



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

**MINISTER OF PUBLIC WORKS
REPUBLIC OF SOUTH AFRICA**

EPWP NON-STATE SECTOR SUMMIT

Birchwood Conference Centre, 13.04.2012

OPENING ADDRESS: Honourable T W Nxesi MP

[CHECK PROTOCOL]

Mr Bheki Nkosi - MEC: Dept. of Infrastructure Development (Gauteng)

Ms E S Mabe - MEC: Provincial Public Works (Free State)

Ms Thabitha Mohlala – MEC: Provincial Public Works (Limpopo)

The representative of MEC Carlisle of the Western Cape

Honourable Manana Catherine Mabuza - Chairperson of the Portfolio
Committee on Public Works

Honourable Mondli Gungubele – Mayor of Ekurhuleni

Representatives of Departments of Agriculture, Forestry and Fisheries,
Cooperative governance, Performance Monitoring and Evaluation,
Social Development, the Presidency and Treasury.

Ms Mandisa Fatyela – Lindi : Acting Director General : DPW – and all
colleagues from DPW and especially the EPWP Branch

Representatives of the NEDLAC Community Constituency led by their convenor - Ms Lulama Nare

Representatives of the PMT and PPMT

Representatives of the National Development Agency and the CEO, Dr Vuyelwa Nhlapo

Representatives of the National Youth Development Agency

Xolani Ndungane – Head: Project Origination Jobs Fund, Development Bank of South Africa

Ms Mofet-Mubu, Executive Manager of the Charity Fund, National Lottery

Representatives from IDT and the CEO - Ms Thembi Nwedamuntsu,

And the majority of the over 500 delegates - Representatives of the Non-State Sector NGOs, CBOs and FBOs

Good morning colleagues. Allow me to welcome you to this important Summit. Only one week after being appointed as Minister of Public Works I was required to open the Expanded Public Works Programme Municipal Summit. At the time I said: “I am new to this Department and I am still trying to grapple with the new tasks and responsibilities. But I am certain of one thing: that it is absolutely fitting that my first public task as Minister should be to open this Summit of the Expanded Public Works Programme.”

Today I still feel that same excitement in relation to the Expanded Public Works Programme. At a time when much of the Department of Public works is going through trials and tribulations, the EPWP remains a beacon of hope. It is the lead flagship programme of this Department. It seeks to address the single greatest challenge facing this country today: that of unemployment and poverty. To the degree that we succeed in the tasks and targets we have set for ourselves, then we bring hope and opportunities to those who are desperate to improve their conditions of life.

As the Department of Public Works we lead the Expanded Public Works Programme. But of course we can only implement through and alongside our colleagues in the provinces and municipalities and in the NPO sector. So let me add a special word of welcome to the representatives from provinces, municipalities and NPOs – without you there would be no Expanded Public Works Programme.

THE NON-STATE SECTOR

1. Background

1.1 The non-state sector was established in 2009 as part of the EPWP Phase Two in order to mobilise the capacity and the potential for innovation of the non-state sector, but also to establish programmes that are not constrained by government bureaucracy. The intention is not that these programmes are just make-work programmes, but that the range of possible activities

and outcomes is broadened considerably and determined by community needs.

Government has established a relationship with Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs) and Faith Based Organisations (FBOs) in the belief that such NPOs are well placed to deliver services on behalf of government as they are locally based and close to the communities they serve.

- 1.2. Two programmes exist in the Non-State Sector: the one is institutionally based - referred to as Non-State Sector NGOs - and is managed by the DPW. The other is area based and referred to as the Community Works Programme (CWP) and now falls under the Department of Co-operative Governance. The Non-State Sector NGOs programme appoints Non-Profit Organisations (NPOs) to create projects that can employ large numbers of people.
- 1.3. The objective of the Non-State Sector NGOs programme is to utilise existing service implementation capacity in NPOs and, through the application of a wage subsidy, encourage implementers to engage as many poor and unemployed people as possible in work creating projects which are also socially useful. In South Africa, there are several substantial areas where this principle can most easily be applied:
 - *Cleaning and maintaining public spaces in under serviced and under resourced communities;*

- *Growing food that increases food security for the most vulnerable in society;*
- *Caring for children, the elderly, the sick and the vulnerable;*
- *Small scale subsistence farming;*
- *Sport and recreation programmes for youth; and*
- *Improving the infrastructure of public facilities such as schools, community centres, sports grounds, clinics, parks, graveyards – to name just a few.*

2. What type of work is done in the NSS NPOs Programme?

In the 2010/11 financial year, the NGOs in the Non-State Sector have participated in the following key activities:

- Agriculture, farming and food gardens;
- Providing Social Assistance and community safety;
- Supporting Home community Based Care and primary health care activities;
- Supporting environmental care initiatives such as recycling; and
- Education and support for ECD.

3. Current Implementation Model

The Non-State Sector NGOs Pilot Programme assumes that intermediary organisations will be appointed by the Department of Public Works to administer the EPWP wage subsidy. In the pilot programme (2009/10 to 2011/12), the Independent Development Trust was appointed as the intermediary.

