

# The contribution of Public Employment Programmes to economic recovery through productive initiatives

EPWP Webinar on Repositioning of  
PEPs in the Era of COVID-19 and Economic Downturn



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## Agenda:



PEPs have a big role.  
It will be realized if  
critical barriers to  
expansion are  
addressed

- PEPs already had to play an important role in a context of high unemployment
  - The covid-19 pandemic has intensified this demand
- The thinking about PEPs have come a long way
  - But we are still struggling to get to a scale that makes a meaningful dent
- There are many opportunities generally and as a result of covid-19
- Scale will require commitment to resolving institutional challenges and outstanding debates with competing interests

# NDP scenarios recap

- NDP proposed target of 2m PEP opportunities annually by 2020 or earlier. (idea was for FTEs)
- Aimed to enable participation of half of strictly unemployed

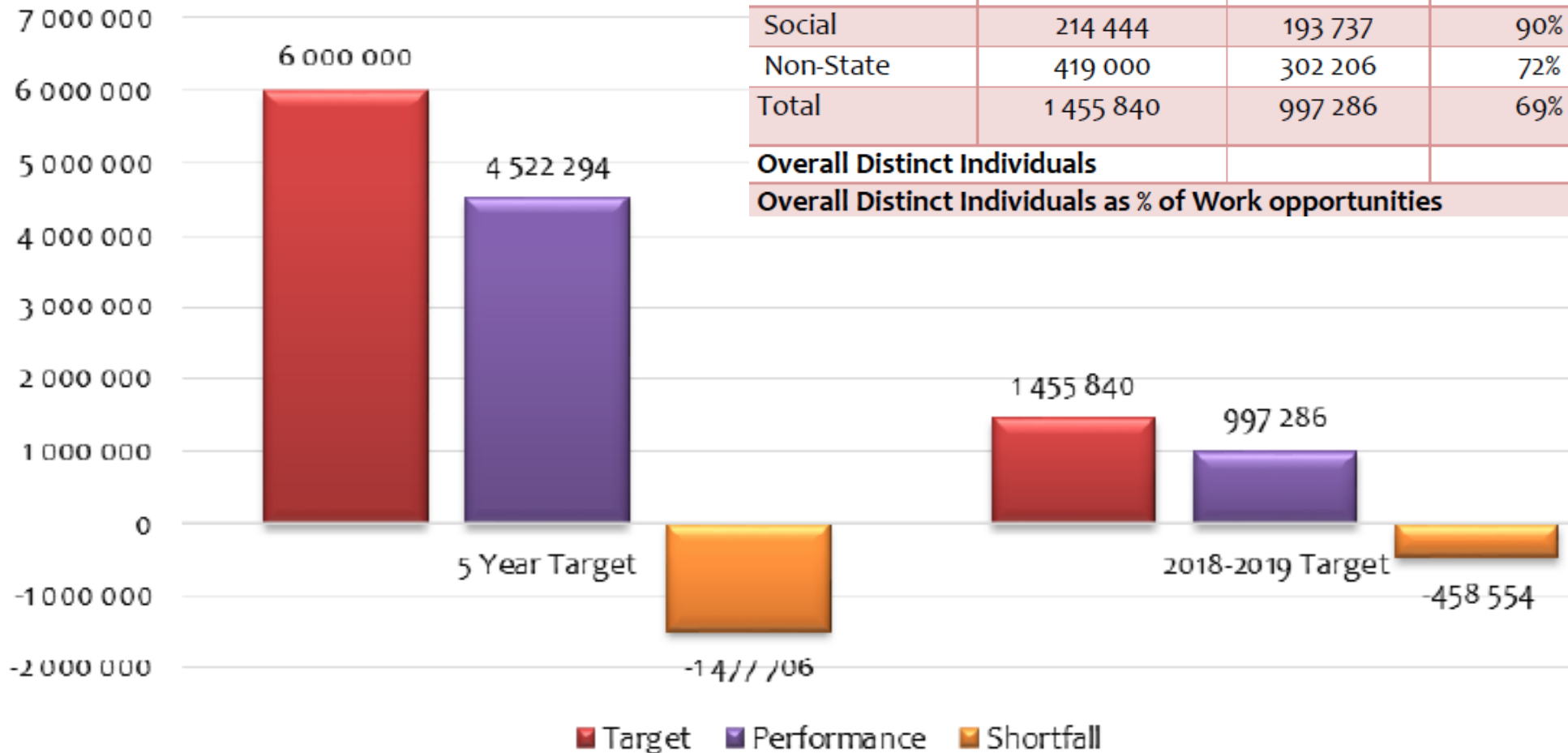
	2010	2020			2030		
		Scen 1	Scen 2	Scen 3	Scen 1	Scen 2	Scen 3
<b>Avg GDP growth</b>					3,3%	5,0%	6,4%
<b>Employment ('000s)</b>							
Mining+Agriculture	924	850	1 037	1 108	783	1 015	1 241
Formal sector	8 865	11 468	11 968	13 060	13 400	15 496	17 076
Informal sector	2 922	3 476	3 597	3 729	4 094	4 604	5 012
<b>EPWP</b>	<b>420</b>	<b>3 059</b>	<b>2 250</b>	<b>956</b>	<b>5 483</b>	<b>2 644</b>	<b>431</b>
<b>Total employed</b>	13 131	18 853	18 853	18 853	23 760	23 760	23 760
<b>Unemployed</b>	4 137	3 069	3 069	3 069	1 517	1 517	1 517
<b>%WAP working</b>	41,0%				47,1%	54,4%	60,1%
<b>UE w/out epwp</b>	25,0%				27,7%	16,5%	7,7%

