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THE ROLE OF THE EXPANDED PUBLIC WORKS PROGRAMME IN IMPROVING WORKERS' LIVES

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A research report submitted to the Faculty of Commerce, Law and Management, University of Witwatersrand, in partial fulfilment of the requirements for the degree of Masters of Management (in the field of Public and Development Management).

Johannesburg

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ABSTRACT

In response to growing and persistent unemployment and poverty problems, the South African government has instituted a range of short to long term interventions, such as the Expanded Public Works Programme (EPWP).

The purpose of the research was to determine the role of the EPWP in improving the quality of life of workers. This was investigated by focusing on how the wage income received was utilized within the household, whether the skills imparted were relevant and are currently being utilized, as well as whether participation in the programme has improved workers' ability to earn an income.

The approach adopted in this study was primarily qualitative, combined with some quantitative techniques. The case study design was used to yield in-depth results. For the above research the unit of analysis was the Klipspruit River and Wetlands Clean-Up Project, implemented in Soweto.

The findings suggest that although workers did derive benefits during participation in the project, most of the income received was utilized for consumption spending. All respondents interviewed are currently unemployed and do not utilize the skills they acquired. This suggests that the EPWP assumption that through training, provision of skills, information and work experience, workers will be in a better position to gain other employment, was unfounded in this particular case study.

It is recommended that particular actions in terms of sustained employment, higher incomes and skills reforms should be undertaken to improve the performance and impact of the EPWP.

DECLARATION

I, Zuleiga Mustaffa, declare that this report is my own work. It is submitted in partial fulfilment of the requirements for the degree of Masters of Management (in the field of Public and Development Management) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

_____

Zuleiga Mustaffa

30 September 2008

DEDICATION

This research report is dedicated to

My Mother

Thank you for everything you have done for me. Thank you for always instilling in me the desire to study. You are my role model and I love you very much.

I am because of you. If I am half the woman that you are, I will consider my life a success. Your unconditional love and numerous sacrifices are appreciated beyond words.

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I would like to take this opportunity to offer a heartfelt thanks to my supervisor, Dr Horacio Zandamela, who encouraged me and offered his unwavering support throughout the compilation of my dissertation.

Bangani, thank you very much for scheduling appointments for me with the beneficiaries, as well as your assistance with translation. I am thankful for your efforts.

Many thanks to the beneficiaries who took time from their busy schedules to share their experiences with me. I hope that I have done you justice.

Thank you to my friends and family who sacrificed throughout this process with me - those who had to contend with "I'm busy with assignments, I've got exams and I have a presentation". Your patience is greatly appreciated.

To Melissa whom I continuously pestered to provide input into my research and who graciously assisted me with editing and formatting, thanks for having patient ears, your constructive input and encouragement is appreciated.

To Manish, who sacrificed his time and sleep to ensure that I completed my assignments on time and who selflessly always accompanied me to ensure that I was safe. You have been my pillar of strength and I cannot thank you enough.

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LIST OF ACRONYMS

ANC	African National Congress
AsgiSA	Accelerated Shared Growth Initiative for South Africa
BBBEE	Broad Based Black Economic Empowerment
CBO	Community Based Organisation
DA	Democratic Alliance
EPWP	Expanded Public Works Programme
FINCA	Foundation for International Community Assistance
GDACE	Gauteng Department of Agriculture, Conservation & Environment
GDP	Gross Domestic Product
GDS	Growth and Development Summit
GEAR	Growth, Employment and Redistribution
HDI	Human Development Index
IGA	Income Generation Activities
ILO	International Labour Organisation
JDA	Johannesburg Development Agency
JIPSA	Joint Initiative for Priority Skills Acquisition
KZN	KwaZulu-Natal
MEGS	Maharashtra Employment Guarantee Scheme
MTEF	Medium Term Expenditure Framework
NALEDI	National Labour and Economic Development Institute
NGO	Non-Governmental Organisation
NSDA	National Skills Development Act
NSDS	National Skills Development Strategy
RDP	Reconstruction and Development Programme
SHG	Self Help Groups
SHARE	Society for Helping, Awakening Rural Poor through Education
SMME	Small, Micro and Medium Enterprises
StatsSA	Statistics South Africa
TEP	Tourism Enterprise Programme
UNDP	United Nations Development Programme

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CHAPTER ONE
INTRODUCTION

1.1 Introduction

Unemployment and poverty continue to undermine economic growth and development in many countries, despite efforts by governments to strengthen their economies. The persistence of these socio-economic challenges is especially apparent in developing countries. Economic inequality is accentuated in the South African context, due to the enforcement of past apartheid policies, which have contributed to increasing poverty among previously disadvantaged groups. In attempting to address these challenges, the South African government has implemented the Expanded Public Works Programme (EPWP). The EPWP forms part of government's pool of short to medium term strategies which aim to address the twin challenges of unemployment and poverty.

The research report outlines the course of action undertaken by the researcher in investigating the role of the EPWP in improving the lives of workers. The study falls within the descriptive research category, as it attempts to investigate the beneficiaries who have participated in EPWP activities and how such engagements may have improved their lives. Benefits resulting from the EPWP have been described as follows: developing local economies, creating jobs, developing skills and enabling poor communities to improve their own and the country's infrastructure and thus improve the quality of life for all (Congress of South African Trade Unions, 2004). However, for the purposes of this research benefits refer to tangible (income received and skills acquired) as well as intangible benefits (improved self-esteem and confidence). These benefits will be articulated by programme participants themselves through their experiences on projects. Therefore the researcher does not wish to confine the definition of benefits but allow the concept to develop, as perceived by the workers themselves. Investigations were conducted using a qualitative research design, and assessed

combining quantitative techniques. The case study was confined to the *Klipspruit River and Wetlands Clean-Up* Project. This project falls under the environment and culture sector of the EPWP and has been ongoing since 2002.

The remainder of the research report provides a background of the study and highlights the problem and purpose statements, accompanied by the supporting research questions. Chapter 2 is the literature review that focuses on unemployment and poverty in South Africa, the importance of the environment sector, the macro-economic policies chosen to address these challenges, the importance of skills development, small business development and microfinance as well as the relevant debates pertaining to the EPWP. Chapter 3 provides a comprehensive description of the research methodology utilized. Chapter 4 presents and analyzes the data collected during the interview process. Chapter 5 focuses on the conclusion and recommendations. The report terminates with an overall conclusion based on the findings of the research, as well as suitable recommendations to enhance the performance of the EPWP in the future.

1.2 Background to the study

1.2.1 Legislation

Since the advent of democracy, South Africa has made significant progress in bringing better education, health care, housing and other social amenities to the deprived black majority. Despite these gains the South African government is still faced with extremely high levels of unemployment and poverty (Harsch, 2001, p.1). The magnitude of South Africa's unemployment crisis is such that in September 2003, 4.6 million people were unemployed in terms of the strict definition; and 8.3 million in terms of the broader definition (Statistics South Africa (StatsSA), 2003). In response to these challenges, the South African government has instituted a range of interventions. Various legislative instruments overlap to jointly address the challenges of unemployment and poverty. These include macroeconomic, educational and social policies. The Accelerated Shared Growth Initiative for South Africa (AsgiSA) is one of the macroeconomic policy frameworks tasked with designing targeted interventions

in order to address the socio-economic challenges facing South Africans. This is highlighted in the words of the Deputy President of South Africa (2006):

> "… to meet our social objectives we will have to ensure that the environment and opportunities for more labour-absorbing economic activities is considerably improved. More broadly, we need to ensure that the fruits of growth are shared in such a way that poverty comes as close as possible to being eliminated, and that the severe inequalities that still plague our country are considerably reduced. Our vision of our development path is a vigorous and inclusive economy where production products and services are diverse, more value is added to our products and services, costs of production and distribution are reduced, labour is readily absorbed into sustainable employment, and new businesses are encouraged to proliferate and expand".

Figure 1 on page 6 provides a graphical representation of the various strategies implemented by the South African government to reduce poverty through the minimization of unemployment. The figure portrayed reinforces the difficulties of addressing issues of unemployment and poverty and suggests that integrated medium to long term interventions are required to make a substantial dent in the rising rates of unemployment and poverty. As depicted in Figure 1, short to medium term interventions include improving the social security net and utilizing government expenditure to reduce and alleviate unemployment. The social assistance programmes provided by the South African government are by far one of the most important welfare interventions and serve to cushion people against the effects of poverty (Poverty and Social Security in South Africa, 1997). Grants are provided to the elderly, disabled and children. By providing grants to certain sectors of the population, people are able to meet basic needs. The elderly also use these grants to assist their unemployed relatives to look for work in terms of transport and telephone costs for interviews, for example. However, this is not a sustainable approach as it places a drain on the fiscus and results in fewer resources being available for education and health services. Unlike the grant

system, the EPWP provides work opportunities, coupled with training in order to foster a development approach to the challenges of unemployment and poverty.

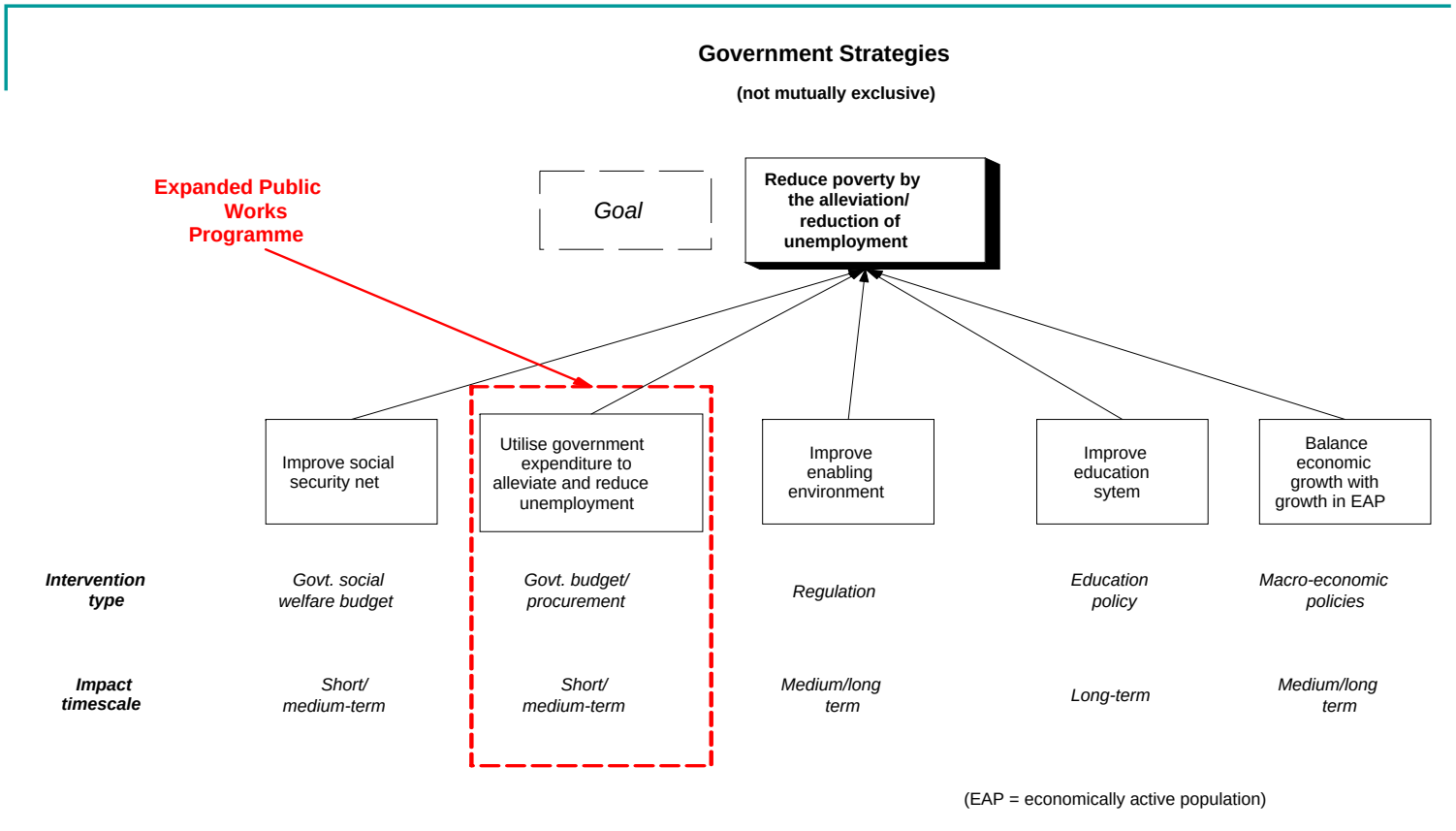
The improvement of enabling environments through regulation is important for the growth of small businesses to stimulate economic growth. In order to provide opportunities for previously disadvantaged individuals to gain access to economic opportunities, it is important for government to regulate access to markets. Such interventions are enshrined in Broad Based Black Economic Empowerment (BBBEE) targets (BBBEE Codes of Good Practice, 2007). Through regulation of markets, governments assist in creating conducive environments for small, medium and micro enterprises (SMMEs) to thrive and prevent monopoly of markets by established institutions. These efforts fuel entrepreneurial activities and assist in enhancing self-employment, which results in a reduction in the unemployment rate.

Human capital development is important to position South Africa as a competitive global economy. Improving the education system, together with macroeconomic policies, forms part of the long term interventions to address unemployment and poverty. This is highlighted in AsgiSA, where interventions in the education system through legislation, resources and capacity attempt to address the binding constraints of the skills deficit. Improvements in the education system also increase the skills level and improve the chances of a person securing employment. Changes in the economy reflect a shift towards technology-intensive methods of production, which require personnel with greater skills. Thus by improving the skills base, opportunities for employment are increased.

Balancing economic growth with growth in the economically active population is achieved through fiscal and monetary policies. However, these sometimes require certain trade-offs in light of competing social and economic needs. It also involves regional and global trends and is much harder to achieve when compared to other short to medium term interventions.

Thus the fight against unemployment and poverty requires a multi-pronged approach to ensure that the various strategies achieve the desired outcomes. As noted earlier, Figure 1 provides a broader overview of the various interventions to address unemployment. However for the purpose of this research the investigation will focus on the role of the EPWP, which will be explained in greater detail in the next section.

Figure 1: Government strategies to tackle poverty and unemployment



Source: Phillip S. (2003). Expanded Public Works Programme. Powerpoint presentation for the Council for Scientific and Industrial Research (CSIR)

1.2.2 The Expanded Public Works Programme

Some of the realities facing South Africa include disappointing economic growth and an increase in joblessness from 15 percent to 30 percent of the labour force since 1995 (Herzenberg and Mzwakali, 2007, p.1). At its policy conference in late 2002, the African National Congress (ANC) resolved that there should be a large scale expansion of the use of labour-intensive construction methods to alleviate unemployment. The Growth and Development Summit (GDS) provided a platform for government and social partners to collectively address issues of poverty and unemployment. The GDS was not viewed as an isolated event, but a major step forward in consolidating a People's Contract for Growth and Development (President Thabo Mbeki, 2003). In June 2003, the GDS resulted in agreement on a number of interventions aimed at reducing household poverty and vulnerability, including public investment initiatives, sector partnerships and strategies, local procurement, small enterprise promotion, support for co-operatives and EPWP (Phillips, 2004, p.6).

