

**SECOND QUARTERLY REPORT – YEAR 4
(Containing interim data and information for the period
1 April 2007 to 30 September 2007)**

Financial Year 2007/08

**(This narrative should be read in conjunction with
Annexures A – G)**

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1 Introduction

The Expanded Public Works Programme (EPWP) is a Nationwide Programme that covers all spheres of government and state-owned enterprises. The aim of the Programme is to draw significant numbers of unemployed people into productive work opportunities, accompanied by training, so that they increase their capacity to earn an income. The EPWP is a direct response to one of the agreements reached at the Growth and Development Summit (GDS) of 2003. The project is implemented under four sectors namely; Infrastructure, Economic, Environment and Culture and Social Sectors.

The immediate goal of the EPWP is to alleviate unemployment for a minimum of one million people, of which at least 40% will be women, 30% youth and 2% people with disabilities, by 2009. This goal will be achieved by creating work opportunities in the following four ways:

- Increasing the labour intensity of government-funded infrastructure projects
- Creating work opportunities in public environmental programmes
- Creating work opportunities in public social programmes (e.g. community care workers)
- Utilizing general government expenditure on goods and services to provide the work experience component of small enterprise learnership/incubation programmes.

This report is compiled to report on the progress of the EPWP across the four Sectors. The core purpose of this report is to support programme management to ensure compliance with the programme's strategy and approach.

This will improve responsiveness of implementing bodies and ensure the collection, processing and submission of reliable and timely data. The report should assist in assessing if the benefits are reaching the intended beneficiaries (e.g youth, etc.), and whether the interventions are contributing to the achievement of the strategic objectives. The report will enable sectors to make data-based decisions regarding interventions.

The report includes all the data that could be used for the second quarter 2007/2008 (April 2007 to September 2007) financial year. For this second quarter report, 5 902 projects were received and 5 112 (87%) projects were included across the four sectors. Of the 5 112 projects included in the report, 174 were from the economic sector, 358 from the environmental and culture sector, 853 from the infrastructure sector and 4 527 from the social sector. A total of 790 **(13%)** projects were excluded from the report for reasons of poor data quality. Of the 790 projects excluded, 40 **(5%)** were from the economic sector, 147 **(19%)** from the environment and culture sector, 281**(36%)** from the infrastructure sector and 322 **(41%)** from the social sector.

2 Overall EPWP Progress Towards 5 Year Targets

Targets were set for the first five years of the implementation of the EPWP. Some of the most important targets is that 1 million work opportunities will be created, 650 000 person-years of work to be created and 15,5 million training days to be achieved. The definitions for the agreed indicators for monitoring of the programme are spelled out in the logframe document.

Below is a reflection of the progress made towards the EPWP 5 year targets (2004/05 - 2008/09).

Indicators	Targets	Achieved (%)
Net Work-opportunities	1 112 000	854 406 (77%)
Person-years of work (including training)	650 000	271 920 (42%)
Person-days training	15,5 million days	3 632 476 (23%)

Table 1: Overall EPWP achievements vs 5 year targets

The cumulative total net work-opportunities created under the programme since the commencement in April 2004 up to the end of September 2007 is at least 854 406. To date, the EPWP has achieved 77% of its 5 year target on work opportunities. With only 18 months of the 5 years left, the EPWP has to create 257 594 work-opportunities between October 2007 and March 2009 to reach its 1 million plus work-opportunities target. This implies that approximately 42 930 work-opportunities per quarter.

EPWP has created 271 920 person-years of employment which is 42% of the 5 year targets.

The overall number of person-days of training that has been provided since the commencement of the EPWP, is at least 3,6 million. The project has achieved 23% towards its 15,5 million person-days of training target.

Below is the overall EPWP work-achievements towards 5 year targets across all sectors.

Sector	Target end Sept 2007	Gross created Sept 2007	WO till end of Target	Gross % of Target	Net created end 2007	WO till Sept	Net % of Target
Infrastructure	465 378	491 311	106		436 507	94	
Environment and Culture	124 101	314 302	253		314 302	253	
Social	93 076	91 385	98		91 385	98	
Economic	7 446	12 212	164		12 212	164	
Total***	690 000	909 210	132		845 406	124	

Table 2: Sector specific progress towards 5 year work-opportunities targets

By September 2007, EPWP was supposed to have created 690 000 work-opportunities across all four sectors. The progress report shows that EPWP created 845 406 (124%) work opportunities by the end of September 2007. This shows that EPWP is on track in reaching its 5 year targets and currently, EPWP is over achieving. The environment and culture and the economic sectors have over performed towards their annual targets. The infrastructure and social sectors have achieved 94% and 98% respectively and both sectors need to create more jobs in the following quarters in order to achieve the annual targets.

2.1 Achievements from quarter 2, year 4 of the EPWP Programme (April 2007-September 2007)

The social sector has the highest number of projects in most provinces except Kwa-Zulu Natal, Northern Cape and Western Cape. The Northern and Western Cape reported more projects in the environment and culture sector followed by the infrastructure sector. See Map 1.

2.1.1 Work Opportunities

The total number of work opportunities created from April 2007-September 2007 is 215 704 (77%) towards achieving its annual target of 280 000.

