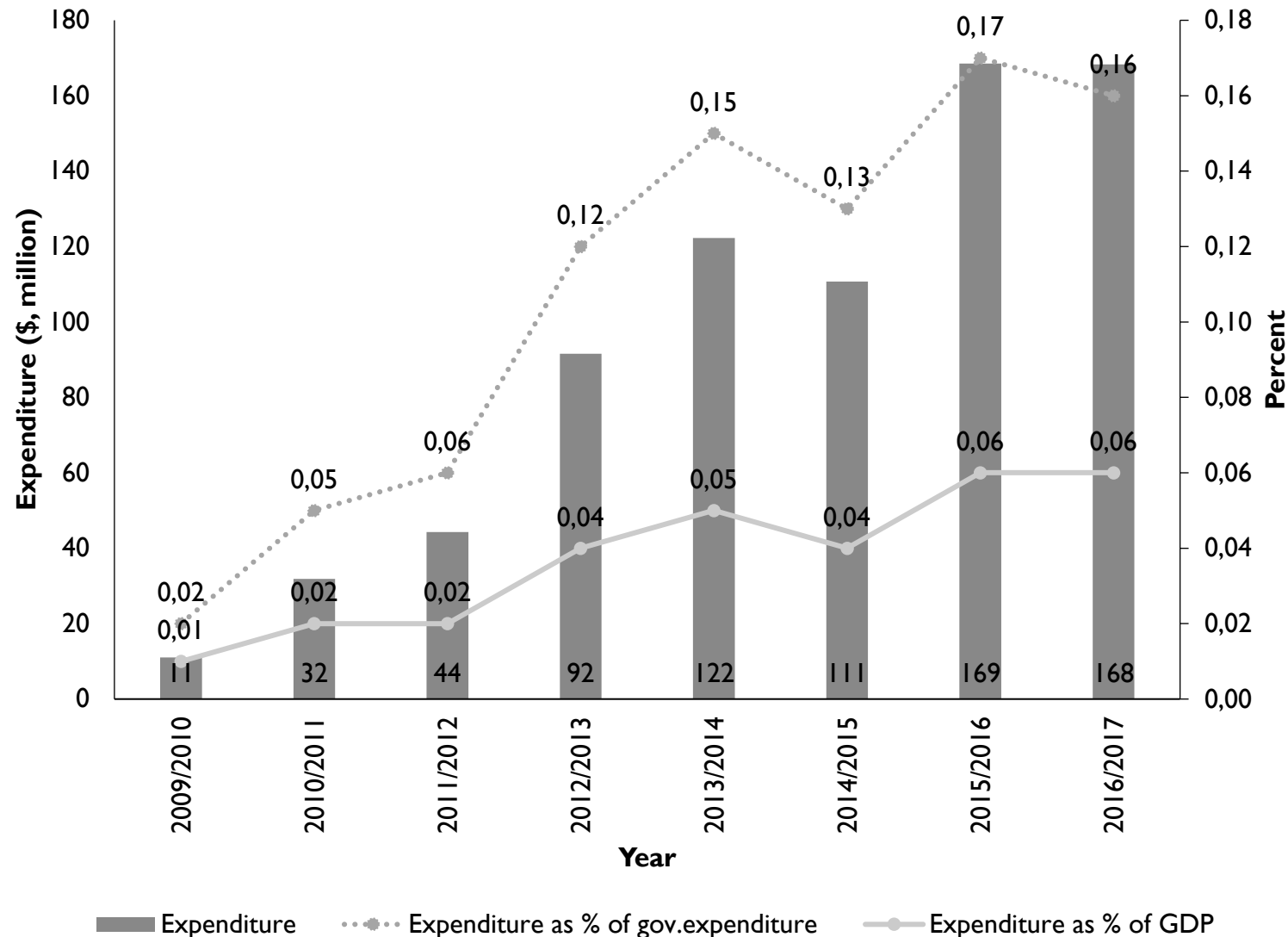


- 100 days of work guaranteed.
- Average of 162 000 jobs created per year.
- Much smaller in scale than ePWPs.
- Peak of 243 000 jobs reached in 2017.
- Constitutes 1.1% of total employment, rendering it about one-fifth the size of ePWPs.
- Scheme has created total of 1.3 million work opportunities: 53% to youth & 71% to women.

Source: Department of Public Works (2009).

Note: These figures are accounted for in the total work opportunities and expenditure generated by the public employment scheme, given above.