The initial concept of the NGO Programme assumed that the wage subsidy would be provided to medium to large NGOs which already had the following attributes:

- Programme planning and management capacity
- Existing programmes with donor funding
- Existing workers (earning below R50.00 a day) or volunteers;

The IDT approached the implementation of the pilot with a greater focus on trying to ensure that NGOs and CBOs from all across South Africa, reflecting the full scope of organisations in the sector (very small to large) could participate.

While the pilot has not necessarily tested the core assumptions of how the wage subsidy could enable organisations to leverage other funding; it has allowed for an intensive understanding of what the sector could deliver, and the minimum institutional arrangements which must be in place to achieve these.

The Pilot clearly demonstrated the potential of NGOs to implement activities that support EPWP job creation principles.

3.1 How the NSS Programme is implemented

On an annual basis IDT issues a public Request for Proposals inviting all interested NGOs to apply to participate in the programme. The key criterion for participation is that only registered NGOs, NPOs or CBOs could apply. They had to provide evidence that they have good financial, administrative and reporting systems and the capacity to manage the programme. Organisations were asked to submit a plan showing their current activities and how these could be expanded by accessing the EPWP wage subsidy. NPOs are further required to demonstrate the alignment of their programmes with municipal development objectives.

Applications go through a screening process which assesses:

- Organisational capacity
- Organisational commitment
- Organisational competency
- Organisational Sustainability, and
- Organisational Governance

Selected organisations are contracted to achieve a job creation target related to the wage subsidy that would be awarded. Contracted organisations are required to submit annual budget plans and to use the EPWP web based reporting templates to submit beneficiary and project data.

4. How are the Non-State Sector NGOs Projects different from the other EPWP Programmes?

- a. The Non-State Sector NGOs Programme is not prescriptive in terms of projects undertaken.
- b. Projects/activities undertaken by the NPOs are decided upon and driven by the communities where they are to be implemented, ensuring that communities take responsibility and ownership for their own development and supporting the Integrated Development Programmes (IDPs) of the Municipalities.
- c. Projects delivered for the Non-State Sector NGOs Programme employ local labour assisting to provide community members with an income safety net.
- d. The cost of creating Work Opportunities and Full Time Equivalents (FTEs) in the Non-State Sector NGOs Programme is much lower than the other sectors in EPWP.
- e. Projects implemented in the Non-State Sector NGOs assist in building cohesive communities – a national government priority.
- f. These projects provide an opportunity to capacitate unemployed people who will in the future access employment or be self-employed.

5. The Non-State Sector NGOs Performance:

In 2010/11,

- the IDT continued to manage the implementation of the Non-State Sector NGO programme through contracting 108 Non-Profit Organisations throughout South Africa.
- R171.600 million was allocated in wage subsidies to be disbursed to create 24 000 work opportunities to achieve approximately 8 348 FTEs.
- By the end of 2010/11, the budget was almost entirely spent with an expenditure of 98%.
- The NPOs participating in the Non-State Sector programme used the wage subsidy to:
 - *Achieve 34 712 work opportunities translating to 145% performance from the set target of 24 000 and to create 12 431 FTEs translating to 149% from the set target.*

I think you need to be congratulated for a job well done.

5.3. Sector Training Summary Report 2011/12

- Overall the Non-State Sector Programme has achieved multi-skilled training of 7487 individuals

- 4053 beneficiaries have been trained on various courses whilst out of the 4053 trained beneficiaries, 3355 have received accredited training
- Of the trained beneficiaries 2503 are youths; 3122 are females and 95 are people with disabilities.

I want to make a comment about equity targets for the Non-State Sector NGO programme. Whilst our equity targets have been exceeded in regard to women and youth, we are barely meeting the 2% target for people living with disabilities. The figures indicate one exception – the case of the Eastern Cape which achieved 5%. Before this Summit is over I would love to know what it is that the Eastern Cape is doing right – and maybe they could share this with the other colleagues.

[I hope you don't think that I am showing favouritism because I come from the Eastern Cape – it is just that I remember from Rural Development and Land Reform just how difficult it was to meet equity targets in relation to people living with disabilities.]

5.4. Achievements of the Programme to date:

5.4.1 The findings of the evaluation study for the Non-State Sector show clear evidence that the programme has the following key characteristics:

- It has the **lowest FTE cost across EPWP;**
- it has the **highest labour intensity across EPWP; and**

- it is the fastest growing EPWP programme when considering its performance in the past two years since its inception.

5.4.2. One of the significant activities undertaken by the NGOs is planting food gardens. These gardens have been established in the yards of poor households; in public spaces such as schools and clinics and on unused municipal land. In many projects, the produce from the gardens is used in the School Nutrition Programme to feed school children at local schools to ensure they don't attend classes hungry. Other produce from the gardens is donated to orphans and also sold to the local community members at reasonable prices. The revenue generated from these sales is ploughed back into the projects to enable the expansion of activities in order to employ more beneficiaries.