Of the 215 704 work opportunities created, the EPWP has exceeded the targets of employing youth (37% versus 30% target) and women (51% versus 40% target) and has not reached target for employing people with disabilities persons (0.75% versus 2% target).

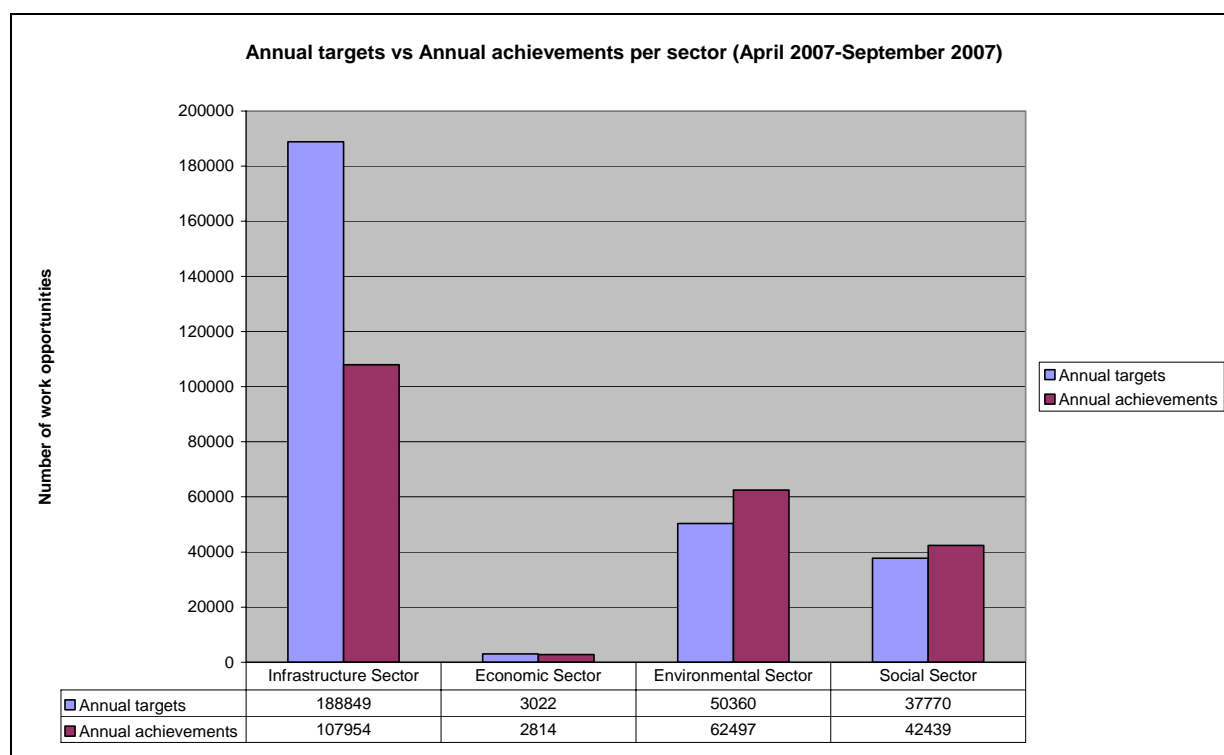


Figure 1: Annual Work-opportunities targets vs achievements per sector.

The infrastructure sector has achieved 57% of work-opportunities towards their annual target whilst the economic sector has achieved 93% towards their annual work-opportunities target. The environment and culture sector has exceeded their annual targets by achieving 124% whilst the social sector achieved 112% towards the annual work-opportunities targets.

The economic sector has contributed 1,3% towards the annual work-opportunities created in this reporting period, whilst the environment and culture sector has contributed 29%. The social sector has contributed 20% towards the annual work-opportunities created. The infrastructure sector contributed 50% towards the achieved annual work-opportunities target.

Map 2 shows that more work-opportunities were created in Gauteng, (Johannesburg Metro). This is followed by the OR Tambo and Amathole districts in the Eastern Cape and Umgungudlovu and Umkhanyakude districts in Kwa-Zulu Natal. The provinces that reported the least number of work-opportunities are Northern Cape and Free State provinces.

2.1.2 Person-Days of training

The number of person-days of training achieved to date is 658 720. The project has achieved only 17% of the annual target of 3 850 000 for 2007/08. For EPWP to reach its 5-year targets, 531 880 person-days of training have to be achieved per quarter in the remaining six quarters.

2.2 Training

As stated in the objectives of the EPWP, training is critical for the successful implementation of the programme. According to the Code of Good Practice for Special Public Works Programmes, as gazetted by the Department of Labour (DoL), it is a requirement that beneficiaries should receive at least 2 days of training out of every 22 days worked.

The bar diagram below gives the sector performance against annual training person-days targets.