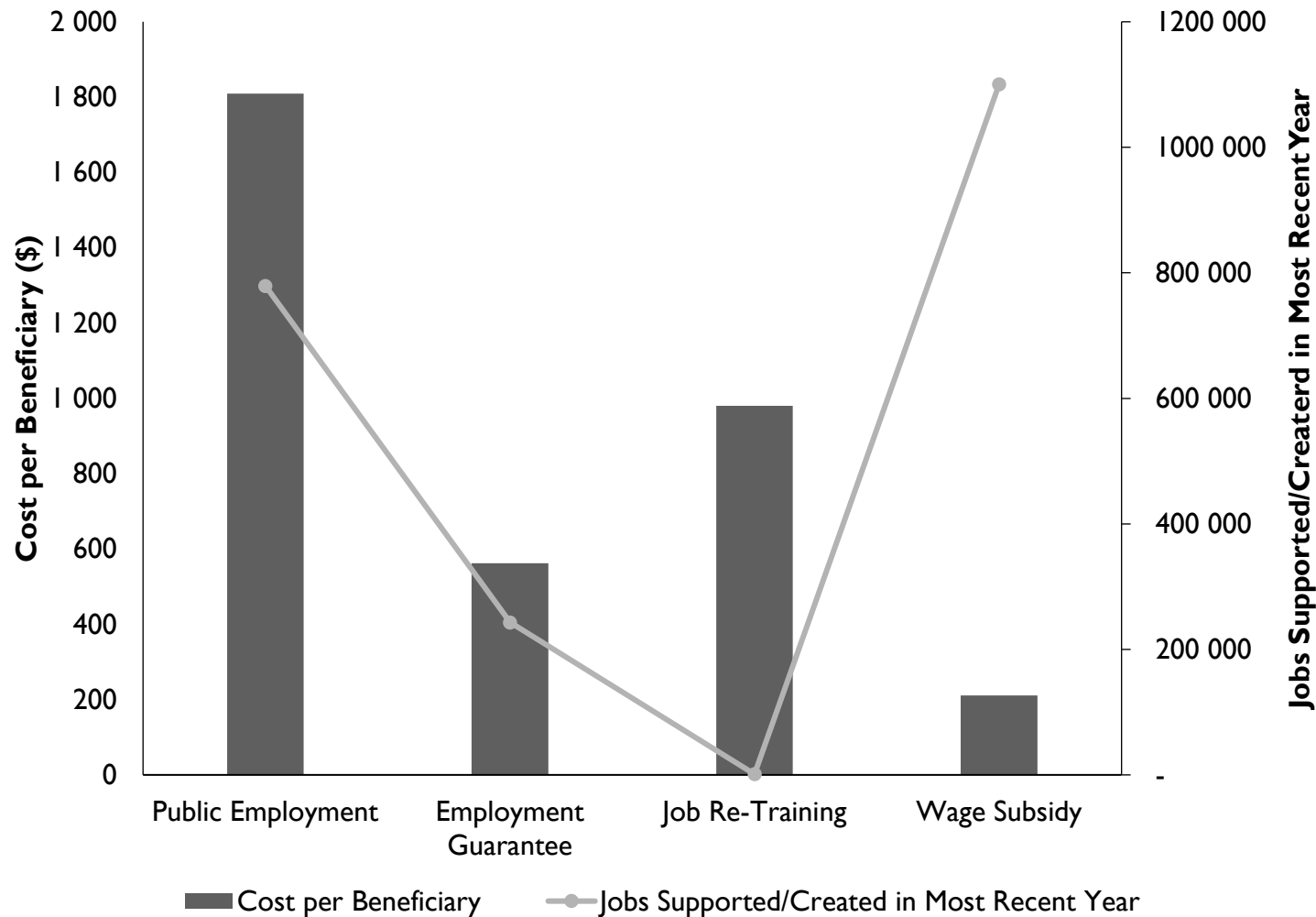
Community Works Programme: Overview of Expenditure