The EPWP is one of a wide range of government initiatives designed to alleviate poverty and unemployment through the provision of temporary work opportunities, coupled with training. It is a national programme covering all spheres of government and state-owned enterprises. In 2004, government committed to create one million job opportunities through the EPWP. This commitment is in pursuit of the 2014 objectives of halving unemployment and poverty, as expressed in the ANC manifesto Vision 2014 (ANC Today, 2004). The President of South Africa formally announced the programme in his State of the Nation Address (2003), reiterating the role of the EPWP in addressing unemployment: "the EPWP will ensure that we draw significant numbers of the unemployed into productive work, and that these workers gain skills while they work, and thus take an important step to get out of the pool of those who are marginalized" (President Thabo Mbeki, 2003).

Investing in skills development is intended to contribute positively to increasing economic development in the country (Johanson and Adams, 2004, p.15). The White Paper on Public Works (1997) engaged the issue of skills and emphasized that one of the objectives of Public Works programmes was to "provide education and training (both vocational and generic) to unemployed people, especially women, youth and rural dwellers, to increase their chances of becoming self-employed or entering the formal economy". These deliberations have been enshrined in the Code of Good Practice for Employment and Conditions of Work for Special Public Works Programme (2002), which states that workers are entitled to a minimum of two days training per month. In addition, the National Skills Development Act (NSDA) (1998) also serves to improve the skills base of the country. The NSDA aims to develop the skills of the South African workforce and to improve the quality of life of workers and their prospects of work. In addition to the above, the Act aims to improve productivity in the workplace and the competitiveness of employers and to promote self-employment (National Skills Development Act, 1998). The focus on human capital development will assist in improving opportunities for the poor to enter formal markets and allow South Africans to compete in the global economy.

In order to maximize the desired outputs, the programme has been expanded over four sectors (infrastructure, social, economic and environment and culture). Table 1 on page 10 outlines the various sectors and participating departments, their implemented programmes, allocated budgets and targeted outputs. It serves to highlight the importance of co-ordination across Departments in the various sectors in order to ensure that the targets of the EPWP are achieved. The infrastructure sector will be explained in detail and a similar process is applicable to the other sectors. The infrastructure sector consists of the Departments of Housing, Public Works, Provincial and Local Government and State Owned Enterprises. The Programmes include building of houses through the Vukupile Programme and building and maintenance of roads through the Zimbambele and Gundo Lashu Programmes respectively. During the five-year span (2004-2009) of the EPWP, the infrastructure

sector planned to spend approximately R15 billion (Department of Public Works, 2004). The outputs are measured in terms of number of jobs to be created, kilometres of roads to be built, kilometres of pipes and storm water drains to be installed and kilometres of pavements to be established. The projected targets indicated in the outputs column serve as a monitoring and evaluation mechanism to determine the overall performance of the Programme.

In a country with competing socio-economic needs, trade-offs are made as to how budgets should be allocated and the costs and benefits of these trade-offs need to be monitored and evaluated. According to documentation from the Department of Public Works (2004), approximately R20 billion has been set aside for the implementation of various projects within the EPWP (excluding the economic sector); as such, investigations are warranted to ensure that this programme attains an efficient allocation of resources. However, for the purposes of this study, the research will concentrate on the environment and culture sector.

Table 1: Description of four sectors participating in the EPWP

SECTOR	DEPARTMENTS	PROGRAMMES	BUDGET	OUTPUTS (2004-2009)
Infrastructure	Department of Public Works* Department of Housing Provincial and Local Government State-owned enterprises	Vukupile Zimbambele Gundo Lashu	R15 billion	• 750 000 jobs • 37 000 km of roads, • 31 000 km of pipelines, • 1 500 km of storm water drains and • 150 km of sidewalks.
Social	Department of Social Development* Department of Education Department of Health	Home Community Based Care (HCBC) Early Childhood Development (ECD)	R600 million	• 2.9 million people able to access HBC services. • 400 000 children serviced by registered ECD sites and trained practitioners.
Economic	Department of Trade and Industry* Department of Economic Development	Income generating activities		• 3 000 venture learnerships
Environment and Culture	Department of Environmental Affairs and Tourism* Department of Agriculture Department of Arts and Culture Department of Water Affairs and Forestry	Sustainable land based livelihoods Working for the Coast People and Parks Working for Tourism Working on Waste	R4 billion	• 200 000 jobs • 40 wetlands rehabilitated • 32 waste management projects established • 200 000 hectares cleared of aliens • 20 fire protection associations supported, • 700 kilometres of coast cleaned and facilities upgraded • 10 000 ha of land rehabilitated

** Denotes lead Departments*

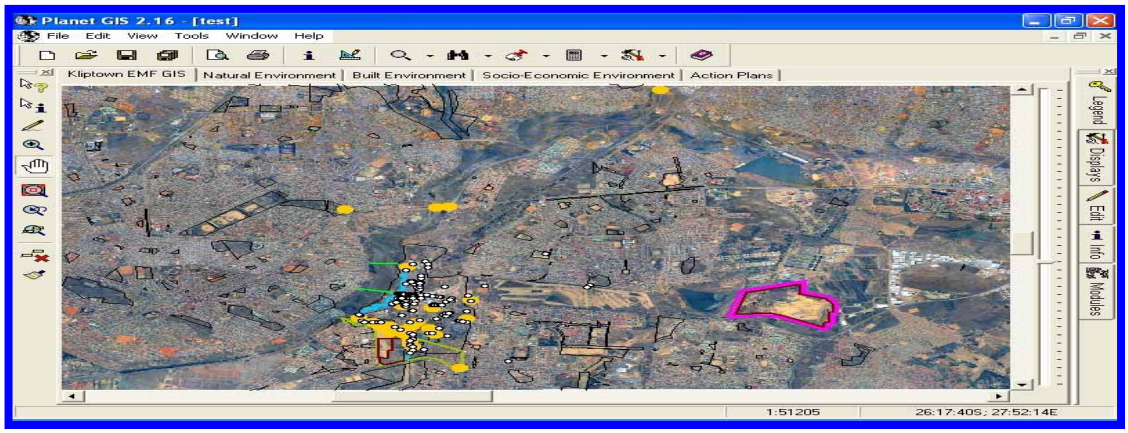
Source: Adapted from individual sector plans for lead departments – www.epwp.gov.za

1.2.3 Context of the specific case study

This study investigates an environment and culture sector EPWP project, implemented in the Gauteng Province. Gauteng is South Africa's smallest province, yet it has the second largest population. Despite generating a third of the country's Gross Domestic Product (GDP) and labelled as the economic engine of the country, huge disparities exist within the Gauteng community. The Gauteng Province is characterized by rich income groups in the North and poor townships in the South. The project under investigation is situated in Soweto, which is in the South and forms part of the City of Johannesburg. In 2003, it was estimated that 65 percent of Johannesburg's residents live in Soweto. The Soweto Region has one of the highest unemployment rates at approximately 45 percent of the existing population. It is estimated that 76 percent of the Black population in Soweto earns under R1 500 per month (Regional Spatial Development Framework, 2003).

The case study was confined to the Klipspruit River and Wetlands Clean-Up Project. Figure 2 below shows a portion of the Klipspruit River, represented by a solid blue line.

Figure 2: A GIS screen photo showing a portion of the Klipspruit River



Source: Nemai Consulting (2006)

This project falls under the environment and culture sector of the EPWP and has been ongoing since 2002. The project conceptualization emerges from the waste challenges facing Gauteng. Unsustainable production and consumption have increased the quantities of waste generated at unprecedented rates. Due to congestion in informal settlements and lack of roads, Pikitup's waste disposal trucks have experienced difficulty in accessing illegal dumpsites. Most waste entering the informal waste stream is washed into the storm water system, which ultimately drains to rivers (Oryx Environmental and Newtown Landscape Architects, 2001, p. 36). The Gauteng Department of Agriculture, Conservation and Environment (GDACE) in collaboration with the Johannesburg Development Agency (JDA), implemented a river clean-up project in response to this challenge. The core activities include the removal of solid waste from the Klipspruit River and the surrounding tributaries. To date the Department has spent approximately R10.2 million on the project. Since inception, approximately 391 people from the surrounding Soweto wards have been employed on the project.

The aim of the study was to determine whether this environment and culture sector EPWP initiative has improved the ability of workers to earn an income. Ability to earn an income includes formal sector employment, entrepreneurial activities, informal income generation activities (IGAs) or the establishment of SMMEs and co-operatives. These activities in conjunction with access to further education and training initiatives contribute to enhancing the socio-economic standards of living of the poor, leading to improved quality of life. In the following section, this aim is comprehensively articulated in the problem statement, purpose statement and accompanying research questions.

1.3 Problem statement

High levels of unemployment and poverty in South Africa have led the South African government to investigate various approaches to tackling the problem. As part of government's short to medium term strategies to address the unemployment challenge, the EPWP was launched in 2003. The programme is

currently midway through its implementation period. In the 2005/6 financial year, approximately 211 960 gross work opportunities were created across all sectors (Department of Public Works, 2006). If the current trend within the programme continues, it is envisaged that the target of creating one million jobs will be achieved.

The EPWP assumes that once unemployed workers obtain work experience and training, this will increase their capacity to earn an income. In order to verify the above, the following research was undertaken. This research seeks to investigate the role of the EPWP in improving the ability of workers, who participated in the programme, to earn an income. The performance of the EPWP has primarily focused on the outputs (such as the number of jobs created), as stipulated in the monitoring framework. There was thus an attempt in this research study to investigate the quality of the programme, rather than focusing solely on quantitative outputs, as outlined in the monitoring framework. An in-depth analysis was conducted in the Klipspruit River and Wetlands Clean-Up Project, which falls under the environment and culture sector of the EPWP. The research focused on workers who have exited the programme and attempted to verify the benefits (in terms of income and skills) that have been conferred on those individuals, and determine the effect of the programme in improving the ability of workers to earn an income.

1.4 Purpose statement

The purpose of the research was to determine the role of the EPWP in improving the quality of life of workers in relation to income and skills. This was investigated by focusing on how the wage income received was utilized within the household, whether the skills imparted were relevant and are currently being utilized, as well as whether participation in the programme has improved workers' ability to earn an income.

1.5 Research questions

The following research questions guided the researcher in attempting to resolve the research problem as articulated above:

- How have workers benefited from participating in the Klipspruit River and Wetlands Clean-Up Project? (intangible as well as tangible benefits)
  - Investments of wages
  - Skills acquired and their ability to earn an income
- To what extent are benefits trickled down to people, beyond immediate programme participants?
- What challenges do workers face upon exit from the programme?
- How can the benefits be expanded and challenges addressed to improve the performance of the programme?

1.6 Significance of the research

Unemployment and poverty continue to increase at alarming rates and hamper South Africa's progress towards a developed economy. Due to the scarcity of means, governments intervene in the economy in order to address market failures. As such, government interventions need to be examined to determine if they achieve the desired outcomes. The EPWP strategy employed by the South African government to temporarily address the unemployment crisis needs to be examined, not only the outputs pertaining to the number of jobs created but also the quality of the implemented programme in addressing the needs of the unemployed.

Since the inception of the programme, approximately R635 million has been spent on wage payouts. The findings of the research will assist in improving the performance of the programme, thus contributing to the efficient allocation of resources.

This study provides a telescopic view to assess whether the EPWP has improved the lives of workers. Through an in-depth analysis of the experiences as expressed by participants who have exited the Klipspruit River and Wetlands Clean-Up Project, this study investigated whether participation in the EPWP had proved beneficial, thus enhancing the performance of the programme. According to various sources, it is envisaged that the EPWP will be expanded and extended beyond its five-year implementation period. The findings of the research will assist in providing useful insights, which can be incorporated into the implementation of the programme, with the intention of maximizing the desired outcomes.

1.7 Limitations of the study

The researcher is currently employed by the GDACE, which is the lead provincial department for the implementation of the environment and culture sector EPWP. The researcher has also been involved in the implementation of the Klipspruit River and Wetlands Clean-Up Project in Soweto. As such, the involvement of the researcher in previous EPWP projects could lead to potential bias. In order to mitigate this possibility, the researcher utilized the following interventions to limit subjectivity:

- In conducting interviews, the role of the interviewer was limited to that of a patient and careful listener.
- With permission from the interviewees, a tape recorder was utilized for the interview process. This allowed the researcher to look at the information holistically, as it could be replayed, and helped to reduce the bias of the interviewer in jotting down notes that made immediate sense or were perceived as being directly relevant or particularly interesting.
- The researcher also engaged the assistance of a colleague, who had not been involved in the project, to facilitate the interview process. This allowed for critical reflection after each interview. The colleague noted pertinent issues and this strengthened the next interview process, by avoiding particular pitfalls.

Language was a limitation in the extent to which participants were able to articulate their ideas in English, since the majority of respondents spoke vernacular. The researcher therefore utilized the services of her colleague for translation purposes and attempted to accurately represent the views of the respondents.

The research was confined to a single case study and it cannot be generalizable across other sectors of the EPWP. However, the aim of the research was not to provide generalizations, but to provide an in depth account of the EPWP in improving the lives' of workers, within the context of the Klipspruit River and Wetlands Clean-Up Project.

1.8 Outline of chapters

This section provides an outline of the chapters contained in the research report.

Chapter 1: Introduction.

This chapter explains the context of the research and highlights the aim of the research. The chapter includes the majority of the aspects (background, research problem, purpose statement, research questions, significance of the research and limitations of the study) contained in the research proposal. It sets the tone for the remainder of the research report and focuses the reader's attention on the particular problem to be investigated.

Chapter 2: Literature review

This chapter serves to demonstrate the researcher's ability to find, collect and analyze literature relevant to the research. It is divided into subsections and highlights the major debates around the topic. It identifies similarities and differences and attempts to show how the literature reviewed will assist in resolving the research problem.

Chapter 3: Research methodology

This chapter highlights the methodology utilized, and the reasons for implementing specific data collection techniques. It also indicates the strengths and weaknesses of particular approaches.

Chapter 4: Data presentation and analysis

This chapter visually represents the findings of the research, using various data representation tools. It then analyses the data and provides a detailed discussion of particular themes and categories.

Chapter 5: Conclusion and recommendations

This chapter summarizes the research findings and closes the loop through linking the findings to the research problem. This chapter strengthens consistency between data presentation and analysis (linking the voice of the literature with the data collected and the interpretation of the findings by the researcher). It also makes recommendations.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The literature review draws on existing research conducted in the field related to the particular research problem. In order to examine the various issues relevant to the research, the literature review is divided into subsections for ease of reference and to allow the reader to follow a logical sequence of documented evidence. The aim of this particular literature review is to discuss poverty and unemployment in South Africa. This is followed by a brief description of the relevance of the environment sector, the EPWP and their association with macroeconomic policies. The importance of skills, small business development and microfinance is highlighted. A critique of EPWP is provided, highlighting the strengths and weaknesses of short term jobs. Challenges with regard to IGAs are also addressed. The main findings of the literature review are reiterated in the conclusion, which attempts to demonstrate how the reviewed literature will assist in answering the research problem.