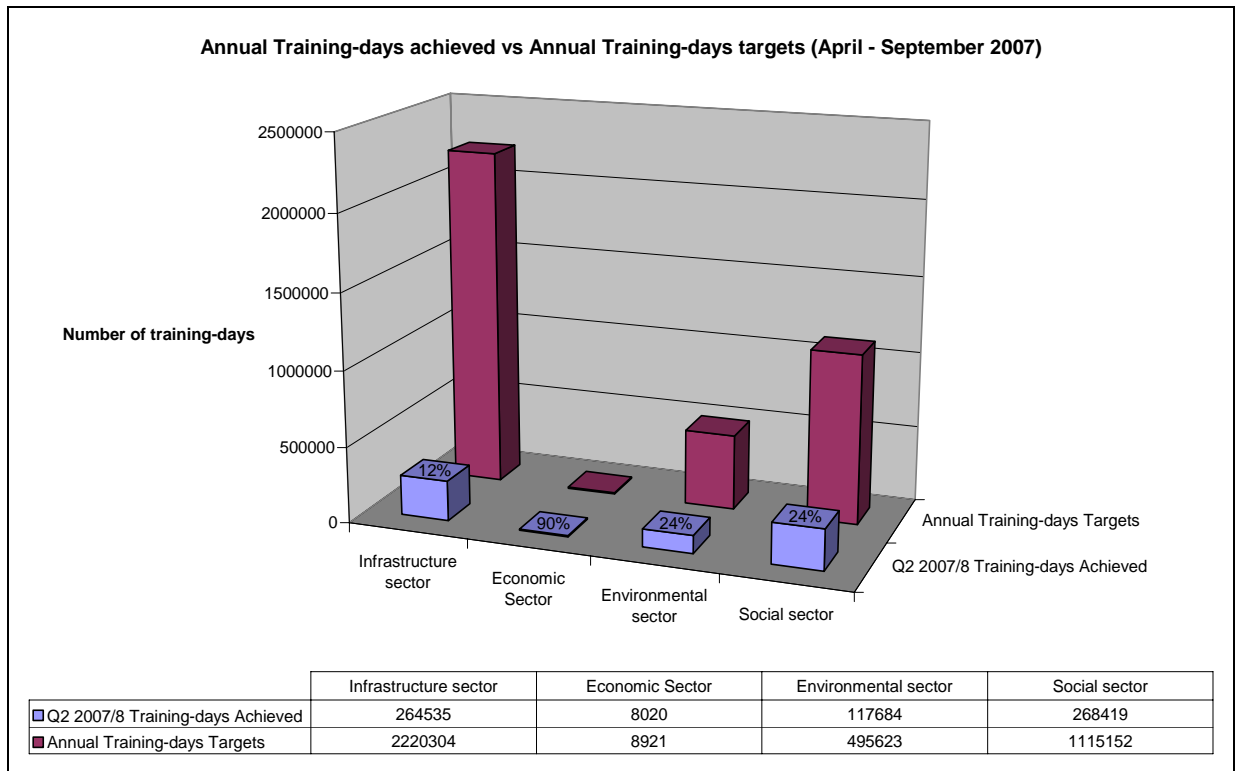


Figure 2: Annual training achievements vs targets per sector

The infrastructure sector has achieved 12% of its annual targets, whilst the Environment and culture sector has achieved 24% and the social sector achieved 24% training days. The economic sector has achieved 90% of its annual target by September 2007/08.

2.3 Summary of Progress per Sector

2.3.1 Infrastructure Sector

The infrastructure sector has been identified as the largest employment generator in the EPWP with a target of at least 750 000 work opportunities to be created over the first five years. The programme focuses on infrastructure amenable to the construction, rehabilitation and maintenance by Labour Intensive methods provided by National Departments, Provinces and Municipalities. The success of the programme depends upon substantial training and capacity building within the sector. Interventions have been put in place as part of this sector plan to address training and capacity building needs.

The results below refer to the cumulative performance of the sector over the first 2 quarters of financial year 2007/08