- Total expenditure increased from R 155 million to R2.3billion
- Equivalent to 0.11% of public expenditure and
- 0.04% GDP of over period

ePWPs and CWPs in Comparison with other Active Labour Market Programmes

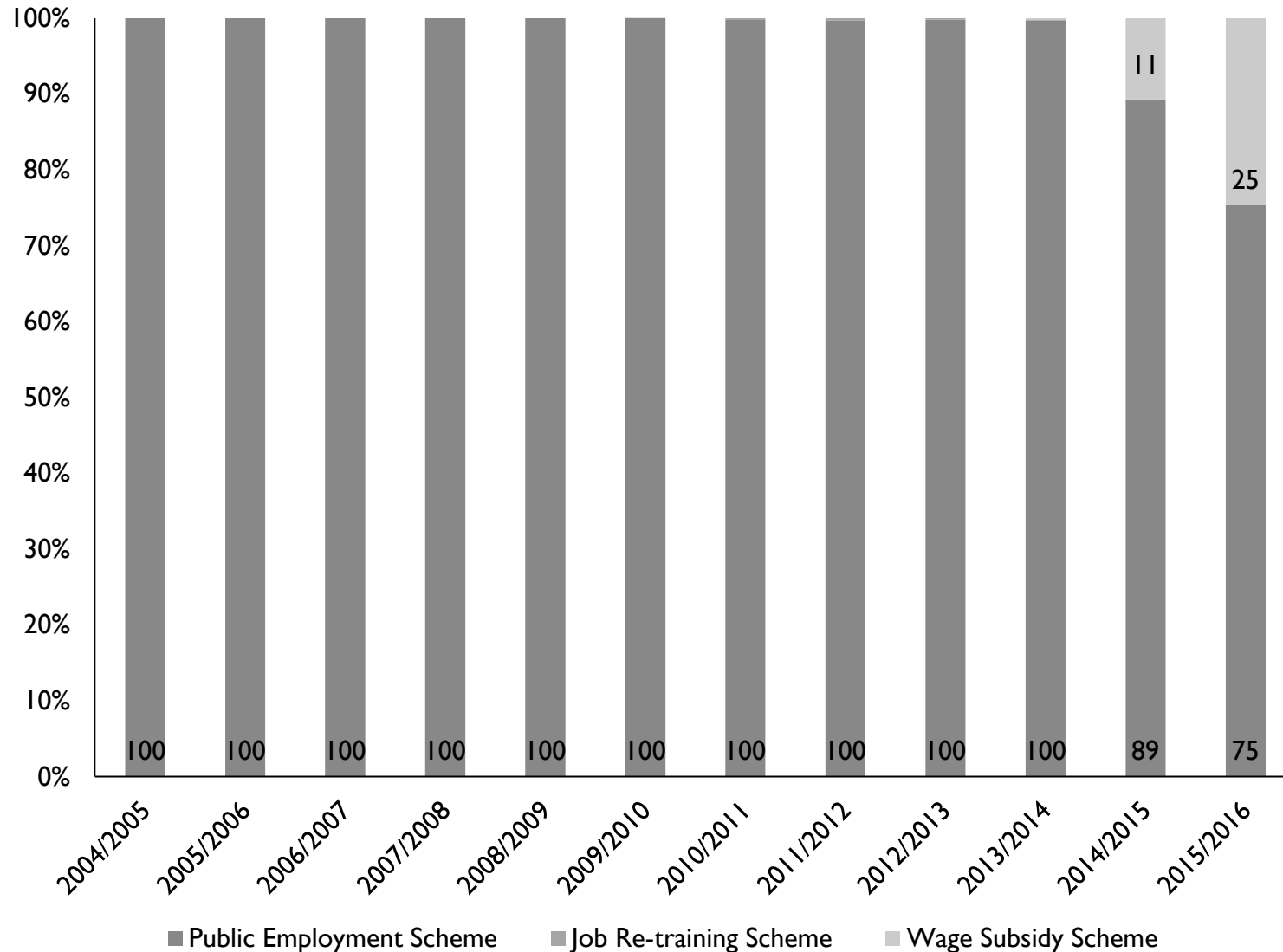
Active Labour Market Programmes: Cost and Benefit Comparisons, 2016/17



Source: SACN (2017) and Department of Public Works (2009); NSF (2013); Chatterjee and MacLeod (2016)