2.2 Definition of poverty and approaches to addressing the problem

Poverty is an unacceptable human condition which does not have to be inevitable. The main goal of development is to eliminate poverty and reduce social imbalances. Sustainable economic growth and appropriate social policies are the keys to fighting poverty. At the same time, reducing poverty helps growth by enabling the poor to participate productively in the economy. Yet economic growth by itself does not guarantee success in eradicating poverty. Other important dimensions of poverty, such as quality of life and participation in decision-making also need to be addressed (Global Poverty Report, 2000).

Each year, more than 8 million people around the world die because they are too poor to stay alive. Over 1 billion people – 1 in 6 people around the world – live in extreme poverty, defined as living on less than US $1 a day. More than 800 million people go hungry each day (Sachs, 2005).

Poverty and inequality are conceptualized and measured in different ways. Inequality is characterized by a state of social organization that does not provide equal access to resources and opportunities to its members. On one level objective social indicators such as income levels, consumption expenditures and housing standards, together with subjective indicators, such as attitudes, needs and perceptions of social conditions, can be used to determine levels of poverty and inequality (May, Woolward and Klasen, 2000, p.21). On another level poverty can be conceptualized and measured by determinants of well-being (Dasgupta and Wealer, 1992, p.119). In other words, factors such as health, welfare and human rights are determinants of well-being, whereas the availability of shelter, health care, education facilities and income are factors that define access to those determinants of well-being (May, *et al*., 2002, p.21).

Poverty may be chronic (long-term) or temporary (short-term). Chronic poverty is usually the more difficult to address, and is often associated with persistent inter-generational poverty. Temporary poverty may result from a one-time decline in living standards (for example, following the loss of a job) from which a household gradually emerges, or it may show itself in fluctuations in well-being that result in frequent declines in living standards (Woolward and Leibbrandt, 1999, pp.17-18).

The level of poverty is generally defined as the inability to attain a minimum standard of living, which, according to the World Bank (2004), is measured in terms of basic consumption needs or income required to satisfy those needs. Therefore poverty, in its narrow definition, can be understood as a reflection of the "inability of individuals, households or entire communities to command sufficient resources to satisfy a socially acceptable minimum standard of living'

(May, 2000, p.5). However, the Human Development Report compiled by the United Nations Development Programme (UNDP) adopts a wider definition of poverty, and argues that one needs to look at several factors to assess human development. These factors are measured together using an index developed by the UNDP, the Human Development Index (HDI). For instance, the HDI considers income in its measurement, but also takes schooling and life expectancy into account. The reason for measuring poverty in this way is to take into consideration that poverty is not only about having money, but is also about human development and 'capabilities' in the wider sense (Poverty Resource Book, 2004). Such a holistic approach allows all facets of poverty to be measured as it is experienced by poor people.

Asia and the Pacific regions have adopted a three-pronged approach to confront the challenges of poverty: promoting pro-poor growth, securing social development and ensuring good governance. The three are interrelated. Pro-poor growth stimulates employment and other economic opportunities, and generates revenues, which can be directed through good governance towards providing services needed by the poor and vulnerable groups (Global Poverty Report, 2000).

The Millennium Development Goals, agreed to by the international community in 2000, present an unprecedented opportunity for the world to usher in a new era of collaboration in fighting poverty. The Goals set forth concrete targets for significantly reducing extreme poverty and related ills by 2015 (Sachs, 2005).

2.2.1 The South African context

South Africans believe that the biggest economic problem in South Africa is unemployment. Opinion surveys show an overwhelming consensus that South Africa's key challenge is not 'poverty', 'low wages', 'housing' or 'inequality' but specifically 'unemployment' (Hirsch, 2005, p.170). Unemployment continues to rise, standing at 4.8 million in September 2002, (these are quite old stats, might it not be good to have more updated figures?) or 30, 5 percent by the official definition (McCord, 2003, p.3). The lack of job opportunities among previously

disenfranchised citizens is partly the result of statutory and other regulatory measures that inhibited occupational and geographic labour mobility in the past (Black, Calitz and Steenekamp, 1999, p.4). The South African economy is facing labour market failure, with labour supply increasingly outstripping demand. The severe levels of unemployment resulting from this market failure are a particular problem in South Africa, given the role unemployment plays in exacerbating poverty and inequality in an already highly unequal and segmented society (McCord, 2002, p.6). It is estimated that even with the most positive growth scenario, after ten years with projected GDP growth of 4-5 percent per annum, broad unemployment among the semi-skilled and unskilled would not fall significantly below 30 percent (Lewis, 2001, p.55).

The Constitution of South Africa (1996) guarantees the delivery of socio-economic rights. These include access to adequate housing, as well as the right of access to health care, sufficient food and water and social security. This places a constitutional obligation on government to take action to ensure access to such social goods. However, this is far from reality, as the majority of people in South Africa still live in poverty, and in conditions that permanently threaten their well-being (Kehler, 2000).

In the South African context, standard of living and therefore poverty and inequality, are among other things, closely related to race, class and gender. Employment and income generation are the main determinants for whether people find themselves living below or above the poverty line. The unemployment rate in South Africa increased from 33 percent in 1996 to 36.2 percent in 1999. In 1999, 44 percent of the African population was unemployed and 56 percent of the unemployed were women. Although employment in the informal sector increased significantly (1.9 million people in 1999, compared to 996 000 people in 1996), the number of employment opportunities in the formal sector declined from 5.2 million in 1996 to 4.8 million in 1999 (StatsSA, 2000).

2.2.2 Poverty and unemployment

Although poverty has many dimensions, generally speaking, the poor are poor because they do not have jobs, or because the jobs they have do not pay enough – they are poor, primarily, because they lack labour income (Gang, 1994, p.98). Poverty alleviation has been a government slogan for a long time. Whatever the prevailing economic ideology, employment generation must be the key to poverty alleviation (Kothari, 1993, p.146).

Unemployment is the state in which a person is without work, available to work, and is currently seeking work (International Labour Organization (ILO), 1982). Unemployment has economic costs: it reduces economic well-being, lowers output, and erodes human capital. It also has social costs: it leads to social exclusion and deterioration in family life, and it fosters grievance and cynicism which may be responsible for the suggested links between unemployment and crime. These costs are the reason why low unemployment is normally a high-priority policy objective in most societies (Kingdon and Knight, 2000). While a range of measures of unemployment is possible, two rates – the broad and the narrow – are most frequently considered. The narrowly defined unemployed are jobless persons who looked for work in a given period of time, typically the week or month prior to the inquiry. The broadly defined unemployed are the narrow unemployed plus those who wanted work but did not look for it in the reference period. The ILO has recommended that, for the sake of objectivity and international comparability, the narrow measure of unemployment be adopted.

South Africa has adopted the narrow definition, but this fails to account for the thousands of discouraged work-seekers. The Special Retrospective Survey of Employment and Unemployment (StatsSA, 1997) shows that the main reasons given by the unemployed for ceasing their search for work are because they have lost hope of finding work, lack of jobs in the areas in which they live, and a lack of money for transport to look for work. Exclusion of the non-searching unemployed carries the assumption that they are not part of the labour force and implies a value judgement. In particular, it can lead to the weakening of policy

concerns about the non-searching unemployed and a playing down of the unemployment problem (Kingdon and Knight, 2000).

Creating opportunities for steady employment at reasonable wages is the best way to take people out of poverty. "Nothing is more fundamental to poverty reduction than employment," states the ILO. The UNDP agrees: "Employment is a key link between economic growth and poverty reduction. Productive and remunerative employment can help ensure that poor people share in the benefits of economic growth" (Karnani, 2007).

Income is the sum of all the wages, salaries, profits, interest payments, rents and other forms of earnings received in a given period of time (Case and Fair, 2007, p.54). Research conducted by Nattrass and Seekings (2001) concludes that most poor households are poor due to the absence of wage income, indicating that job creation is the priority demand of households on the state, in terms of improving welfare levels. The socio-economic costs of unemployment include reduced physical and mental health status, increased social isolation and reduced uptake of education and health services. From a conventional macroeconomic perspective, the constrained consumer demand resulting from high levels of unemployment acts as a brake on national economic growth. This in turn reduces domestic and international investment. Growing unemployment also deters investment by raising investor concerns regarding actual and potential social and economic instability (McCord, 2002, p.10).

Welfare and social security measures, rightfully and adequately distributed to those who are eligible, can alleviate poverty to a certain extent and as a short-term measure, at least for the most vulnerable of the poor. To alleviate poverty in a more comprehensive way, opportunities must be created for all people to have a share of the country's wealth, growth and prosperity. Education, skills training and job creation are only a few of the 'tools' which should be provided to the poor for them to uplift themselves from poverty (Kehler, 2000).

From the above overview, it is evident that urgent government intervention is required to address the twin challenges of unemployment and poverty. Since this investigation focuses on the performance of the environment and culture sector of the EPWP, it is important to stress the value of the environment towards attaining sustainable development. The next sub-section highlights the importance of the environment sector, as well as the threats and opportunities facing this sector.

2.3 The importance of the natural environment and its link to poverty

A healthy environment forms the basis for development, while an unhealthy environment can trap people in poverty, cause diseases that are otherwise easy to prevent, and even plant the seeds of conflict (Kofi Annan, 2006).

For people living in poverty, sustainable development may take on different realities. People are not receptive to environmental issues when their basic needs are not met. Desperately poor people may exhaust natural resources in order to satisfy basic survival needs. They are only receptive to environmental issues when their basic needs are met, for which they rely heavily on a healthy environment (Potgieter, 1998, p.10).

While Africa's wealth of natural resources has always been an asset and has sustained her people during good and bad times, their true value has been invisible in economic terms. South Africa's coastal waters and unique wildlife are generating approximately US $30 billion a year in economic and tourist-based activities. Wetlands are often associated with lakes and river systems and are important for wildlife, water supplies and filtering of pollutants. However, many are being drained as pest control measures, for agriculture or development. Niger has lost more than 80 percent of its freshwater wetlands over the past 20 years. Countries in Africa are also becoming increasingly aware of the costs of inaction, seen in the price economies pay for lax environmental management and ecological degradation. A recent study in Egypt has found that pollution and environmental damage is costing it over 5 percent of its GDP.

Africa urgently needs investment in hard infrastructure, from roads and railways to ports, airports, schools and hospitals. But it equally needs investment in soft infrastructure in the ecosystem goods and services provided by nature, investment that should maintain and manage these natural resources optimally and unleash their huge economic and development potential for the benefit of the 800 million people in Africa today and for the generations to come (Steiner, 2006).

2.3.1 Threats to South Africa's environment and measures to combat such threats

Poverty, unequal distribution of wealth and unemployment all pose a more immediate and urgent threat to the achievement of a sustainable development path in South Africa. South Africa's levels of poverty and inequality are also expressed in terms of the ongoing unfair burden experienced by poor people as a result of environmental degradation. According to the Medical Research Council (2004), poor households spend significant amounts of their limited income on combating illness (for example, in Cape Town poor households spend 9 percent of their total income on health-related needs).

South Africa is ranked as the third most biologically diverse country in the world, mainly because of the number and types of plants found here. Pressures on the environment in South Africa include the following:

- With a growing national and global population and the need for equitable distribution and access to resources, the demand for resources is increasing exponentially. For example, the demand for water has grown so significantly that all the major rivers in South Africa have been dammed or modified and the demand is expected to increase by more than 50 percent in the next 30 years.
- Social factors such as dense urbanization further pressurize resources through changes in attitudes among the population. Lifestyles become more consumptive and wasteful.

- Increased population mobility has caused the introduction of alien invasive plants, posing a threat to plant and animal diversity, water use and ecosystem integrity.
- Several pollutants have impacts on human health (Balance and King, 1999).

The increased demand for water, combined with an escalation in the levels of water pollutants, prompted the GDACE to embark on a river clean-up project. An additional objective of the project was to contribute to positive behaviour changes with regard to waste management. This was achieved by conducting environmental awareness campaigns, directed at the informal settlements along the River.

The importance of the environment is highlighted within the Constitution (1996): "Everybody has a right to an environment that is not harmful to their health or well-being." The South African government realizes the importance of the environment as a key pillar in achieving sustainability. To this end, various institutional structures such as the Department of Water Affairs and Forestry, Environmental Affairs and Tourism, Minerals and Energy, Health and Agriculture have been tasked with ensuring that environmental issues are addressed. In addition to this, South Africa has signed various international agreements pertaining to the environment, and developed their own policies. The National Environmental Management Act, promulgated in 1998, is a framework law providing overarching principles for sustainable development that apply to all activities of the state. A number of principles in the Act address the links between poverty and environment. For example, Section 2(4)(c) requires that "*adverse environmental impacts shall not be distributed… to unfairly discriminate against any person, vulnerable and disadvantaged person.*"

It is vital that social, economic and environmental needs are considered together. The debate is not about environment versus development, but environment and development – i.e. how to optimize development whilst also optimizing the ability

of the environment to continue to deliver life-supporting services. If social and economic issues are addressed separately from environmental issues, ecological and social collapse is certain. Economic and political reforms are also required to ensure that the environment is treated as an integral part of social and economic development, and not an alternative to it (Balance and King, 1999). People can be a major asset in reversing a trend towards degradation. However, they need to be healthy and politically and economically motivated to care for the land (United Nations Economic Commission for Africa, 2002).

2.3.2 Environmental projects and opportunities for job creation

Objectives of the programmes within the national environment and culture sector plan are to achieve the immediate social benefits of the overall EPWP, while at the same time generating useful outputs in the fields of environment, heritage, biodiversity and land care. These objectives fit in with the broader objectives of government such as poverty reduction, transformation, empowerment, urban and rural development, growth and job creation (Department of Environmental Affairs and Tourism, 2005). Below are examples cited of environmental projects that assist in job creation.

The Working for Water Programme (WfW) implemented by the Department of Water Affairs and Forestry aims at restoring and maintaining natural resources by clearing invasive alien plants while creating jobs and economically empowering unemployed people from historically disadvantaged communities. With the removal of alien invasive plants, there has been an increase in stream flow, which contributes to conserving water. Up to the 2005/6 financial year, the Programme has spent R3.2 billion, creating temporary employment opportunities for up to 30 000 people per annum and clearing more than 1.6 million hectares of land (Marais and Wannenburgh, 2007).

South Africans generate approximately 0.7 kg of waste per person per day. Waste management can provide an avenue for job creation and also limit the environmental health problems associated with pollution. In South Africa the

political, social, environmental, economic and technical factors create a unique dynamic milieu in which the challenges are so diverse that problems cannot be solved by merely scaling up existing levels of services. New approaches are required to handle rapid urbanization, recycling and industrial waste through regionalization, legislation and control. With increasing unemployment in South Africa, many people are finding alternative means to generate income. Some of these initiatives involve the establishment of a recycling depot or buy-back centre. Communities can also collect waste from where it is generated and take it to central points. Organic waste can be used to make compost (Enviro-Info, 2001).