# Public employment in SA: work opportunities

## 2018/19 targets vs performance

Sector	Annual targeted work opportunities	Work opportunities reported	% of Targeted WO Achieved	Individuals within Sector	% Individuals within Sector
Infrastructure	589 473	296 014	50%	282 094	95%
Environment	232 923	205 329	88%	186 760	91%
Social	214 444	193 737	90%	183 849	95%
Non-State	419 000	302 206	72%	299 550	99%
<b>Total</b>	<b>1 455 840</b>	<b>997 286</b>	<b>69%</b>	<b>952 253</b>	<b>95%</b>
<b>Overall Distinct Individuals</b>					931 877
<b>Overall Distinct Individuals as % of Work opportunities</b>					93%

### Targets vs performance



# Special impacts on employment of the Covid- 19 health response

- The Covid-19 health response specifically aims to limit labour-using industries that happen to also have significant supply chains.
- It will likely accelerate structural change towards digitalisation
- It will encourage diminished use of labour in the production process.
- The people who work are the same ones who live in dense urban communities, and whose children return to school. The prevention response has to deliver to these three spheres.
- The movement of people is constrained locally, regionally and globally.

# Four covid-19 employment scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
GDP change in 2020	-20 %	-15 %	-10 %	-10 %
Employment change in 2020	-3.2 m	-2.5 m	-1.6 m	-1.6 m
Unemployment rate 2020	43 %	40 %	36 %	36 %
Change in real GDP in 2018/19 to 2022/23 (Rbn)	-341	-206	-9,8	+158
Permanent job losses by 2023	-1.8 m	-0,9 m	-0,2 m	+0,2 m
Unemployment rate by 2023	37 %	33 %	30 %	28 %
Tax revenue shortfall in 2020	R 400 bn	R 350 bn	R 225 bn	R 225 bn
3-year tax revenue shortfall relative to 2020 Budget	R 1 562 bn	1 064 bn	R 686 bn	R370 bn
% of tax revenue accruing to interest payments by 2023	29%	23%	19%	17%

# Employment imperative is intensifying

How to dramatically expand PEP opportunities

Why are we struggling to 'break out'?

Growing need for employment in context of diminishing fiscal resources

The PEP should fill a service delivery gap

New delivery channels are needed

Alternative financing models

Clarify objectives







# Three main channels for PEPs

## **Social employment**

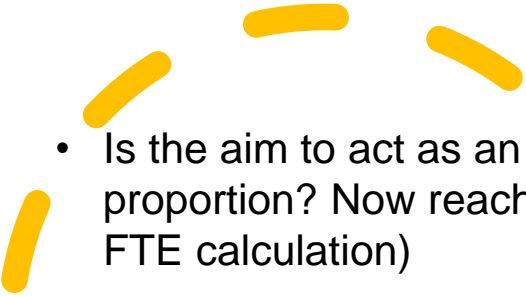
These are wide range of activities that involve community-based services such as ECD (0-4), HCBC, community greening, community safety, township and informal settlement 'placemaking', services to GBV, household food and nutrition security, creative arts, and many others. It is mostly delivered through social enterprise and non-profits.