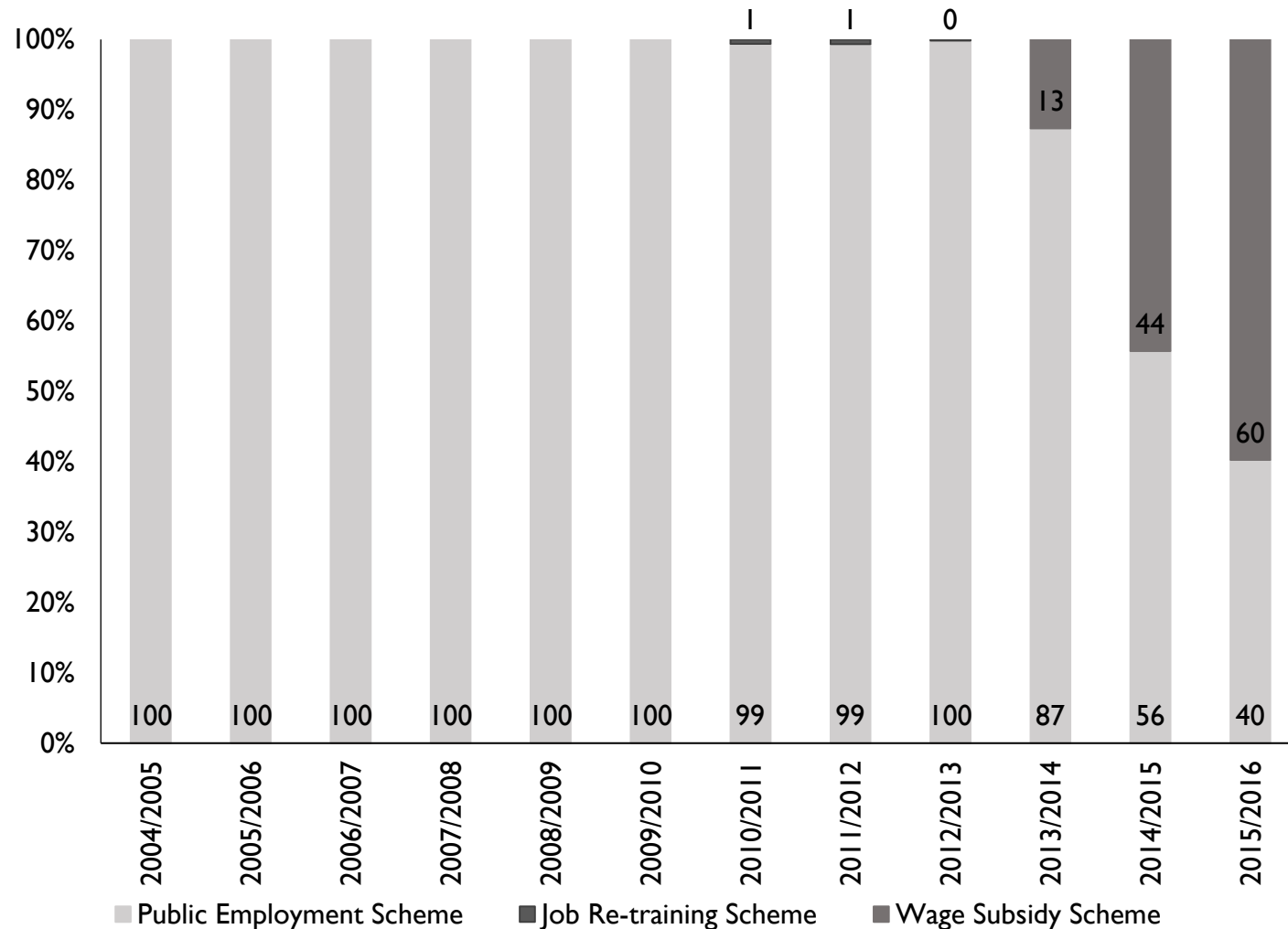
- The public employment scheme (ePWP) has by far the highest cost per beneficiary.
- ePWP created a large number of work opportunities, around 780,000 in 2016/17.
- Employee guarantee scheme (cPWP), costs less than third of ePWP (public employment scheme).
- Wage Subsidy (ETI) scheme is cheapest and generates largest number of jobs in most recent year estimates.

Contribution of ALPs to Total Fiscal Cost



- Until 2014/14, almost all ALP spending was through PWP.
- Introduction of ETI scheme changes this and now 25% allocation of ALP spend is to ETI.