As highlighted earlier, revenue generated through tourism-related activities fall within the US $30 billion dollar range. The potential of this sector is enhanced by South Africa's unique natural environment. Tourism has also been highlighted as a generator of jobs. This is emphasized in the AsgiSA documents, and strategies to assist SMMEs with tourism ventures have been established, such as the Tourism Enterprise Programme (TEP) instituted by the Department of Trade and Industry.

The above discussion has highlighted the importance of the environment to achieving sustainable development. It also identifies some of the pressures on South Africa's environment, as well as opportunities available for the EPWP in terms of job creation and poverty alleviation. The next sub-section will provide a more detailed focus on the EPWP strategy implemented by the South African government in response to addressing unemployment and poverty.

2.4 The Expanded Public Works Programme

Because poverty and unemployment are closely linked, it is widely accepted that any effective strategy to reduce poverty must focus on job creation rather than be restricted solely to transfers through the budget (Gelb, 2002, p.2). The EPWP is one of such strategies developed by the government in response to the job crisis in the second economy. The philosophy behind it was that there were unemployed

people in the second economy, usually younger and more educated, who had the chance to migrate from the second to the first economy, if provided with the necessary experience, information and skills (Hirsch, 2005, pp.189-190). The programme was officially launched in 2003 and has been described by the President of South Africa, as a comprehensive inter-governmental, people-centred programme with the objective of job creation for poverty alleviation. The EPWP is a cross-cutting programme to be implemented by all spheres of government and state-owned enterprises. It is defined as a nation-wide programme which will draw significant numbers of the unemployed into productive work, so that workers gain skills while they are employed, and increase their capacity to continue to earn an income in the future. The objective of the EPWP is to utilize public sector budgets to alleviate unemployment by creating temporary productive employment opportunities coupled with training (Phillip, 2004, p.7).

Devereux (2002) distinguishes between two types of publicly-funded employment programmes – labour-intensive employment programmes and labour-based employment programmes. The differences between these two programmes are highlighted in Table 2 below.

Table 2: Differences between labour-intensive and labour-based public works programmes

Characteristics	**Labour-intensive**	**Labour-based**
Goal	Welfare	Development
Objectives	• Consumption smoothing • Income stabilization	• Mean-shifting • Income enhancement
Impacts	Poverty alleviation	Poverty reduction
Time-frame	Short-term	Long-term
Coverage	Wide to maximize employment	Narrow to optimize employment
Benefit incidence	General community	Project participants
Rationale for labour market intervention	• Seasonal underemployment • Economic crisis	• Infrastructure creation • Infrastructure maintenance

Source: *Adapted from Devereux, 2000, p.3*

The above table describes the various characteristics and differences between a labour-intensive and a labour-based public works programme. The labour-intensive programme is more welfarist in nature and is a short-term intervention to achieve immediate impact. Many people are employed in order to maximize employment, due to seasonal underemployment or an economic crisis. The labour-based programme takes on a developmental approach. The emphasis is on long-term, sustainable impact, as opposed to short-term gains. Though similar in many ways, these two approaches have very different implications for project design. The choice of which approach is appropriate in a given context depends on the objectives of the programme (Devereux, 2002, p.2). Looking at the South African context, the South African government has opted for a combination of both approaches. Although the official documentation emphasizes labour-intensive approaches, projects within the EPWP cover infrastructure creation and maintenance; benefits accrue to project members as well as the surrounding community; and participation in the programme is viewed as a development goal to assist beneficiaries in migrating from the second to the first economy. However, such a mixed approach has only served to complicate matters, as it fails to address the chronic unemployment problem in South Africa.

In South Africa, irrespective of its inadequate scale, the design of the EPWP does not appear to correlate well with the main problem it is trying to address, namely unemployment. Insofar as public works programmes are used internationally to deal with this problem, their design depends on whether they are intended to respond to unemployment as a transient labour market problem or, more rarely, as a chronic problem. In the former case, the policy instrument of choice would be temporary employment programmes to address cyclical unemployment. In the latter case, the policy instrument would aim to create demand through the implementation of large-scale public sector employment programmes, offering employment guarantees and sustained employment. Unemployment in South Africa is clearly chronic rather than acute or cyclical, yet the EPWP offers short-term, temporary employment only, and characterizes the unemployment problem as transient (Aliber, 2005, pp. 9-10).

Within the dominant political discourse in South Africa, unemployment is characterized primarily as a supply side problem. However, the problem with this approach is that it does not recognize the significance of the structural changes experienced in South Africa over recent decades in creating and sustaining involuntary unemployment, particularly in the primary sector. Lewis (2001) highlights the error in this characterization of unemployment, arguing that while supply side factors such as skills development and labour market inflexibility do impact on unemployment in South Africa, they are subordinate to demand side factors relating to structural change. Supply side interventions are thus not adequate to address the fundamental structural shifts and resultant labour market failure which South Africa is currently experiencing (McCord, 2002, p.21).

Conceptualization of the nature of the unemployment problem is central to programme design, as it determines the programme's fundamental objective – for example, whether the goal is to train workers for employment in a changing labour market, or to offer temporary social protection, or to compensate for a structural and chronic unemployment problem (McCord, 2004).

A short-term intervention is appropriate when the employment deficit is temporary and welfare is undermined on a short-term basis. However, in a situation of chronic unemployment, a short-term job creation initiative may have little poverty alleviation or reduction impact, and may even reduce household welfare in the medium term. In the chronic unemployment scenario a short-term intervention focusing on poverty alleviation will have negligible impact beyond the immediate period of transfer, as it will not permit household consumption smoothing, or reduce vulnerability to shocks; neither is it likely to allow adequate capital accumulation to enable movement out of poverty (McCord, 2002, p.28). Equally, a short-term training or job experience is unlikely to have a significant impact on human capital accumulation (Adato, Haddad, Horner, Ravjee and Haywood, 1999) or prospects for finding employment in the context of a labour demand deficit on the South African scale.

Since unemployment is a structural and chronic problem in South Africa, long term employment programmes would be the most appropriate response, offering sustained employment since public works participants are unlikely to graduate into employment in the open labour market, given the limited demand for unskilled and semi-skilled labour (McCord, 2004).

If fully implemented, the EPWP would deliver 200 000 temporary employment opportunities each year, which may be estimated at between 2 and 4 percent of the unemployed workdays per annum. The EPWP does not appear to offer a significant response to the broader unemployment crisis currently experienced by the state (McCord, 2004).

The EPWP assumes that there will be a significant increase in employment in the wake of economic growth, and that through improved education and experience unskilled persons who are currently excluded will be absorbed. This has led to the assertion that participation in the EPWP will enable significant numbers of workers to move from the second to the first economies (McCord, 2004).

However, since unemployment is structural and chronic in nature, rather than transitory, the small scale and temporary nature of the EPWP employment makes it unlikely that this initiative will make a significant contribution to poverty reduction, employment creation or growth (McCord, 2004).

From the above, it is evident that the current design of the EPWP in South Africa is ill-equipped to address the unemployment challenge. The above overview indicates the need for the South African government to take stock and carefully examine the nature of the unemployment crisis. Through this process a comprehensive approach can be developed which is applicable to the South African context in addressing the chronic nature of the unemployment problem. The next sub-section highlights the importance of skills development in a changing economy, as well as efforts undertaken by the South African government to deal with the skills crisis.

2.5 Skills development

While the educational system in the apartheid era was used as an instrument of discrimination, it is now considered a key factor for reducing social inequality and poverty. While the rejection of apartheid created many new opportunities, jobs went unfilled due to lack of skilled workers (Wagner, 2001). A skill is defined as "the necessary competencies that can be expertly applied in a particular context for a defined purpose" (Department of Labour, 1997). The legacy of apartheid created a dearth of employable people. In addition, the requisite skills began to change, reflecting the new economy and its appetite for knowledge workers (Wagner, 2001). Between 1995 and 2005, the primary sector (Agriculture, Forestry, Mining) grew at an average annual rate of 1.5 percent and the secondary sector (Manufacturing, Construction) at 2.6 percent. The tertiary sector (Finance, Trade, Transport, Communication) as a whole grew at a rate of 3.9 percent per annum. As a result, the tertiary sector accounted for 76 percent of total output expansion over the ten year period. The results reflect the intensification of the changing structure of the economy with a shift from primary towards tertiary or services-based output (Bhorat and Oosthuizen, 2006, p.11).

South Africa's businesses are now faced with a frustrating paradox: The economy is growing, but there are no suitable workers to fill highly skilled positions. Global access and competition are increasing, but business is losing talent to outside organizations. As a final blow, HIV/AIDS is raging through South Africa's population, cutting lives short and making it difficult to find healthy workers (Wagner, 2001).

The 'skills crisis' in South Africa can be understood in three different ways:

- As a numeric shortage within a particular occupation or profession;
- As a specific area of specialized knowledge or expertise lacking in a particular strata of workers; and
- As a systemic bottleneck constraining the workings of the skills pipeline.

This definition allows for a multi-faceted set of responses to the problems currently being faced. Solutions require a package of interventions that seek to improve the entire skills pipeline (Department of Labour, 2007). With regard to the EPWP, all of the above are interlinked. Since the majority of workers on the EPWP are considered unskilled labour, as a result of past apartheid policies, this requires interventions to address the bottlenecks constraining the skills pipeline. Due to lack of suitable skills and lack of demand for unskilled/semi-skilled labourers, the EPWP beneficiaries are unable to access jobs in the growing tertiary sectors of the economy and hence remain unemployed.

South Africa now faces the daunting challenge of not only creating the workforce of the future, but also the workforce of today. It must train and educate its current population while preparing its future workforce. South Africa is rising to this challenge by enacting legislation and creating programmes to train its workforce while building a national framework for lifelong learning. Since 1994, the South African government has been in the process of reforming the system of skills and vocational training. Essential to these reforms are the NSDA (1998), the National Qualifications Framework (1995) and the Skills Development Levies Act (1999), all of which operate as building blocks in creating a new South African workforce (Wagner, 2001).

The formation of the Joint Initiative for Priority Skills Acquisition (JIPSA) was a clear signal from government that skills development was a foremost priority in government's effort to stimulate economic growth and reduce poverty and inequality. Failure to improve education and training will constitute the 'fatal constraint' in the ability of the economy to grow over the next decade (Mlambo-Ngcuka, 2006).

The legacy of the past has resulted in a situation where a large proportion of the South African population does not yet have the skills or opportunities to effectively participate in the economy and earn a living. The EPWP is one of government's initiatives to try and bridge the gap between the growing economy

and the large numbers of unskilled and unemployed people who have not yet enjoyed the benefits of economic development (Department of Public Works, 2004).

The National Skills Development Strategy (NSDS) emphasizes the importance of employed workers receiving training that is aligned to a qualification, in the form of a learnership, apprenticeship, bursary or a unit standard-based skills programme. The training should also address the shortage of skills that have been identified as scarce (Department of Labour, 2006).

However, training on EPWP projects is still plagued with the following dilemmas:

- Insufficient accredited training providers for EPWP projects (only 27 percent of training providers are currently accredited on the Department of Labour's database)
- Inaccessibility of the few accredited providers, highlighted above, results in limited supply for the huge demand.
- Limited accredited courses for EPWP
- Many emerging providers have limited resources and cannot cope with accredited training requirements
- Only 26 percent of training days have been achieved thus far (Department of Public Works, 2008).

Opportunities for training and improving skills are one of the measures implemented by the South African government with the intention of moving people out of the second economy. However, since most of the training undertaken in the EPWP is not accredited due to the reasons highlighted above, this creates a challenge in providing concrete enabling tools, to allow this to happen.

The challenge facing the NSDS is to maximize the synergies that can be exploited through the creative combination of improved growth, new jobs and improved skills development. In so doing, a virtuous circle of economic development,

social improvement and skills formation can be created, whereby improvements in the one component can trigger improvements in the other components (Department of Labour, 2007).

The next sub-section looks at the macroeconomic policies undertaken by the South African government and their linkages with issues of poverty and unemployment, with particular reference to the EPWP.

2.6 Macroeconomic policies and the Expanded Public Works Programme

Since the advent of democracy in 1994, South Africa has implemented various macroeconomic policies, with the aim of strengthening the economy, boosting investor confidence, improving fiscal policy and redressing past injustices. Macroeconomic policies allow governments to fulfil their stabilization, allocation and redistributive functions in an attempt to steer the economy towards positive economic growth, while simultaneously addressing socioeconomic concerns.

The Reconstruction and Development Programme (RDP) was the first post-apartheid socioeconomic policy used to rebuild South Africa. It focused on meeting basic needs, developing human resources and building the economy. However, due to slower growth in exports and investment, detailed simulations based on econometric models indicated that a growth of at best 3 percent per annum could be expected. Such a scenario presented the following dilemmas:

- Firstly, it was doubtful whether annual job creation much in excess of 100 000 would be possible over the coming five years. The unemployment rate was projected to rise from approximately 5 percent to 37 percent in 2000.
- Secondly, the scope for increased public spending on social services would be severely limited.
- Thirdly, the balance of payments remained a structural barrier to accelerated growth (Growth, Employment and Redistribution, 1996).

The growth rate projected above proved unable to stem the rising rate of unemployment in South Africa and only served to entrench the inequalities prevalent in the South African society.

Due to the above inadequacies of the RDP, the Growth, Employment and Redistribution (GEAR) macro-economic policy was developed and instituted in 1996. Although the GEAR strategy document acknowledged the need for "redistribution of income and opportunities in favour of the poor", it placed huge emphasis on achieving this through increasing economic growth, generating more jobs and improving incomes. This strategy established a budget deficit target, outlined improvements in revenue collection and restored the international credibility of the economy. Despite the gains made by GEAR, employment creation targets have not been met and unemployment remains high. More than 400 000 formal sector jobs were lost between 1996 and 1999. The net result, as noted by the National Labour and Economic Development Institute (NALEDI), is that the income of the poorest 40 percent of the population has declined by 20 percent (Knight, 2001).

Over the last decade it has been realized that growth alone will be insufficient to raise the average poor household out of poverty, and it is therefore important to also focus on inequality. Some redistribution of income and explicit poverty alleviation strategies, together with economic growth, are needed to eradicate poverty. The burden of poverty, therefore, falls on the entire society. The South African government has taken up the challenge by putting in place the AsgiSA. This is not a new policy, nor does it replace GEAR. Most of the interventions are built on the micro-economic reforms (such as the EPWP) and agreements reached at the GDS. It takes advantage of a stable macroeconomic environment and intends to accelerate this growth for the benefit of all South Africans (AsgiSA, 2006).

AsgiSA is based on the two pillars of firstly, economic growth and secondly, unemployment and poverty reduction. Although the social grant programme has

given significant impetus to poverty reduction and income redistribution, a third of South African households are not yet able to benefit directly from South Africa's economic advances. Bringing this sector into the mainstream economy will considerably enhance South Africa's growth potential (AsgiSA, 2006). In terms of the latter, AsgiSA responds to the binding constraint of the shortage of suitably skilled labour amplified by the costs of the effects on labour of apartheid spatial patterns. Selected interventions in response to this binding constraint include education and skills, as well as interventions in the second economy. These interventions should not be viewed in isolation but in an integrated manner to achieve the desired outcome (media briefing by Deputy President Phumzile Mlambo-Ngcuka, 2006).