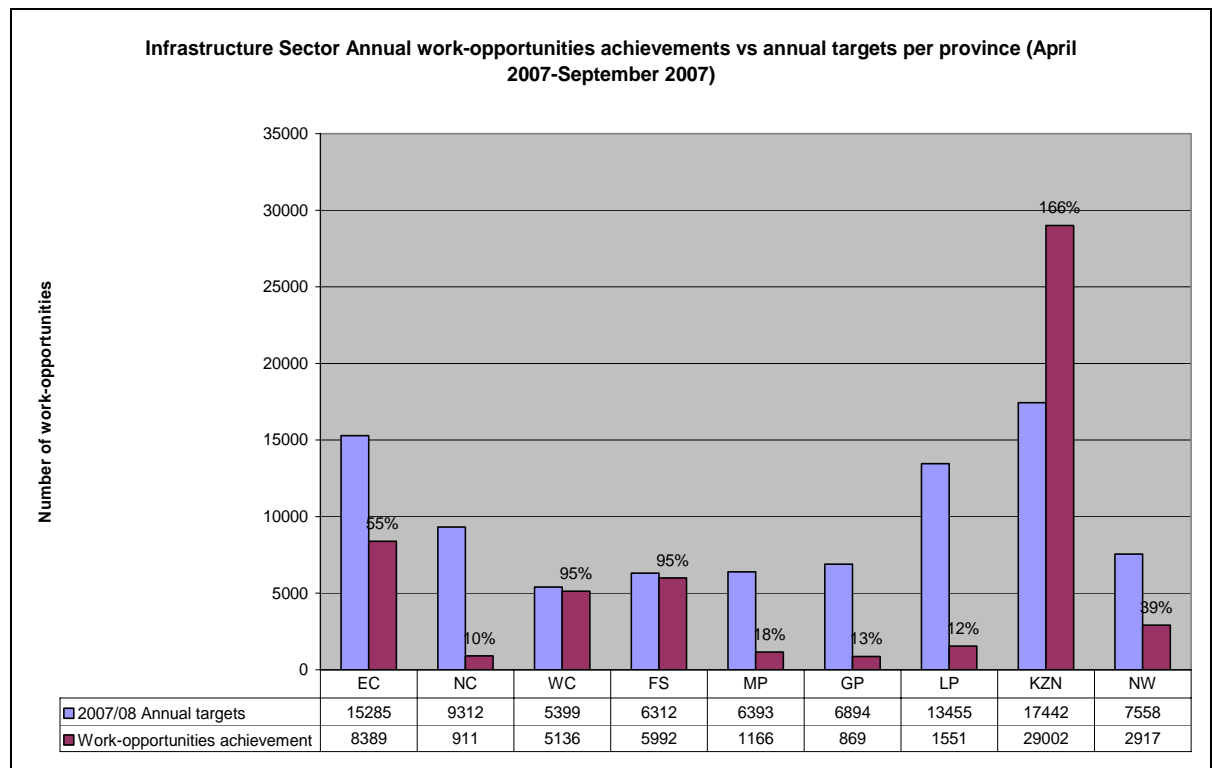


Figure 3: Infrastructure sector progress towards annual targets per province

The infrastructure sector has achieved 57% of its annual target. The above figure shows that when disaggregating the sector per province, it is clear that some provinces are behind in achieving their annual work-opportunities target. Eastern Cape has achieved 55% whilst the Western Cape and Free State have both achieved 95% of their work opportunities targets. Northern Cape has achieved only 10% whilst Mpumalanga achieved (18%), Gauteng (13%), Limpopo (12%) and North West have achieved 37% of its annual work-opportunities targets. Kwa-Zulu Natal has exceeded their annual targets by 66% achieving 166% of its annual work-opportunities target.

Over the course of the 2006/2007 financial year, the Infrastructure sector has structured itself operationally into five Programmes: (Technical Support to implementing bodies, Vuk'uphile Contractor and site Supervisor Learnership

Programme, Building Maintenance and National Youth Service, Scaling up EPWP in the Access Roads Sector and Large projects Programme).

2.3.1.1 Vuk'uphile

The total of 2 205 learnerships are in various stages of implementation:

A total of 1 502 Learners started their learnership of which 1 170 learners received or are in the process of receiving their first classroom training.

A total of 18 public bodies were awarded projects for the 1st training projects and 5 public bodies were awarded the second training project. Mentoring companies were appointed to assist these learner contractors with project execution.

Department	Total learners exited	Supervisor's exited	Contractors exited	Progress since Exiting	
				Contractors submitted tenders	Joint ventures/ awarded projects
Department of Roads and Transport (MP)	44	30	14	14	0
Department of Roads and Public Works (WC)	26	16	10	5	5
Emalaheni Local Municipality	34	24	10	10	0
Mangaung Local Municipality	59	40	19	12	7
Nkangala District Municipality	37	16	21	21	0
Ethekwini Metro	57	36	21	13	8
Total	257	162	95	75	20

Table 3: Infrastructure Vuk'uphile learnership progress

Table 3 shows progress on the Vuk'uphile programme. Of the 1 502 learners that have started the learnership Programme, the Vuk'uphile Programme has exited 257 (17%) learners, spread over four municipalities and two provincial government departments (Mpumalanga and Western Cape). Of those that have exited, 95 were contractors and 162 were supervisors. Table 3 also shows that of the 257 learners exited, 75 contractors' submitted tenders and 20 have been awarded projects.

2.3.1.2 Large Projects

Province	Number of R50 Million Plus Projects	Number of Work - Opportunities Created
EC	27 (57%)	5 807
FS	3 (6%)	483
GP	7 (15%)	8 900
KN	8 (17%)	2 663
MP	1 (2%)	159
WC	1 (2%)	19
TOTAL	47	18 031

Table 4: Total number of Infrastructure Large Projects per province

Large projects are defined as projects that have a budget of R50 million and more. For this reporting period, there are 47 large projects that have been included in the report. The majority of the large projects are in the Eastern Cape (57%) followed by Kwa-Zulu Natal (17%) and Gauteng (15%). The Free State province has 3 (6%). Mpumalanga and Western Cape have one project each.

Large projects have contributed 17% (18 031) towards the work-opportunities created in the Infrastructure sector.

2.3.1.3 Top 45 Municipalities

The NDPW has embarked on an initiative to work closely with 45 key municipalities from the financial year 2006/07, and provide them with technical support if required. This will ensure that they implement their projects in accordance with the EPWP Guidelines and report as such on the outcomes of these projects.