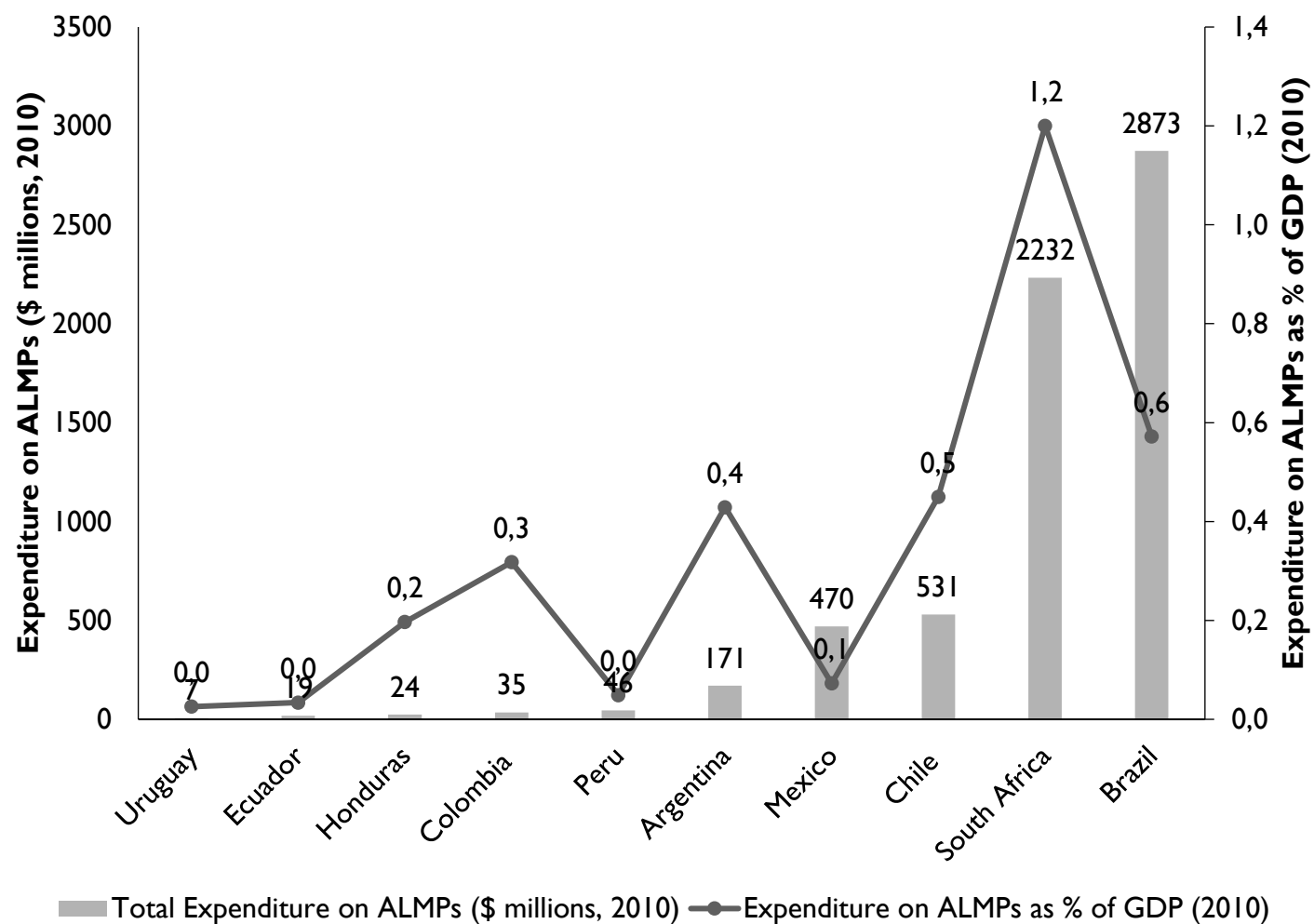
Contribution to Total Jobs Created, Supported or Re-Trained



- In 2013/14, wage subsidy scheme contributed 13% of all beneficiaries, despite only being active for two months in that year.
- In 2015/16, wage subsidy scheme covered more beneficiaries than public employment scheme, making up 60% of total beneficiaries of ALPs.

Source: SACN (2017) and Department of Public Works (2009); NSF (2013); QLFS 2008-2015; PALMS; Own Calculations using SARS tax data.

Expenditure on ALPs as a share of GDP: Cross-Country Evidence



- In 2010, Brazil had the highest expenditure on ALPs, followed by South Africa.
- South Africa's expenditure on ALPs was substantially higher than the remaining LACs and more than four times higher than the LAC.
- South Africa's expenditure on ALPs as a proportion of GDP was more than double that for any of the nine LACs.

Source: Cerutti et al. 2014; SACN (2017) and Department of Public Works (2009); NSF (2013); Chatterjee and MacLeod (2016); Own Calculations using SARS tax data.

- Both CWP and ePWP have faced a number of challenges:
 - Balancing trade-offs between outcomes (poverty relief, skills development, improvement of livelihoods)
 - Inability to convert work opportunities into sustainable long-term employment
 - Concerns about corruption which have grown dramatically in the last few years.
 - Poor monitoring and evaluation means that it is difficult to measure the impact of ePWPs and CWPs on infrastructure provision, employment outcomes, relative costs and so on.