5.4.3. Also worth noting from the findings of the evaluation study is that unused land previously used for dumping, has been transformed into gardens and playgrounds. As a result community safety has increased. A wide array of home based care services have been delivered to the elderly, the disabled, to child headed households and to those who are sick.

5.4.4. The findings of the evaluation study supported with data reported on the EPWP Web Based System (WBS) of reporting reveals that since the inception of the programme in 2009/10, more than 35 000 people across the country have been provided with an opportunity to work and to receive experience or skills from

- projects that are supported by the Non-State Sector NGOs wage subsidy.
- 5.4.5. The findings of the evaluation study also confirm that the Non-State Sector NGOs programme has the potential to create viable and sustainable development projects in communities where people live.
- 5.4.6. The most remarkable impact of the Non-State Sector NGOs Programme is its contribution to the delivery of basic services in highly marginalised communities. In many of the projects visited, the beneficiaries interviewed expressed how the programme has changed their lives.
- 5.4.7. Many mentioned that the Non-State Sector NGOs programme has afforded them the opportunity of taking care of their families. One beneficiary mentioned that *“because of EPWP NSS; I am able to walk into Shoprite and buy food for my family”*. Many beneficiaries mentioned that the programme has brought back a sense of responsibility and dignity. One lady from an NPO in Mpumalanga stated *“I now own a bank account and I am able to receive a notification message through my cell phone from the bank when my salary is paid.”* So in a small way we are assisting very poor communities to integrate into the mainstream economy.
- 5.4.8. Due to the NSS NGOs Programme, many NGOs mentioned they have established partnerships with significant numbers of government agencies including municipalities; local development

structures; provincial departments; clinics; schools – to name a few. This in turn ensures that community members design and take ownership of the development of their communities whilst addressing the goals of the Integrated Development Plans (IDPs) of the Municipalities. On the other hand the partnerships in place ensure that people work together towards achieving government priorities of rural development and poverty alleviation.

6. Implementation Challenges

- 6.1 The sector acknowledges that the current model implemented in the Non-State Sector NGOs Programme is a pilot model. However, there are key challenges in the implementation of the programme.

The sector is expected to contribute towards poverty alleviation and creating jobs for the unemployed people in the country in accordance to the New Growth Path, Millennium Development Goals and Anti-Poverty Strategy of South Africa. But with the low baseline allocation provided for wage subsidy costs, the sector is limited in what it can do to fully contribute to the job creation agenda of the country.

Another challenge: the Ministerial Determination on EPWP stipulates that NPOs are expected to contribute towards UIF and COIDA. However, at present there is no budget allocated to cater for that from the NPOs side.

6.2 Significantly more NGOs/CBOs are interested in participating in the programme. However, due to non-availability of budget for non-wage costs the NGOs are reluctant to commit in the programme.

When the IDT advertised the process by which NGOs and CBOs could apply to participate in the NGO pilot, they received far more expressions of interest than they had anticipated. While there is a clear appetite by NGOs or CBOs to participate, many of them do not meet the core requirements to participate, specifically in terms of their legal and financial status. The IDT therefore had to balance a complex set of requirements in initiating the pilot – selecting enough organisations to ensure the work opportunity targets were achieved; ensuring geographic representation and ensuring that the NGOs or CBOs selected gave a sufficient focus to develop the pilot for rollout and expansion in the following years.

The increased expectations of the NGO sector, which quickly became aware of the initiative, and their frustration at not being able to immediately participate, placed significant pressure on representatives of IDT and the EPWP Unit. Despite this, in its second year of implementation the number of participating NPOs has doubled and there is every indication that this could be doubled again. There is a strong need for the funding to be increased to ensure that the programme can reach their targets by 2014.

I want to ensure this Summit that I will do everything in my power to lobby for the necessary resources in this respect.

- 6.3 Another challenge: the capacity of some organisations to monitor sites has been limited. The monitoring of sites is imperative but due to the vast spread of the projects NPOs are unable to monitor effectively due to limited resources or capacity.

7. Conclusion

The Non-State Sector NGOs Programme has the lowest cost per FTE of all the EPWP Programmes and there is evidence that the work undertaken by the different NGOs has significant value for the communities they serve. Based on the performance of the programme in the past two years, there is a strong appetite for, and interest in, participating in the programme and there is an urgent need to consider how the programme can expand over the next three year period.

Since inception the Non-State Sector NGOs Programme has **exceeded its set targets**. However, **the wage cost subsidy allocation** for the programme **is significantly lower** than the EPWP targets which are growing steadily every year. The significant way in which the programme has exceeded its targets is an indication of the success of the wage subsidy in this sector, and this suggests that performance could be significantly expanded.

In closing, let me wish you every success in your deliberations today as you grapple with the challenges and share experiences and best practices. Above all, if there are problems, if you have complaints don't keep silent. We can only confront the problems if we identify them.

You have a serious task to perform. Many people are depending upon you. Many more look to you for a hope of a better tomorrow. We dare not fail them.

I thank you.