During the implementation of AsgiSA, the expenditure restructuring process places emphasis on redirecting spending towards sectors that have the potential to accelerate economic growth, create employment and reduce poverty. This is evident in the Department of Trade and Industry strategy to support the growth and expansion of SMMEs in the tourism economy through the Tourism Enterprise Programme (TEP). This is one of the sector strategies aimed at employment creation. It is envisaged that this priority sector could increase the contribution of GDP from 8 percent to 12 percent and increase employment by up to 400 000 people (AsgiSA, 2006). Tourism-related projects have a key role to play within the environment and culture sector of the EPWP, as regards job creation and poverty alleviation.

There are major benefits and limitations to the provision of income grants, as part of the social security network. Studies conducted by Naicker and Mguye (2006) show that households receiving social assistance spend a greater portion of their income on food (approximately 44 percent) than similar households who do not receive social assistance. Grants are also associated with lower medical expenditure shares. Reasons postulated are that social grants promote better nutrition and educational outcomes. Access to income restores dignity and self-respect especially amongst older persons and people with disabilities who are then

not considered a burden but a resource to their families (Naicker and Mguye, 2006).

Studies show that for every R500 of old age pension received in a household, there was a 3 percent higher likelihood of school attendance by boys and 6 percent greater likelihood of girls being enrolled for school. In addition, households receiving grants have labour participation rates that are 13 to 17 percentage points higher than households that do not receive a grant (Samson, Lee, Ndlebe, MacQueen, Van Niekerk, Gandhi and Harigaya, 2004).
However, it is also believed that grants are unsustainable, specifically the negative impact of changes in the tax structure possibly leading to negative personal income tax effects, increased tax evasion and/or capital flight. Critics also express concern over the administrative costs associated with the income grant system. Other objections to income grants relate to issues of dependency and welfarism as opposed to a developmental impetus. Opportunity costs have also been highlighted as areas of concern; since grants can "crowd out" state spending on other social programmes (Basic Income Grant Financing Reference Group, 2004).

Recent research has revealed that the more than 13.8 million people in the poorest 40 percent of households do not qualify for any social security transfers. Many of the country's poorest fall through the net because they do not have members receiving Unemployment Insurance Fund payments, a state old age pension, a disability grant, nor do they have any children qualifying for a child maintenance grant (Public Policy Liaison Office, 2001).

Reducing poverty should not be restricted to monthly income support grants, which can lead to unsustainability in the long term, due to increased current expenditure, but the focus should shift to creating an enabling environment and providing opportunities for the poor, vulnerable and neglected to allow them to increasingly participate in mainstream economic activities. This is achieved through the EPWP where people participate in meaningful work to improve their ability to earn an income (media briefing by Deputy President Phumzile Mlambo-

Ngcuka, 2006). Given the high and persistent unemployment rate, the immediate intervention in facilitating the integration and participation in the economy of the disadvantaged and excluded in the short term is through the process of redistribution and cross-subsidization from the rich to the poor, and in the medium term through employment creation, labour market restructuring and skills match with labour market demand (Naicker and Mguye, 2006).

With regard to the binding constraint of the regulatory environment and the burden on SMMEs, second economy interventions should include the streamlining of bureaucratic procedures and the reduction of registration fees to an affordable level; reorientating the municipal officials responsible for regulating the informal sector so as to be more effective; disseminating information; simplifying legal requirements; and adjusting restrictive zoning laws (ILO, 2000).

Within AsgiSA, an expansionary fiscal stance is adopted, by providing additional resources for infrastructure investment and increasing social and economic programme spending. Brown (2006) articulates that by providing a solid foundation in the area of human capital, the economy can be placed on a sustainable higher economic growth path. This is reinforced through the establishment of JIPSA (2006). These interventions have trickled down into the EPWP policy, which stipulates a training component to ensure that skilled workers are absorbed in the growing economy.

Although continued delay or neglect of investment in infrastructure projects may provide immediate savings for other expenditures, a heavy price could be paid in the long term in the form of lower economic growth, higher unemployment and an increase in poverty (Budget Speech, 2006). The World Bank (1994) summarized the role of infrastructure in growth as being "substantial, significant and frequently greater than that of investment in other forms of capital". The increased government spending for infrastructure is R370 billion over the 2006-2009 Medium Term Expenditure Framework (MTEF). Assets are to be created

using labour-intensive methods which assist in providing temporary employment opportunities.

There is increasing evidence that risk and shocks are the main causes of lower growth, resulting in lower growth of income amongst the poor and also possible poverty traps. Focusing attention on the poor can thus contribute to both growth and equity. The most common form of intervention from government is to develop a safety net based on targeted transfers to the poor (Decor, 2003). The EPWP aims to create 1 million work opportunities for the unskilled, marginalized unemployed. This programme will be expanded beyond its original targets in line with AsgiSA stipulations, and an estimated R4.5 billion has been set aside for the EPWP, which targets women, youth and disabled persons.

This subsection has outlined the various macroeconomic policies undertaken by the South African government in attempting to address the challenges of unemployment and poverty. From the RDP to the AsgiSA policies, government's intention has always been to address issues of unemployment and skills shortages. However, the impact of the AsgiSA policies in achieving these outcomes is yet to be evaluated, and will provide evidence of the extent to which the promise of the ANC to "create a better life for all" has been fulfilled. The next subsection looks at a critique of EPWP in the context of local and international literature.

2.7 Critiques of the Expanded Public Works Programme

Economic analysis of public works programmes has primarily focused on the evaluation of the programme in terms of the efficiency of transfers under government expenditure, rather than assessing the efficacy of the transfers in direct or indirect microeconomic impact on participating households (McCord, 2003, p.4).

At their simplest level, the EPWP programmes alleviate poverty through a transfer to increase household income. This benefits the household in two ways: through the transfer itself, and through the stabilization effect it induces. This stabilization effect is contingent on the length of the period over which employment is offered, and is a consequence of sustained employment, provided through a medium to long term programme. The impact of a public works programme on poverty reduction is mainly a function of its scale and the value of income transferred to participants. At the household level, the critical factor is how much (net) income this employment generates, which depends on the duration of employment multiplied by the wage rate. Obviously the higher the wage rate and the longer the contract, the greater the likelihood that the household will save and invest some of this income in productive enterprises and assets. The lower the wage and the shorter the contract, the greater the likelihood that all this income will be consumed (Devereux, 2002, p.35). These scenarios are depicted in the table below, which compares two public works programmes implemented in different districts in western Zambia.

Table 3: Earnings and spending within public works programmes in western Zambia

	Characteristics	Kalabo District	Lukulu District
Employment and Income	Duration of employment	10 months	< 1 month
	Income received	K 146, 722	K 11, 750
Spending by households	Food and groceries	100%	100%
	Items for house	78%	21%
	Assisted other households	59%	12%
	Invested in farming	19%	0%
	Purchased assets	1%	0%

Source: Adapted from Devereux, 2002.

The above table describes earnings and expenditure with the public works programmes in two districts in western Zambia. The longer the duration of employment, the more earnings a household is able to save. In addition to the above, this is correlated with the expenditure pattern. The more one earns, due to extended employment, the more the avenues that are presented for spending. In the Kalabo district, for example, the household was able to invest in assets, farming and provided greater assistance to other households, whereas in the Lukulu district this was not possible due to the short duration of employment and minimal earnings received. As a result, the Lukulu district household had to prioritise their finances and the majority of the income was spent on food and household items. Chronic poverty is usually transferred across generations. A lack of access to assets prevents households from accumulating sufficient surplus to move out of poverty over time (Frye, 2006, p.2).

The above table reflects the importance of the duration of employment, as well as the wage rate in assisting beneficiaries to accumulate assets and climb out of the poverty trap. Usually, however, due to the limited period of employment under the EPWP, the transfer does not move participants out of poverty, but relieves

poverty by enabling household consumption smoothing, reducing vulnerability to shocks and diminishing the extent of the poverty gap (McCord, 2003, p.6). Studies conducted by McCord (2004) and Bloom, Chilowa, Chirwa, Lucas, Mvula, Schou and Tsoka (2005) reinforced the above findings, by displaying that the income benefit of EPWP participation had the characteristics of a "wage shock" rather than a sustained increase in income. In some cases household welfare may deteriorate after participation in a short term job creation programme, due to shifts in household consumption patterns and increased indebtedness.

This is in contrast with the Maharashtra Employment Guarantee Scheme (MEGS) implemented in India. Under the MEGS, any person in a rural area who requires work at a low wage has the right to have that work provided by the local authority. If the local authority cannot provide work, they will then provide unemployment benefits instead. In this instance, the stabilization effect has had the most significant effect on sustained poverty reduction, as this has precluded the need for costly forms of adjustments among the poor, such as selling productive assets (Dev, 1995, p.136). The above findings are supported in the Zimbambele project in KwaZulu-Natal (KZN). This project offers part-time employment to rural women on an annual basis. The fact that the transfer is ongoing means that people start making investments. The major welfare benefits of participation in the scheme result from permanent and uninterrupted school attendance for children in the household, which had previously been sporadic and dependent on chance surplus income. In addition to this, beneficiaries were able to make purchases or take small-scale credit from shops to obtain staple foods, on the basis of guaranteed income at the end of the month, rather than being dependent on the generosity of friends and neighbours (McCord, 2004)

The magnitude of the unemployment crisis in South Africa is such that in the 16-34 age group, classified as youth, 70 percent of the unemployed have never worked, while 59 percent of all unemployed people have never worked (StatsSA, 2003). With such alarming rates, the EPWP offers opportunities for people who have never worked to gain useful work experience. This benefit of engaging in

meaningful activities also has intangible psychological dimensions: it provides people with a feeling of self-worth and self-esteem (Du Toit, 2003, p.1). Evidence in Theodossiou (1998) suggests that the unemployed are substantively and statistically significantly less happy than the employed. This evidence, coming from a range of 12 European countries and from the United States, is used to suggest that unemployment must be involuntary because people would not voluntarily choose to be unhappy. In addition to work opportunities, the EPWP also provides skills for workers, thus attempting to improve their ability to earn an income. This is reinforced by Abedian (2004) who states that the "EPWP can impart useful skills, while providing people with some income and experience that mark a real improvement in their lives at present and potentially for their future options." However, these benefits are short-lived, due to the temporary nature of the EPWP.

Employment periods last on average four months and in line with the Code of Good Practice for Employment and Conditions of Work for Special Public Works Programme, workers are entitled to receive 2 days of training per month. This short duration of employment is in reality insufficient to have a significant impact on human capital accumulation (Adato, Haddad, Horner, Ravjee and Haywood, 1999) and differentiates participants from other workers entering the labour market. In the majority of cases, 'blanket' training is undertaken without taking into consideration the various learning styles of the individual participants. Training which does not incorporate various teaching methodologies to accommodate the diverse learning needs of individual participants can dilute the impact of the intended intervention. This is reiterated in the Democratic Alliance (DA) Document (2005), which highlights the importance of pre-determining and monitoring the level and type of work experience and training afforded to each participant.

The unemployment crisis in South Africa has been aggravated by the majority of the unemployed being semi-skilled or unskilled and there not being a match between the labour market demand and the skills profile of the work-seekers

(Streak and Van der Westhuizen, 2004, p.1). Unless there are more jobs in the economy, upgrading the education of beneficiaries will at best change the composition of employment in their favour. It is possible that expanding education and skills will reduce overall unemployment. The mechanism might be to increase the supply of skilled labour, for which there is a market clearing, and to decrease the supply of unskilled labour, for which the market fails to clear and there is a surplus of workers (Kingdon and Knight, 2005, p.2). However, to date there is no evidence of any current or prior interaction between the planners or the implementers of the EPWP on the one hand, and the potential future employers of EPWP participants on the other. This is important because it needs to be ensured that programme participants do acquire the skills and experience that will actually see them gain entry into the labour market or to further training opportunities subsequent to their engagement in the EPWP (DA, 2005).

With regard to the impact of public works participation on unemployment, surveys conducted by McCord (2004) in Limpopo Province revealed very poor labour markets after EPWP participation. Many workers return to the unemployed labour pool after completing work in short-term projects, rather than being absorbed into the labour market. This suggests that improving labour supply quality through training and experience may have only a negligible impact when the key constraint is on the demand rather than the supply side (McCord, 2004, p.10). Interviews conducted by Godfrey and Theron (2007) reveal that the programme's expectation that work experience plus training would lead to employment or self-employment was not supported. Most of the interviewees who had completed their contracts with the EPWP were unemployed and none appeared to have gained any additional advantage from their employment in the EPWP projects. Luka (2005) conducted research within the social sector and registered the following findings: "Not all Early Childhood Development and Home Community Based Care recruits will be able to get a full-time job after training. Those who are already employed by Non-Government Organizations (NGOs) and Community-Based Organizations (CBOs) will be trained on the job and therefore do not reduce the unemployment numbers but only increase the

number of skilled workers". This leaves the country with a pool of skilled workers that cannot penetrate the already oversaturated market place, regardless of the growing economy.

Nobatana (2007) highlights the problematic nature of short-term jobs, stating that former EPWP workers are likely to return to conditions of squalor and poverty, and even though government would quantify the number of work opportunities created, former workers would not enjoy sustainable livelihoods. Job insecurity may have the effect that people engaged in the project work less productively in an attempt to extend their period of paid employment. By stalling on projects, costs are increased and labour-intensive methods are undermined. The community which stands to benefit from the completion of the project is prejudiced by its delay (National Economic Development and Labour Council, 2007). The implementation of multiple short-term projects may therefore serve only to recycle the unemployed, replacing one cohort of the unemployed with another, and removing them temporarily from the pool of unemployed labour, rather than addressing either the underlying problem of unemployment, or having a significant impact on livelihoods (McCord, 2003, p.2).

2.8 Small business development and microfinance

Micro and small entrepreneurs sustain and build developing economies worldwide, serving as a major source of wealth, income generation and job creation. While estimates vary greatly depending on definitions, recent work by the World Bank suggests that almost 30 percent of employment in low-income countries is generated by the informal economy, while an additional 18 percent is provided by (formal) small and medium enterprises (Sapovadia, 2006). These entrepreneurs need access to financial services to grow their businesses, as well as to accumulate savings and assets. Similarly, poor households need access to savings, insurance, and remittance services to improve their economic resilience and livelihood opportunities. Of the 2.8 billion poor around the world living on less than US $2 a day, however, only 70 million have access to credit and financial services (Asian Development Bank, 2007, p.1)

Lack of access to finances continues to be the major problem faced by people who want to start their own businesses. Microcredit is the extension of very small loans to the unemployed, to poor entrepreneurs and to others living in poverty who are not considered bankable. These individuals lack collateral, steady employment and a verifiable credit history and therefore cannot meet even the most minimal qualifications to gain access to traditional credit (Wikipedia, 2008).