Budget (R)	Number of Municipalities	Number of Projects	Work opportunities created
< 1 million	1	2	30
1 – 9 million	8	38	1 453
10 – 99 million	15	154	10 444
100 – 500 million	9	315	21 165
> 500 million	1	144	15 930
Total	34	635	49 022

Table 5: Top 45 Municipalities progress report

There are 34 of the top 45 municipalities that have submitted data that could be included in the report. The top 45 municipalities created 49 022 work-opportunities and 653 projects in total. Of the 653 projects reported, 635 were reported by the infrastructure sector, 15 from the environment and culture sector and 3 from the social sector. Most municipalities have a budget between a million to R500 million. One municipality has reported to have a budget of less than a million rand and another one has a budget of more than R500 million. The municipalities that have the least budget have the least number of projects and have created the least jobs.

2.3.1.4 National Youth Service (NYS)

The Presidential target for the NYS was 5000 learners to be recruited and trained was set when the programme was launched. By October 2007, the National department of Public Works had recruited and trained 2 064 beneficiaries across all regions. The regional offices have implemented the NYS programme in 43 projects. The provincial departments have recruited 5,401 beneficiaries across all the 9 provinces. Some of the beneficiaries have been through the orientation and some are in the process of receiving technical training.

2.3.2 Environment and Culture Sector

The environment and culture sector involves the employment of people on projects to improve their local environments, under programmes initiated by the Department of Environmental affairs (which leads the sector), Department of

Agriculture, Department of Arts and Culture, Department of Water Affairs and Forestry and the Department of Science and Technology.

Annual targets were set for the implementing departments for the first five years of the EPWP. For this period under review, the environment and culture sector has created at least 62 490 (29% of the total work-opportunities created) work-opportunities.

Of the work-opportunities created, the national programmes created at least 51 460 (82%) work-opportunities, whilst the provincial departments and the municipalities have created 9 300 (15%) and at least 1 700 (3%) work-opportunities respectively.

Below is the progress made by the environment and culture sector's national programmes towards the annual work-opportunities targets.

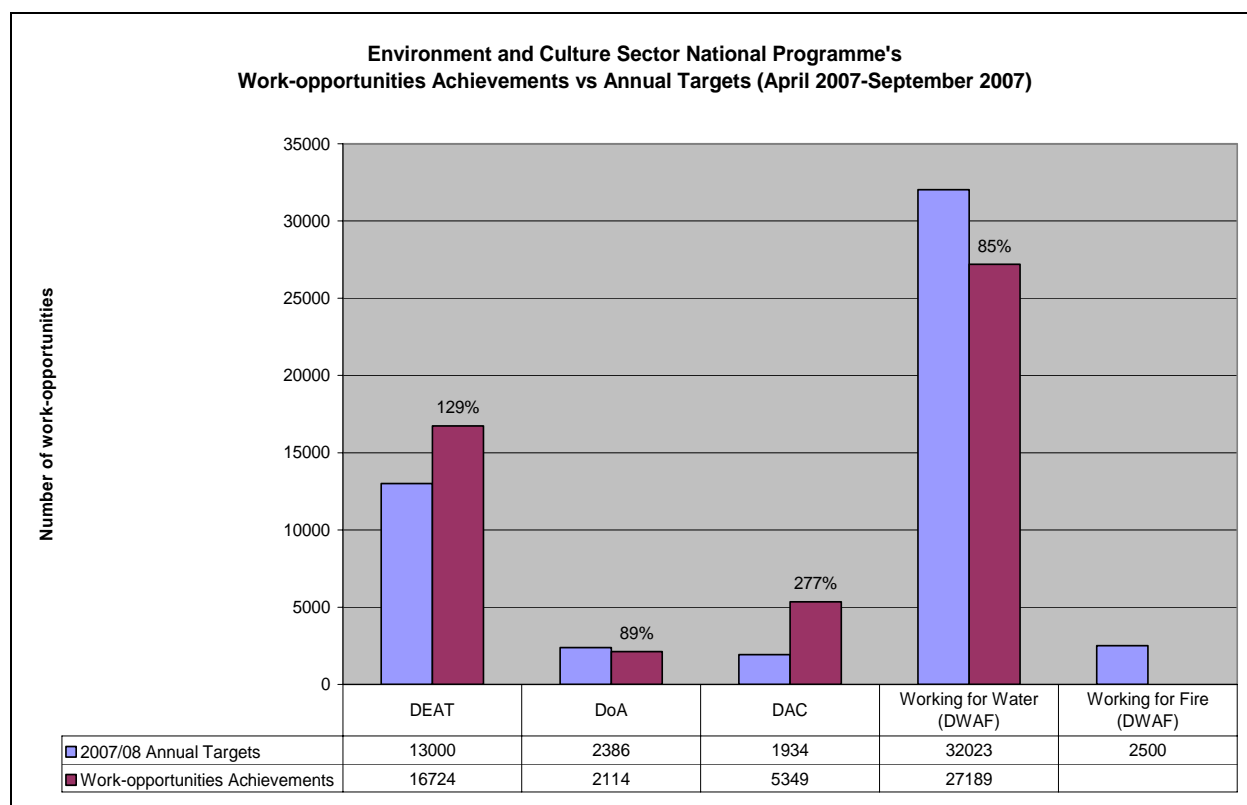


Figure 4: Environment and Culture Sector National Programmes

The Working for Tourism Programme implemented by Department of Environmental Affairs and Tourism (DEAT) and Department of Arts and Culture (DAC) has over performed and has achieved 172% of its annual target.