## **Direct employment through the public sector**

- Infrastructure, maintenance, cleaning
- Environment
- Social services

## **Unlocking employment in the wider economy through market-based approaches**

- Unlock digital access and inclusion
- Digital repair and maintenance
- Transition to green energy
- A wide variety of services in NPOs stimulated with youth employment vouchers

- 
- Is the aim to act as an employment floor? If so, in what proportion? Now reaches about 9% of unemployed (5% if FTE calculation)
  - Public works normally pay below market wages. Now pay about 60% of NMW, should it be set at the NMW? Wage-employment trade off.
  - Is this for the most marginalised or are they career paths?
  - Deepening service delivery with community-based services or displacing formal public employment?
  - Lengthening work opportunities so they are continuous
    - CWP model
    - Community services like ECD 0-4
  - Target poor areas or poor people?
  - EPWP often mainly delivered where there has been a strong champion (early CWP, Zibambele (KZN), Sakhisizwe (EC), WfW, previously Gundo Lashu(Limpopo) & Zivuseni (Gauteng))



Some  
outstanding  
debates

# Innovations and opportunities

- Covid-19 opportunities
- Municipal incentive
- Non-state sector incentives
- Use of vouchers
- Pay-for-performance





# Linking government to communities requires organizational innovation

Challenge going to scale when connecting state to NPOs and CBOs

- State is bureaucratic, rule bound and risk averse. Top-down. Ultimately legally accountable, especially important in care of vulnerable
- NPOs at community level tend to be less rule bound, less experienced on record keeping, financial management and reporting, less focused on structured standards. Struggle with programme complexity and state funding models

Organisational innovations that review hierarchical versus network models:

- Willingness to consider social franchising – such as Smart Start
- CWP model – communities propose what they need, offering reliable opportunities that may change over time
- Kha Ri Gude cascade model (1:10:17)

Scaling programmes that rely on home-community based NPOs

SmartStart is example of a social franchise.

It has developed evidence based ECD 0-4 methodologies that are used across a network of organisations that are supported in a structured way.

[www.smartstart.org.za](http://www.smartstart.org.za)

## What is a social franchise?

Social franchising is a way of replicating or scaling up a successful social programme, in order that many more people can benefit. It uses some of the systems and principles of commercial franchising, but it is fundamentally different in that the goal is to maximise social impact rather than financial profit.

### The SmartStart social franchise

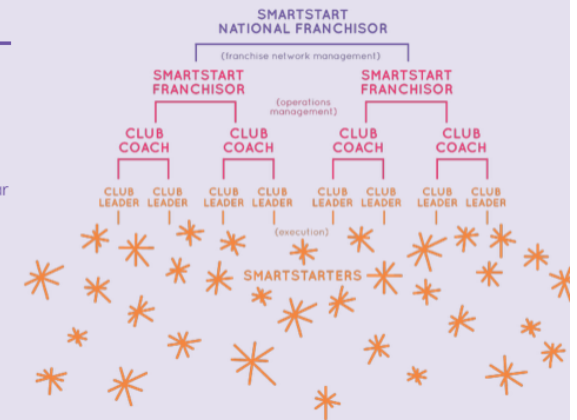
Under the SmartStart social franchise model there are three levels - the Hub (SmartStart), Franchisors (implementing partners) and Franchisees (SmartStarters).

SmartStart Franchisors recruit, license and support Franchisees in particular geographic areas. They also employ Club Coaches who run the network of SmartStart Clubs and oversee quality assurance.

SmartStarters operate as independent micro enterprises or community-based services, generating an income through government subsidies and stipends or through parent fees.

The Hub runs the franchise, contracting with Franchisors and providing them with training and technical assistance. We are responsible for the content of the SmartStart routine, as well as the wider programme design and materials, and provide training for Franchisees. SmartStart also defines the licensing and quality assurance systems and supplies policies and tools that enable model fidelity and efficient management of the franchise.

This model provides a structured way of managing and monitoring a nation-wide early learning programme, and enables significant cost efficiencies.



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