Microcredit is based on a set of separate principles which are distinguished from general financing or credit. Microcredit emphasizes the following principles:

- Building capacity of a micro entrepreneur
- Employment generation
- Trust building
- Assistance to the entrepreneur on initiation and during difficult times (Sapovadia, 2007).

Microcredit is a financial innovation which originated in Bangladesh where it has successfully enabled extremely impoverished people to engage in self-employment projects that allow them to generate an income and in many cases begin to build some degree of wealth and exit poverty. In India the National Bank for Agriculture and Rural Development finances more than 500 banks that lend funds to Self Help Groups (SHGs) comprising approximately 20 members. Nearly 1.4 million SHGs comprising approximately 20 million women now borrow from banks, which makes the Indian SHG-Bank Linkage Model the largest microfinance model in the world. Microfinancing also assists the development of an economy by giving ordinary individuals the chance to establish a sustainable means of income. Eventual increases in disposable income will lead to economic development and growth (http://en.wikipedia.org/wiki/Microcredit).

Comprehensive impact studies have demonstrated that:

- Microfinance helps very poor households meet basic needs and protect against risks;

- The use of financial services by low-income households is associated with improvements in household economic welfare and enterprise stability or growth;
- By supporting women's economic participation, microfinance helps to empower women, thus promoting gender equity and improving household well-being (Rosenberg, 2006).

Poor people who have access to savings, credit, insurance and other financial services are more resilient and better able to cope with the many crises they face. Microfinance can smooth consumption levels and significantly reduce the need to sell assets to meet basic needs. By reducing vulnerability and increasing earnings and savings, financial services allow poor households to make the transformation from "every-day survival to planning for the future." Households are able to send more children to school for longer periods and to make greater investments in their children's education. Increased earnings also lead to better nutrition and better living conditions, which translates into a lower incidence of illness (Consultative Group to Assist the Poor, 2007).

Empirical evidence shows that, among the poor, those participating in microfinance programmes and who had access to financial services were able to improve their well-being – at both the individual and household level – much more than those who did not have access to financial services. This is evident in the examples outlined below, in various countries across the world, where microfinance programmes were instituted.

- In Bangladesh, Bangladesh Rural Advancement Committee (BRAC) clients increased household expenditure by 28 percent and assets by 112 percent. The income of Grameen Bank members was 43 percent higher than incomes in non-programme villagers.
- In El Salvador, the weekly income of Foundation for International Community Assistance (FINCA) clients increased on average by 145 percent.

- In India, half of the Society for Helping, Awakening Rural Poor through Education (SHARE) clients graduated out of poverty.
- In Ghana, 80 percent of clients of Freedom from Hunger had secondary income sources, compared to 50 percent for non-clients.
- In Lombok, Indonesia, the average income of Bank Rakyat Indonesia (BRI) borrowers increased by 112 percent, and 90 percent of households graduated out of poverty.
- In Vietnam, Save the Children clients reduced food deficits from three months to one month.
- In Pakistan, after one year the household income of borrowers had risen by more than 41 percent (Consultative Group to Assist the Poor, 2007).

Access to microfinance can assist in enabling poor people to engage in some form of productive activities, in order to minimize the negative impacts of unemployment. Unemployment is one of the most important challenges facing poor people in South Africa, exacerbated by the fact that over the last two decades, the formal economy (especially mining) has been shedding jobs and many workers were retrenched. Furthermore, every year thousands of new job seekers (primarily youth) join the ranks of the unemployed (Education and Training Unit, 2007). As large enterprises have restructured and downsized, SMMEs have come to play an increasingly important role in South Africa's economy and development. The sector has grown significantly. In 1996, approximately 19 percent of those employed were in the informal sector of the economy, and by 1999 this had risen to 26 percent. The government has therefore targeted the SMME sector as an economic empowerment vehicle for previously disadvantaged people. As a result, SMMEs have received significant attention and investment, ranging from the establishment of state-initiated projects to supportive legislation, and a variety of funding institutions and government incentives through the Department of Trade and Industry. The National Small Business Act (1996), helped to establish many of the supportive structures now in place (South African Business Guide Book, 2002-2003). In order to design

effective strategies to address the potential and limitations of SMMEs, the characteristics of the various SMME categories must be understood. SMMEs can be divided into the following categories, as described in table 4 below:

Table 4: Descriptions of the various categories of SMMEs

Category of SMME	Description
Survivalist enterprises	Operates in the informal sector of the economy (constitutes the largest sector) Mainly undertaken by unemployed persons Income generated below the poverty line, providing minimum means to keep the unemployed and their families alive Little capital investment, minimal assets Limited training Opportunities for growing the business are limited
Micro enterprises	Consists of between 1 and 5 employees Informal – no licence, no formal business premises and lack of labour legislation Turnover below the VAT registration level of R300 000 per annum Basic business skills and training Potential to make the transition to a viable formal small business
Small enterprise	Less than 100 employees More established than very small enterprises, formal and registered, fixed business premises Owner managed, but more complex management structure
Medium enterprises	Up to 200 employees Still mainly owner managed, but decentralized management structure with division of labour Operates from fixed premises with all formal requirements

Source: National Small Business Act (1996).

The survivalist enterprises constitute the largest sector. Any strategy that wants to empower a large number of disadvantaged people and/or relieve poverty should aim at survivalist and micro enterprises, simply because these are the types of businesses with the greatest number of previously disadvantaged people. However, this sector only employs 14 percent. With the escalating rates of unemployment in South Africa, solely focusing on these sectors will have a

negligible effect on addressing unemployment. Strategies aimed at prioritizing job creation and economic growth should focus on small to medium sized businesses, since these companies provide 43 percent of all jobs, which equals the total employment created by large companies (Ntsika Enterprise Promotion Agency, 2000, p.40). Thus obstacles to SMME development need to be addressed as a matter of urgency, in order to facilitate the contribution of this sector to the economy in terms of employment creation, economic growth, empowerment of previously disadvantaged people and poverty alleviation.

The government's National Small Business Strategy seeks to address the common problems faced by SMMEs:

- An unfavourable legal environment;
- Lack of access to markets and procurement;
- Lack of access to finance and credit;
- Low skills level;
- Lack of access to information; and
- Shortage of effective supportive institutions.

In order to address the above shortcomings, the SMME development policy has set the following objectives:

- Alleviating poverty by allowing poor people to generate income to meet basic needs;
- Reducing poverty through employment creation;
- Redistribution of wealth, income and opportunities;
- Contributing to economic growth by improving innovation and thus competitiveness (National Small Business Strategy, 1995).

The most significant contribution of the EPWP is the development of SMMEs within the broader economic sector that will contribute to job creation and poverty alleviation. To ensure that the above objectives are achieved, the following institutions have been set up to support small business development in South Africa:

Table 5: Services offered by various institutions to support SMME development in South Africa

Institution	Services
Ntsika Enterprise Promotion Agency	Provides non-financial support such as mentoring programmes, business advice, help with government tenders and technology support to small enterprises
Khula	Provides access to finance
National Co-ordinating Office for Manufacturing Advisory Centres (NAMAC)	Provides support to small scale manufacturing businesses
Provincial SMME desks	Provides a one stop information centre to SMMEs
Land Bank	Finances agricultural businesses
Industrial Development Corporation	Supports and funds various industrial development programmes
National Empowerment Corporation	Provides funding for black economic empowerment ventures
Business Referral and Information Network (BRAIN)	Includes information about the government's incentives and SMME support agencies
Franchise Advice and Information Network (FRAIN)	Strives to supply high quality information and support services to ensure growth and improvement of new and existing franchise businesses
TEP	Encourages and facilitates the growth and expansion of SMMEs in the tourism economy, resulting in job creation and revenue generating opportunities

Source: National Small Business Act (1996) and South African Business Guide Book (2002-2003).

The above table shows the various institutions established by government to support the development of SMMEs. It also describes the services offered by each institution. From the above, it is evident that small business development and access to microfinance can play a significant role in addressing issues of poverty and unemployment. For instance, income generation from a business helps not only the business activity expand but also contributes to household income, assisting with food security, children's education, etc. Shocks such as

illness, weather and theft make a huge claim on the limited financial resources of the family unit. With the absence of financial services, these shocks can drive a family deeper into poverty, from which it could take years to recover. SMME development and access to microfinance must be strengthened to promote better livelihoods for the poor and reduce vulnerability.

2.9 Challenges of income generation

A large proportion of the population falls outside the economic mainstream, and given their limited employment probabilities, they are often unlikely to gain from economic growth and new employment opportunities. For this section of society, government interventions are critical to bridge the divide between the first and the second economies. While income generation activities (IGAs) have been targeted to provide some form of relief to these masses, such interventions face their own constraints, which are outlined below.

Lack of income is a central feature of poverty. Increased income can provide poor people with the freedom to make choices about how to improve their lives. It allows them to build assets, reduce vulnerability to disasters and improve their food security (Australian Agency for International Development, 2000). With the lack of available formal jobs, most people enter the informal sector as a means to survive. The informal sector consists of small-scale, self-employed activities, typically at a low level of organization and technology, with the primary objective of generating employment and incomes. The activities are usually conducted without proper recognition from the authorities, and escape the attention of the administrative machinery responsible for enforcing laws and regulations. In Bangkok, 87 percent of the city's slum dwellers work in the informal sector. Much of the sector is associated with urban poverty and slums (ILO, 2000). Some of the characteristics of the informal sector are highlighted below:

- Usually employs fewer than 10 workers, mostly immediate family members;
- It is heterogenous, and major activities are retail trade, transport, repair and maintenance;

- Entry and exit are easier than in the formal sector;
- Capital investment is generally minimal;
- Work is mostly labour-intensive, requiring low-level skills;
- Workers learn skills on the job; and
- The employer-employee relationship is often unwritten and informal, with little or no appreciation of industrial relations and workers' rights (Joshi, 1996).

Despite these predominantly negative conditions experienced within the informal sector, it contributes to employment creation and assists in addressing the unemployment challenge. An analysis of the sectoral composition of informal employment reveals the dominance of the service sector in employment creation. In Columbia in 1984, approximately 42.4 percent of all informal employment was in the service sector whilst the Mexican informal sector was responsible for approximately 49 percent of informal employment (Manning, 1993, p.55).

In comparison with other sub-Saharan African countries, South Africa's informal market is relatively small, as a result of apartheid laws. The motivation for the emergence of a very large segment of the informal sector is poverty and vulnerability, rather than entrepreneurial zeal. This phenomenon is easily confirmed by the vast numbers of people engaged in petty trading activities in the urban streets. It therefore seems inappropriate to use conventional business standards to evaluate the performance of these enterprises, and to use such standards as criteria for deciding whether to provide support to them. Clearly, enterprises in this mould require welfare and social support in the form of the extension of social security, and better access to health and education facilities. If support programmes for the informal sector are biased towards productivity-enhancing measures only, large segments of the informal sector will not be able to qualify for assistance, and will be neglected (Manning, 1993, p.65).

The probability of an unemployed person entering self-employment – meaning informal sector self-employment – is about 5.1 percent. Kingdon and Knight

(2000) attempted to explore why only such a small percentage of the unemployed are likely to enter informal sector employment, even though the unemployed are much worse off than the informally employed across a range of indicators (quality of life is considerably worse, with 40 percent of unemployed African and Coloured household heads reporting insufficient money to feed their children younger than 7 years, in comparison with 27 and 16 percent for those in the informal and formal sector, respectively).

The above findings suggest that barriers to entry are probably the key feature, which limits the participation of the poor in the informal markets. Among these barriers to entry are possibly lack of capital, lack of entrepreneurial skills and an inability to penetrate informal networks that may control opportunities. Informal sector self-employment in particular can also be quite risky. Moreover, it would appear that the most lucrative enterprises require the most start-up capital, and face the most serious risks, which, in the absence of widely available micro-finance and micro-insurance, puts them beyond the reach of the average unemployed person. In addition to the above; lack of markets and access to markets remains a challenge (Aliber, 2001). Opportunities for starting remunerative SMMEs may be most limited in rural areas; Ardington (1998) shows that income-earning opportunities from self-employment tend to diminish when formal sector employment declines, since lower remittances to rural areas means less disposable income fuelling the informal economy there.

Furthermore, second economy interventions require that government should encourage people to change behaviour. This means government must often initiate projects and provide holistic support. However, most economic support programmes provide assistance to projects driven by companies or individuals. Departmental reports demonstrate a tendency to focus on the provision of finance rather than building internal capacity that will enable the programme participants to manage their own resources. Assisting people to increase their household incomes to meet their family needs and become self-reliant provides a sustainable

way for people to escape poverty. This is compounded by unco-ordinated efforts in driving second economy interventions (AsgiSA, 2006).

The vital role that informal sector economies play in the survival of low-income households must not be ignored. Small businesses thrive in "uncontrolled' settlements. However, as these settlements are upgraded or the occupants relocated, they often become subject to restrictive legislation on trading. The following integrated approach is suggested to allow informal businesses to continue:

- Industries and other sources of employment should be located close to low-income residential areas. This should be incorporated in Integrated Development Plans (IDPs) to promote growth.
- Transportation costs to low-income earners should be minimized. This implies a need for adequate and affordable infrastructure.
- Ensuring access to credit to provide start-up capital. Current initiatives by the Department of Trade and Industry, in conjunction with private sector banks, are attempting to address this challenge.
- Capacity-building and post-support for projects to allow the participants to take ownership (World Bank Group, 2001).
- With respect to training, the following lessons are important to ensure effectiveness. Training must be orientated towards an identified need; training is most effective when delivered on site; and for new skills to be most effectively used, the training must involve a limited number of changes to a known skill, rather than dramatic changes in technology (Manning, 1993, p.61). This is key to addressing the training challenges facing the EPWP.
- Developing linkages with the formal sector is the most effective way to ensure that the informal sector has access to markets, raw materials and technology. Sub-contracting and franchising can provide such avenues. In two Pakistani cities, 84 percent of home-based units were found to be sub-contractors (Joshi, 1996).

The above findings demonstrate that 'good' poverty reduction programmes are not one-dimensional. An integrated approach is required to provide skills, finance and access to markets, so that people can engage in IGAs. The design of these projects should span an adequate period of time and if correctly aligned with local development initiatives, have the potential to facilitate demand-led growth in local communities (Nobatana, 2007).

2.10 Conclusion

The literature reviewed provides a broad overview of the poverty and unemployment problems facing South Africa. State interventions in response to addressing these challenges, by way of the EPWP and their linkages to macroeconomic policies, were described. This section then provided an overview of the strengths and weaknesses of the EPWP, in particular with regard to short-term jobs. A description of the challenges faced by the poor in establishing IGAs was also provided. The major issues emerging from the literature review relate to the following:

- The current design of the EPWP does not address the chronic nature of the unemployment crisis in South Africa and as such the EPWP must be re-designed to address this challenge;
- The importance of the environment sector and its linkages with poverty in order to achieve sustainable development;
- The short-term nature of the jobs provided, as well as the mismatch of skills, coupled with the lack of labour demand in certain sectors, must be addressed;
- In developing a multi-pronged approach to addressing poverty and unemployment, the removal of barriers hindering SMME development is important, to facilitate income generation opportunities.