This is followed by People and Parks Programme (DEAT) at 147% then by the Sustainable land Based Programme at 103% towards their annual targets. Working for the Coast has achieved only 24% of their annual target.

2.3.3 Social Sector

The social sector consists of the following departments: Department of Social Welfare (which is a lead department), department of Education and the Department of Health. The focus of the Sector is on the expansion of Home and Community Based Care (HCBC) programmes in the health/ social areas and on Early Childhood Development (ECD) programmes in the social/education areas.

For this period under review, the social sector has created 42 439 (20% of the total work-opportunities created) work-opportunities. Of these 42 439 work-opportunities created, 41 624 (98%) were created by provincial departments whilst only 815 (2%) were created by municipalities. Below is a provincial social sector progress on work opportunities achievements vs annual targets, expenditure and expenditure on wages per province.

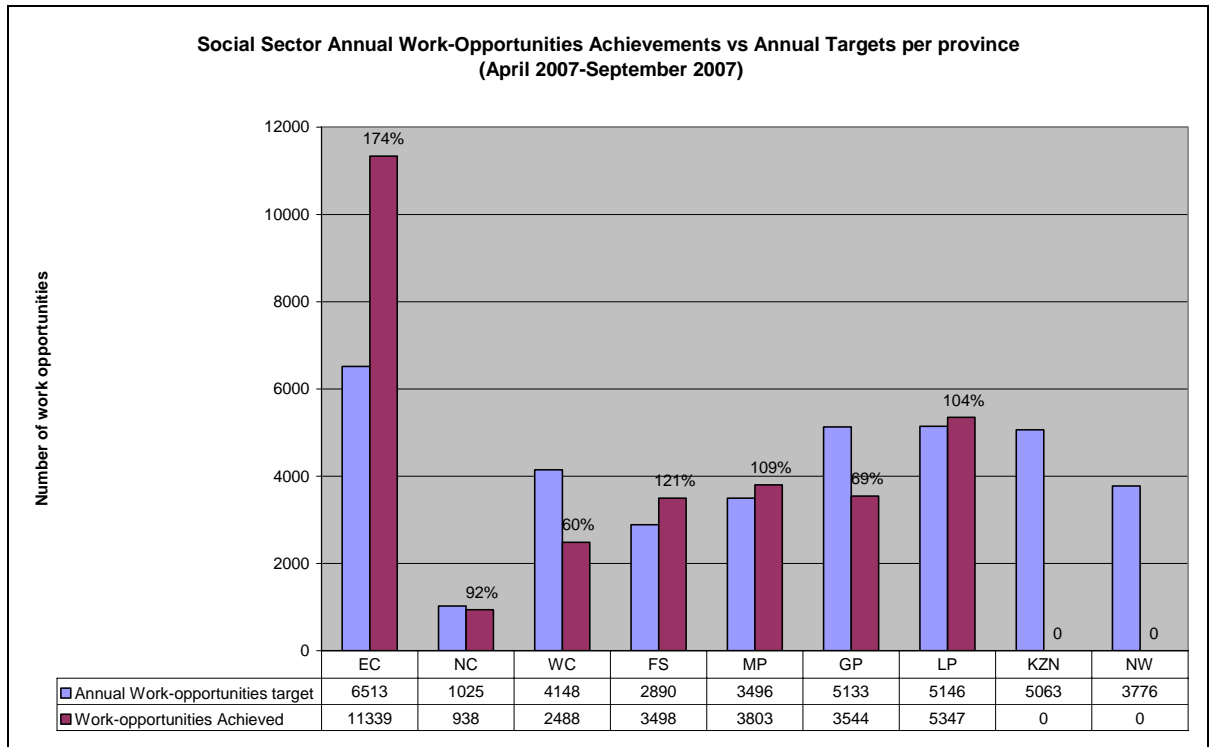


Figure 5: Social Sector progress towards targets

The provincial departments in total have achieved 83% of the total work-opportunities against annual target and have spent 34% of their annual budget to date and have spent 63% of their expenditure on wages.

There was no data for KZN and NW in the final data that passed the validation tests.

2.3.4 Economic Sector

The economic sector has created 2 814 work-opportunities, 8 020 person-days of training and 658 720 person-days of work in this reporting period. The report is from three provinces namely EC, LP and MP. From the 2 814 work-opportunities created, the EC contributed 1 190 (42%) whilst LP contributed 272 (10%) and MP contributed 1 352 (48%) work-opportunities.

Besides the creation of work opportunities, the EPWP also facilitates enterprise development. Enterprise development occurs across all sectors of the EPWP, namely the infrastructure, social, environment and culture and economic sectors.