From the literature reviewed, it is evident that the challenges of unemployment and poverty require a multi-pronged approach. Although the development of human capital is viewed as a long-term intervention, subsequent short to medium

term strategies, such as the EPWP, are required to curb the escalating rise in unemployment and poverty. The literature review will assist in answering the research problem (Does participation in the EPWP improve the ability of workers to earn an income?) by substantiating or contrasting the research results in comparison with the available literature.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section forms a crucial element of the research report, as it serves to demonstrate the ability of the researcher to collect and analyze data in a systematic manner. The qualitative approach utilized, together with the appropriate tools and techniques, is comprehensively described. This is followed by descriptions of how the researcher converted data gathered in the field using various visual representations, for incorporation into the research report. However, data representation is only one aspect of data analysis. The core step is analysis of the data, which demonstrates the interpretive skills of the researcher. This section concludes with an in-depth discussion of how the data was analyzed/ interpreted, using examples from the literature.

3.2 Research approach

A research methodology is a strategy of inquiry which moves from the underlying philosophical assumptions to research design and data collection. The approach adopted in this study was predominantly qualitative. However, in order to illustrate the findings, some elements of the quantitative approach were utilized.

Qualitative research is a generic term for investigative methodologies described as ethnographic, naturalistic, anthropological, field or participant observer research. It emphasizes the importance of looking at variables in the natural setting in which they are found (Key, 1997, p.1). The goal of qualitative research is to discover patterns which emerge after close observation, careful documentation and thoughtful analysis of the research topic. What can be discovered by qualitative research is not sweeping generalizations but contextual findings. This process of discovery is basic to the philosophical underpinning of the qualitative approach (Ruskin, 2004).

Patton (1985, p.1) describes qualitative research as "an effort to understand situations in their uniqueness as part of a particular context and the interactions thereof. The analysis strives for depth of understanding." This depth allows the researcher to achieve "*Verstehen*", or empathetic "understanding". The concept of *Verstehen* is the basis for a critique of quantitative research designs, and their empiricist emphasis. The argument used is that quantitative methods measure human behaviour "from outside", without accessing the meanings that individuals give to their measurable behaviour (Jones, 1997, p.1).

Qualitative methods create openness between all parties and can help generate new theories. Participating subjects can discuss issues that are important to them, rather than responding to closed questions, and they can also clarify ambiguities or confusion over concepts. Additionally, observation can take place allowing attitudes to be revealed, and patterning and inter-relationships to be observed (O'Neill, 2006, p.2).

The most important limitation of qualitative research is that the findings cannot be directly generalized to the larger population being studied. The reasons for these limitations are as follows:

- Participants are often not selected randomly;
- The number of participants in a typical qualitative research study is too small to be representative of the population;
- Qualitative research does not collect numeric data from a representative sample of the target audience. As a result, this type of research cannot be subjected to statistical analysis to estimate the extent to which the opinion expressed by participants reflects the opinions of the population studied;
- Some participants tend to express views consistent with social standards and try not to represent themselves negatively. This social desirability bias may lead respondents to self-censor their actual views, which leads to the collection of inaccurate data;
- The quality of the data collection and the results are highly dependent on the skills of the researcher. Because these methods are dependent on

interpersonal exchanges with respondents, any number of variables, including the dress, demeanor and language used by the interviewer may influence the quantity and quality of information given by respondents (Office of Disease Prevention and Health Promotion, 2008);

- Qualitative results are more difficult to aggregate and therefore make systematic comparisons. It can also be extremely difficult to replicate research due to lack of structured design or standardized procedures (O'Neill, 2006, p.2).

3.3 Case study

In attempting to understand the role of the EPWP in improving the lives of workers, it was believed that the case study design would provide the best way to obtain in-depth results, as expressed by the participants'. One of the challenges facing the researcher when utilizing the case study method is to consider whether to study a single case or multiple cases. The study of more than one case dilutes the overall analysis; the more cases an individual studies, the greater the lack of depth in any single case (Ruskin, 2004).

Case study research is used to describe an entity that forms a single unit such as an organization, a person or an institution. The case study focuses on understanding the particulars of that case in its complexity, within a bounded system, usually under natural conditions, so that the system can be understood in its own habitat (Key, 1997, p.3). For the above research the unit of analysis was the Klipspruit River and Wetlands Clean-Up Project. As a highly versatile research design, the case study offers a richness and depth of information not usually provided by other methods (Hancock, 1998, p.6).

Cast in a narrative format, descriptive case studies can make complex scientific research accessible and interesting to a non-scientist audience. The potential scope of the case study format is flexible and broad, ranging from brief descriptive summaries to long, detailed accounts. The freedom to collect multiple

kinds of information makes the case study method useful for exploring ideas and constructing theories (Reugg, 2006, p.5). Unlike surveys, case studies capture complex human and organizational elements important to understanding project dynamics. In Yin's (1994, p.3) words "… a case study allows an investigation to retain the holistic and meaningful characteristics of real life events..."

One of the criticisms of case study research is that the case under study is not necessarily representative of similar cases and therefore the results of the research are not generalizable. This is a misunderstanding of the purpose of case study research, which is to describe *that particular case* in detail. Case studies are particularistic and contextual in nature. Generalizability is not normally an issue for the researcher who is involved in studying a specific situation. It is the reader who must decide whether or not the case being described is sufficiently representative and can be applied to their own local situations (Hancock, 1998, p.7).

3.4 Data collection

3.4.1 Primary data

Data was gathered primarily through semi-structured interviews. Semi-structured interviews are a more focused, two-way conversation than a formal interview. They rely on an adaptable, rather than a rigid or prescriptive, interview guide. The advantage of this technique is its flexibility and responsiveness; the interview can be matched to individuals and circumstances. At the same time, the use of an outline or guide can make data collection reasonably systematic (International Capacity Building and Development, 2004). The semi-structured interview is less intrusive to those being interviewed as it encourages two-way communication. Those being interviewed can ask questions of the interviewer. In this way, it can also function as an extension tool. It also serves to confirm what is already known and provides the opportunity for learning. Often the information obtained from semi-structured interviews will provide not just answers, but the reasons for the answers (Case, 1990).

It was assumed that this approach would not restrict the respondents from sharing their thoughts, views and experiences, thus allowing for the compilation of a composite picture. Qualitative researchers believe that each person experiences from their own point of view, and as such each person experiences a different reality. Within qualitative research, the phenomenon of "multiple realities" exists (Krauss, 2005, p.760). Interviewing is an especially important means for data collection, as "interviewing gives us a window on the past and allows us to learn about settings that would otherwise be closed to us" (Weiss, 1994, p.1).

In qualitative research, sampling is dependent on what the researcher hopes to achieve, the purpose of inquiry, what is at stake, what will be useful, what will have credibility and what can be accomplished within available resources and time. The validity, meaningfulness and insights generated from qualitative inquiry have more to do with the information-richness of the case selected and the observational/analytical capabilities of the researcher than with sample size (Mugo, 2007). Since qualitative inquiry seeks to understand the meaning of a phenomenon from the perspective of the participant, it is important to select a sample from which the most can be learned. This is called purposeful sampling (Merriam, 2002, p.12). The study targeted individuals who have exited the project, and the researcher sampled 12 respondents.

Semi-structured interviews were utilized to elicit as much information as possible from past project participants. The appendix contains an outline of the semi-structured interview. Part A requests specific information from each participant. Rather than approaching measurement with the idea of constructing a fixed instrument or set of questions, qualitative researchers choose to allow the questions to emerge and change as one becomes familiar with the study content (Krauss, 2005, p.760). The largest part of the interview was guided by a list of questions or issues to be explored (Part B), and neither the exact wording nor order of the questions was determined ahead of time (Merriam, 2002, p.13). This portion (Part B) of the semi-structured interview, as highlighted by Denzin (1978, p.6) aims "to actively enter the worlds of people and to render those worlds

understandable from the standpoint of a theory that is grounded in behaviours, languages, definitions, attitudes and feelings of those studied." The success of a semi-structured interview depends on the communication skills of the interviewer, which are required to keep the discussion as a relaxed dialogue. These skills include helping the interviewee feel at ease, phrasing questions in a clear but not leading way, and introducing probing questions appropriately (Barton, Borrini-Feyerabend, De Sherbinin and Warren, 1997, p.4).

The semi-structured face-to-face interviews were conducted by the researcher with 12 participants from the Klipspruit River and Wetlands Clean-Up Project during October and November, 2007. In attempting to locate the past participants, the researcher made use of the database compiled by the implementing agent, as well as information obtained from the site manager. Participants were telephoned to schedule interview appointments and informed in advance about the reasons for the study. The researcher also requested permission to use a tape recorder and take photos of the interview process. Participants were asked to assemble at a central venue (the Zondi Depot in Soweto); this allowed the researcher to meet the participants all together. The interviewees were reimbursed for their travel expenses. Welman and Kruger (1999, p.193) highlight the importance of clearly articulating the objectives of the research, and addressing issues of anonymity prior to conducting interviews. By engaging in this process at the onset, the researcher is able to earn the trust of the respondents who then feel at ease and speak openly. While interviewing a particular respondent, the remainder of the participants were asked to wait outside. This was necessary to limit subjectivity and prevented participants from developing rehearsed responses for the interview. During the interview process a trend was noticed, whereby most respondents had difficulty in understanding a particular question, and the researcher then had to improvise and rephrase the particular question to obtain maximum input from participants. Figure 3 below shows one of the respondents being interviewed.

Figure 3: A respondent being interviewed



Source: Bangani Thubane (16 October 2007)

By conducting face-to-face interviews, the researcher was able to interpret body language and facial expression, which is sometimes omitted during telephonic interviews. Since the majority of the respondents spoke vernacular languages, the researcher obtained the assistance of a work colleague to assist with translation. The criterion for the selection of the translator was based on good communication skills, friendly personality and no prior involvement in EPWP issues. This confined the role of the translator to a neutral transmitter of messages, and minimized the possibility of his/her own perspectives emerging during the translation process. The above approach attempted to reduce bias during the data collection process. The role of the translator should focus on the 'correct' transfer of meaning (Temple and Young, 2004, p.172). To reduce bias the translator was only involved in the interview process and did not participate in the data analysis.

The researcher captured the contents of the interview using a tape recorder. The information was then transcribed in full. Hancock (1998, p.14) highlights the benefits of using a tape recorder as follows:

- The interviewer can concentrate on listening and responding to the interviewee and is not distracted by trying to write down what has been said.
- The discussion flows because the interviewer does not have to write down the response to one question before moving onto the next.
- In note-taking there is an increased risk of interview bias because the interviewer is likely to make notes of the comments which make immediate sense or are perceived as being directly relevant or particularly interesting.
- Tape recording ensures that the whole interview is captured and provides complete data for analysis so cues that were missed the first time can be recognized when listening to the recording.

3.4.2 Secondary data

The secondary data was used to enhance the findings obtained through in-depth interviews. Secondary data sources included business plans, reports, articles and memoranda relevant to the Klipspruit River and Wetlands Clean-up Project, and were obtained from the GDACE and JDA.

These kinds of documents are a useful source of information on programme activities and processes, and can generate ideas for questions to be pursued through observation and interviewing. In addition, documents can provide valuable information that may not be accessible by other means. For example, they can provide information about things that the evaluator cannot observe because they took place before the evaluation began, they were part of private interchanges in which the evaluator did not participate, or they reflect plans that have not been realized in actual programme performance. A major advantage of this method is that the documents were generated contemporaneously with the events they refer to. Hence they are less likely to be subject to memory decay or memory distortion compared with data obtained from an interview (World Bank, 2004).

The strength of documents as a data source lies in the fact that they already exist in the situation; they do not intrude upon or alter the setting in ways that the

presence of the investigator might. Nor are they dependent upon the whims of human beings whose co-operation is essential for collecting data through interviews (Merriam, 2002, p.13).

Other sources of data included books, journals, research reports and articles from the library and newspapers, respectively. Relevant internet searches were also conducted to substantiate and argue particular findings, thus enriching the pool of data sources. These might not be specific to the particular project, but attempt to highlight findings of similar case studies/research to strengthen or contradict the findings of the research.

3.5 Reliability and validity

In quantitative research, issues of reliability and validity are most important. However, in qualitative research these aspects are encompassed in different terminologies. Table 6 below shows the differences in terminologies utilized in quantitative and qualitative research.

Table 6: Criteria for judging quantitative research with the "analogous" qualitative criteria

Traditional criteria for judging quantitative research	**Alternative criteria for judging qualitative research**
Internal validity	Credibility
External validity	Transferability
Reliability	Dependability
Objectivity	Confirmability

Source: Trochim, 2006

Each of the qualitative criteria highlighted above will be described in detail below.

Credibility

The credibility of qualitative research depends on the ability and effort of the researcher in eliminating and increasing the researcher's truthfulness of a proposition about some social phenomenon (Golafshani, 2003, pp. 600-604).

Transferability

This refers to the degree to which the results can be generalized or transferred to other contexts or settings. The qualitative researcher can enhance transferability by doing a thorough job of describing the research context and the assumptions that were central to the research. The person who wishes to "transfer" the results to a different context is then responsible for making the judgement as to how sensible the transfer is (Trochim, 2006, p.1).

Dependability

The idea of dependability emphasizes the need for the researcher to account for the ever-changing context within which research occurs. The researcher is responsible for describing the changes that occur in the setting and how these changes affected the way the researcher approached the study (Trochim, 2006, p.2).

Confirmability

Qualitative research tends to assume that each researcher brings a unique perspective to the study. Confirmability refers to the degree to which the results could be confirmed or corroborated by others. Strategies for enhancing confirmability include:

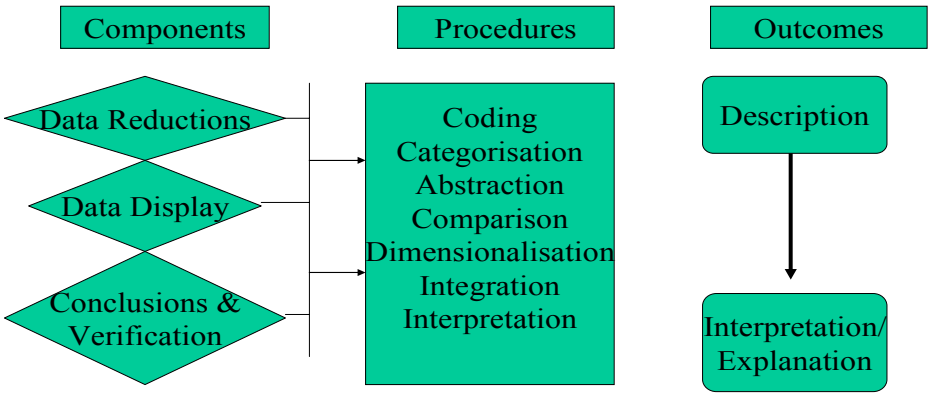
- documenting procedures for checking and rechecking the data throughout the study;
- actively searching for and describing negative instances that contradict prior observations;
- conducting a data audit that examines data collection and analysis procedures and making judgements about the potential for bias or distortion (Trochim, 2006, p.2).