Key objectives of EPWP enterprise development programmes, across all sectors are:

- The graduation of persons from the second to the first economy;
- The provision of small business training;
- The provision of markets, and
- The provision of access to finance

To date, 1 464 SMMEs have been created and supported by the EPWP, across all sectors, through the following programmes:

Programme	No of SMMEs
Vuk'uphile: Infrastructure Sector	508 Civil Contracting Companies
New Venture Creation Learnerships: Economic Sector	280 Building Contracting Companies and 30 Wholesale Companies
Cooperatives: Economic Sector	10 Cooperatives (139 members trained)
DWAF Contractor Development Programme: Environment and Culture Sector	636 Emerging Contractors
Total SMMEs across all EPWP Sectors	1 464

Table 6: Economic Sector progress towards targets

The total number of SMMEs created across all sectors is 1 464. Vuk'uphile has created 508 civil contracting companies whilst the New Venture Creation Learnerships has created 280 building contracting companies and 30 wholesale companies. The economic sector has created 10 cooperatives and DWAF Contractor Development programme created 636 emerging contractors.

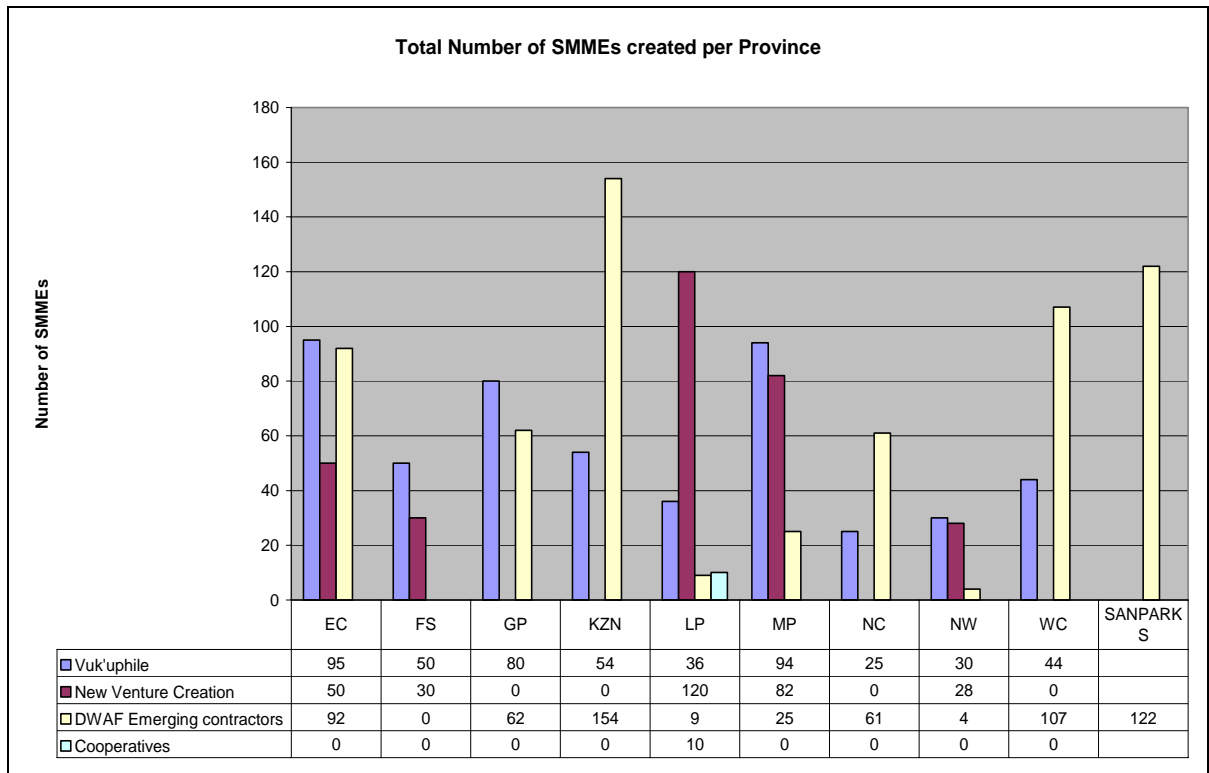


Figure 6: Number of Economic Sector SMMEs created per province

2.3.4.1 Vuk'uphile: Infrastructure Sector

To date, 508 labour-intensive contracting companies have been developed across all 9 provinces. NDPW has partnered with 22 municipalities, 6 provincial departments and 2 agencies in the creation and development of the 508 labour-intensive civil work companies.

2.3.4.2 New Venture Creation: Economic Sector

A large focus of this Programme has been the development of building contractors and it focuses on ensuring job creation through creating sustainable small businesses. To date, 310 companies have been created in 5 provinces (EC, FS, LP, MP and NW).

2.3.4.3 Cooperatives: Economic Sector

EPWP economic sector is partnering with a number of Government Departments and Programmes on the development of cooperatives. EPWP contributes to the development of cooperatives through the provision of accredited business skills training. To date, EPWP has collaborated with LIBSA in Limpopo Province on the development of 10 cooperatives, from various industrial sectors.

2.3.4.4 DWAF Emerging Contractors: Environment and Culture Sector

The Working for Water programme focuses on the clearing of invasive alien plants, particularly in stressed water catchment areas on both private and public land. Thus far in this 2007/08 financial year, the programme has supported 636 emerging contractors. The programme is mainly implemented by Regional Directorates within the DWAF. Where the capacity for implementation is inadequate, DWAF uses the services of Implementing Agents (IAs), i.e. Independent Development Trust (IDT) that operates in most regions, South African National Parks (SANPARKS).

3 Conclusion

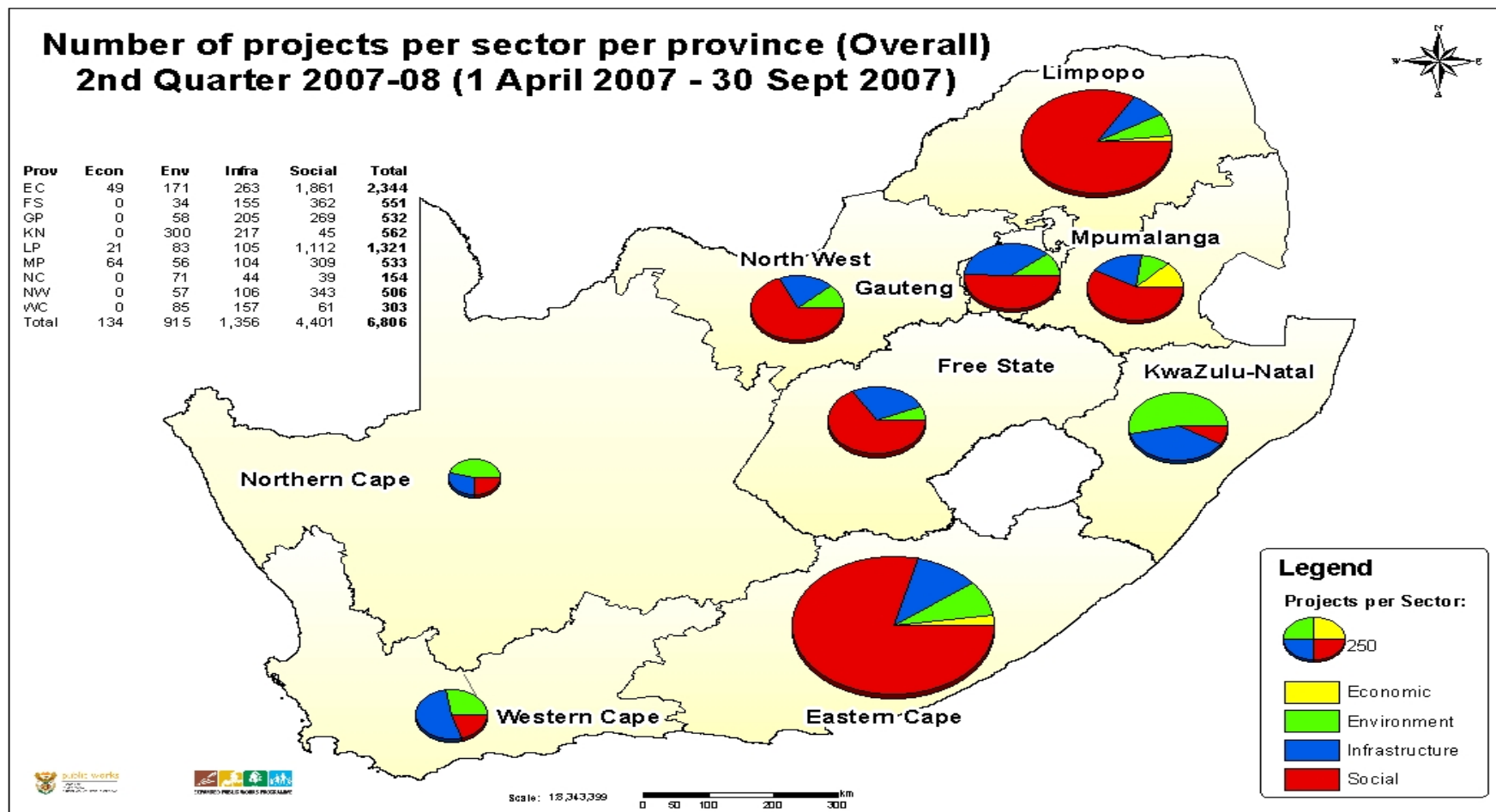
Based on the data received, the EPWP is on course to meet its 5 year work-opportunities targets, but is still lagging in meeting the person-days of training and the person-years of work targets. Even though the EPWP is doing well overall, there are still provinces that are lagging behind in achieving their annual targets. The environment and culture and the social sectors have already reached their annual targets. The economic and the infrastructure sectors are on track in achieving their annual work-opportunities targets.

The number of reported projects per sector has increased substantially whilst the number of excluded projects has decreased compared to the previous years. Most projects excluded are in the social and infrastructure sectors.

Beneficiary training is critical for the implementation of the EPWP; therefore more beneficiaries should be trained especially in the infrastructure, social and environment and culture sectors.

Expenditure varies across sectors and provinces. Sectors should be encouraged to spend the allocated budgets in order for the EPWP to reach targets.

Map 1: Overall number of projects per sector per province



Map 2 :Distribution of job opportunities across all provinces