3.6 Data presentation and analysis

The researcher utilized descriptive tables, pie charts and graphic presentations to visually represent the results obtained from the primary (interviews) and secondary (documented evidence) sources of data. The predominantly qualitative findings were represented quantitatively to assist in the interpretation of the results.

The qualitative data analysis process consists of the following components: data reductions, data presentation and documenting and verifying conclusions. Procedures used to reduce data into manageable text are coding, categorization, abstractions, and comparisons. The outcomes result in a description of the reduced data, using various graphical and visual representations. This data must then be analyzed to provide meaning. This requires an interpretation and explanation of particular patterns and themes in order to draw relevant conclusions and recommendations, based on the findings of the particular research. The above process is captured in Figure 4 below, which outlines the qualitative analytical process.

Figure 4: The qualitative analytical process



Source: Adapted from descriptions of Strauss and Corbin, 1990; Spiggle, 1994 and Miles and Huberman, 1994.

In qualitative research, the researcher begins with a large body of information and must, through inductive reasoning, sort and categorise it down to a small set of abstract, underlying themes (Leedy and Ormrod, 2005, p.150). Analysis refers to "the breaking up, separating, or disassembling of research materials into pieces, parts, elements or units. With facts broken down into manageable pieces, the researcher sorts and sifts them, searching for types, classes, sequences, processes, patterns or wholes. The aim of this process is to assemble or reconstruct the data in a meaningful or comprehensible fashion" (Jorgensen, 1989, p.107). Analysis of data should not be left to the end but should be a continuous process throughout the collection of data. The researcher as primary instrument in the gathering of information is thus simultaneously able to analyze data to detect emerging patterns and themes. Simultaneous data collection and analysis allows the researcher to make adjustments along the way, even to the point of redirecting data collection, and to compare emerging concepts, themes and categories against subsequent data (Merriam, 2002, p.14). The "content analysis" approach was utilized for data analysis.

Content analysis is a procedure for the categorization of verbal or behavioural data, for purposes of classification, summarization and tabulation. It entails identifying extracts of data that are informative and interpreting the hidden messages in the mass of interviews. The process of content analysis involves continually revisiting the data and reviewing its categorization, until the researcher is sure that the themes and categories used to summarize and describe the findings are a truthful and accurate reflection (Hancock, 1998, pp. 17-18). By breaking up the text into clearly defined clusters of themes, the researcher is able to unravel the mass of textual data in an attempt to interpret the findings (Attridge-Sterling, 2001, pp. 385-402).

The following steps were undertaken to elucidate the research findings, obtained through the interview process.

- The first step was to reduce the data. This was done by dissecting the text into manageable and meaningful text segments, with the use of a coding framework. In the context of the specific research to be conducted, the coding framework was based on specific topics covered in the interview guideline document and recurrent issues in the transcripts of interviews conducted. The researcher read through the transcripts of each interview and noted interesting and relevant information within the margins of the transcript.
- The researcher made a list of the different types of information that was collected and assigned discrete codes, using a highlighter. This process was repeated for each transcript reviewed.
- The researcher analyzed the list of codes to verify if they could not be merged or identify new codes; this allowed the researcher to distinguish between minor and major categories or themes.
- Once this process was complete, the researcher developed a table (i) depicting the code, (ii) the various issues being handled, (iii) the emerging themes, (iv) the reference to specific quotations highlighting each theme, and (iv) the number of quotations that contained the theme.

- This allowed for a comparison of the various categories, which could be reinforced by direct quotations from the participants interviewed. It is important for the researcher to relate the principal themes and patterns that emerged in the analysis to the original research questions; and to propose some explication of the questions grounded in the content and exploration of the texts (Attridge-Sterling, 2001, p.402). By analyzing the text in this systematic manner, the researcher was able to interpret trends and deviations in the findings for discussion purposes.

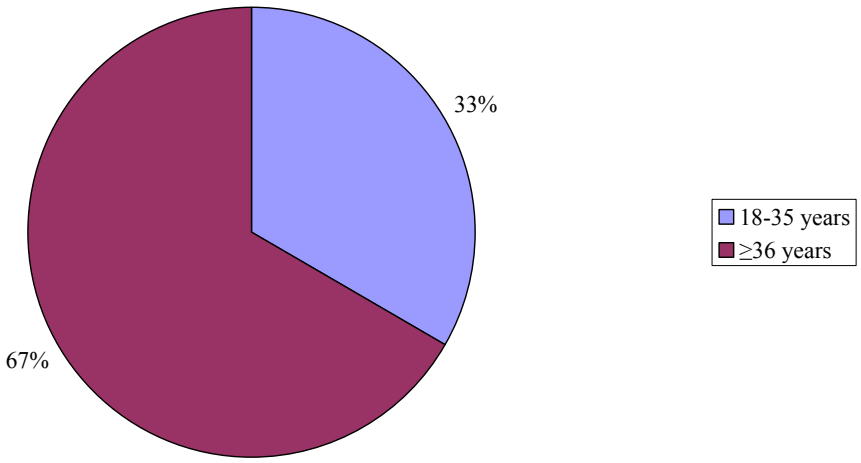
CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1 Profile of participants

This section describes the profile of the 12 participants interviewed. The data is disaggregated into age, gender, education and prior work experience. All respondents had worked for a period of three and a half years on the Klipspruit River and Wetlands Clean-Up Project and 100 percent of interviewees earned a salary of approximately R1 000 per month.

4.1.1 Age

Figure 5: Age categories



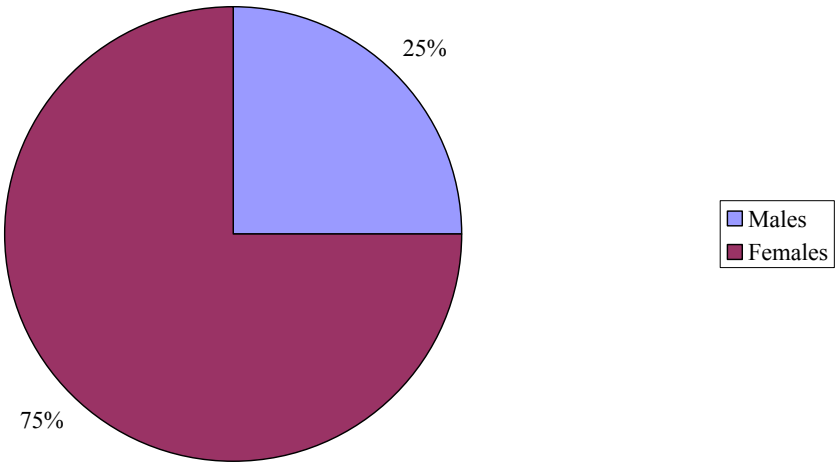
Source: Own

Sixty-seven percent of all respondents interviewed were older than 36 years of age. Thirty-three percent of respondents fell in the 18-35 age grouping. As noted earlier, the EPWP is an important means of providing exposure to the world of work in a context where a very high proportion of unemployed have never worked (Department of Public Works, 2004). Since 70 percent of youth have never

worked before, it is important to target this group, who represent the future leaders. According to the EPWP, projects should strive to employ 30 percent of youth, in line with development priorities (www.epwp.gov.za). It is assumed through the EPWP that a combination of work experience and skills will enable youth to improve their chances of securing employment. The South African government acknowledges the value and significance of its young people and has thus developed various legislation, programmes and institutions to ensure that youth issues are addressed. The National Youth Policy (1997) also seeks to address the challenges of youth unemployment and stresses the importance of on-the-job work experience and training.

4.1.2 Gender

Figure 6: Gender



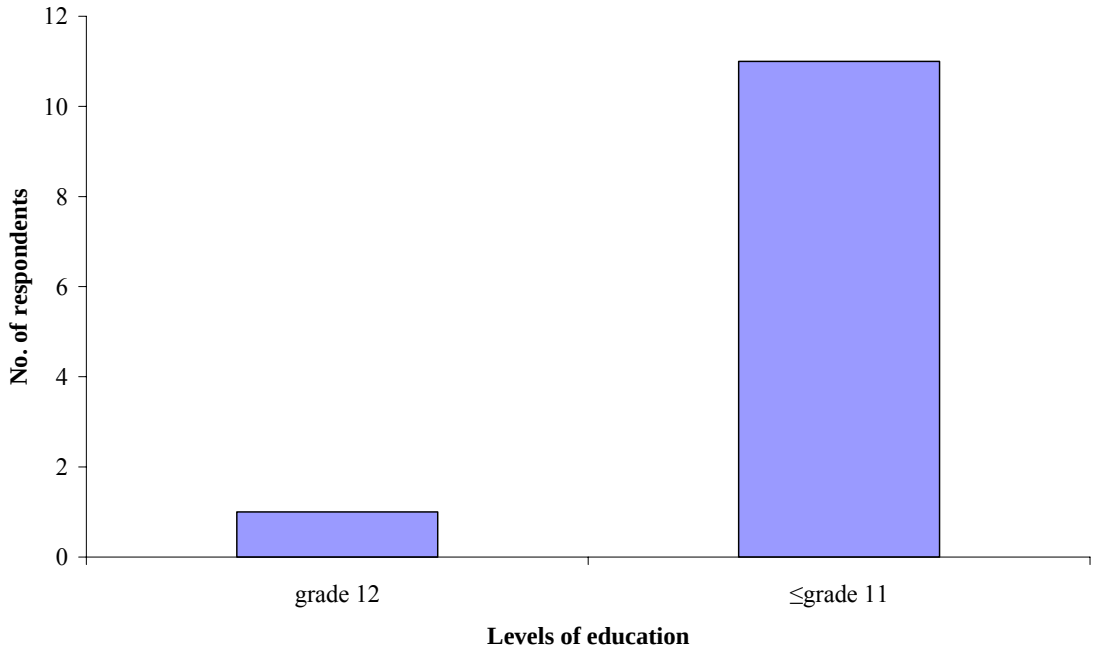
Source: Own

The majority of the respondents were female (75 percent) and the remaining 25 percent were males. Since interviewees were obtained on a voluntary basis, it was difficult to obtain equal numbers of males and females. The EPWP stipulates the empowerment of women as part of the targeted sectors of the population (Department of Public Works, 2004), and the EPWP guidelines prescribe that 40

percent of women should be employed on EPWP projects (www.epwp.gov.za). The empowerment of women is also addressed as part of the Millennium Development Goals, which seeks to promote gender equality and empower women (United Nations, 2008). Based on the reports obtained from this particular project, the majority of the beneficiaries was female, and exceeded the set EPWP targets.

4.1.1 Education

Figure 7: Education level



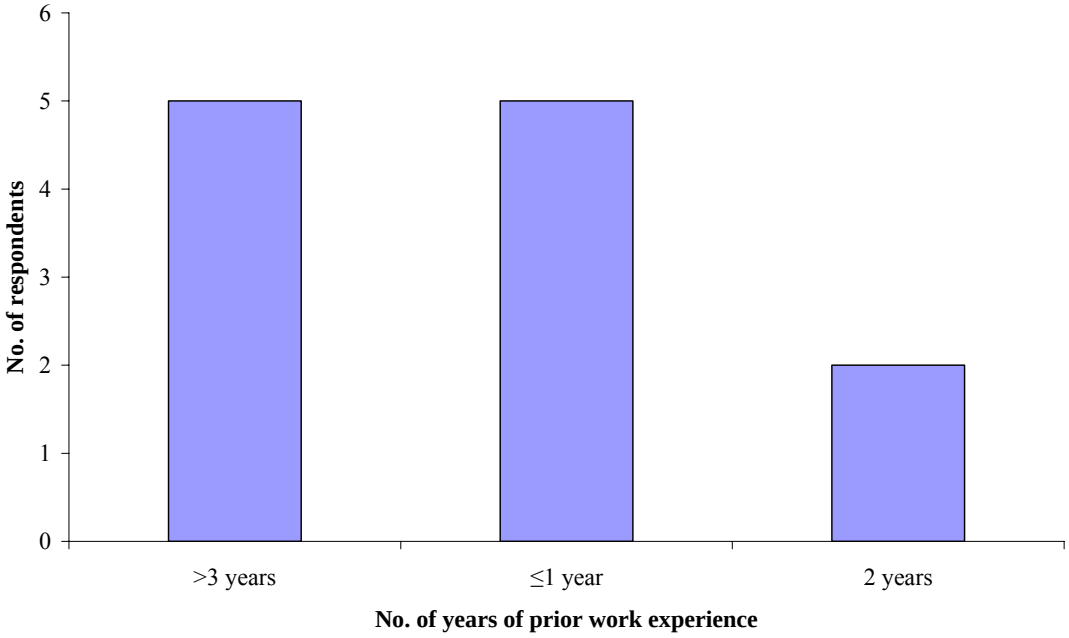
Source: Own

The figure above shows that only one respondent had a grade 12 education. The remainder of the respondents (approximately 92 percent) had education levels of grade 11 and lower. As noted earlier in the literature review, the EPWP targets the unemployed, who are unskilled or semi-skilled, and assists them by providing work experience and skills to improve their ability to earn an income (Department of Public Works, 2004). Thus it will seem that the Klipspruit River and Wetlands Clean-Up Project was appropriately targeted in providing work opportunities for the most needy sectors of the population in Soweto.

The level of education that an individual possesses is important for the design of particular training interventions. In order to ensure that the targeted individuals will cope with the specific courses, it is important to identify learning styles and conduct a needs analysis, prior to training. As highlighted earlier by the DA (2005) this will ensure that workers do derive the necessary benefit from the training interventions implemented and are thus able to secure employment, as the skills provided are correlated with the demands of the labour market.

4.1.2 Prior Work Experience

Figure 8: Prior Work Experience



Source: Own

Most of the respondents had previous work experience. Of these, 42 percent of respondents had more than 3 years' work experience in hairdressing, cleaning services, folding and packing and office work. The remainder of the respondents had two years' experience in cooking and housekeeping. The respondents (42 percent) which indicated less than and equal to 1 year of prior work experience, had not previously worked before and in fact had no prior experience in a work situation. As indicated earlier, the EPWP assists in creating jobs for those who

are unemployed and targets specific sectors of the population (40 percent women, 30 percent youth and 2 percent disabled persons) (www.epwp.gov.za). In the Klipspruit River and Wetlands Clean-Up Project, each ward councillor from Soweto assisted in recruiting individuals, based on their indigent list. Thus those individuals with prior work experience understood the value of work and were provided with an opportunity to work again. For those who had not previously worked, the EPWP afforded them an opportunity to experience the world of work. Although this lasted for a limited period of time, it enhanced the self-esteem of workers, as highlighted in the next section.

4.2 Project benefits

This major theme describes the types of benefits obtained, as perceived by the project participants. It also examines whether the benefits highlighted are currently being utilized or not, and tries to provide explanations. Lastly, it looks at the research question posed earlier, of benefit incidence. In attempting to answer this question, the number of dependents per household will be described, followed by an analysis of how the income received was utilized.

Table 7: List of benefits acquired as described by project participants

	Types of benefits received
Respondents	Income
	Work experience
	Training – health and safety, money management and environmental management
	Skills – carpentry, painting and decorating, plastering and tiling and household management

Source: Own

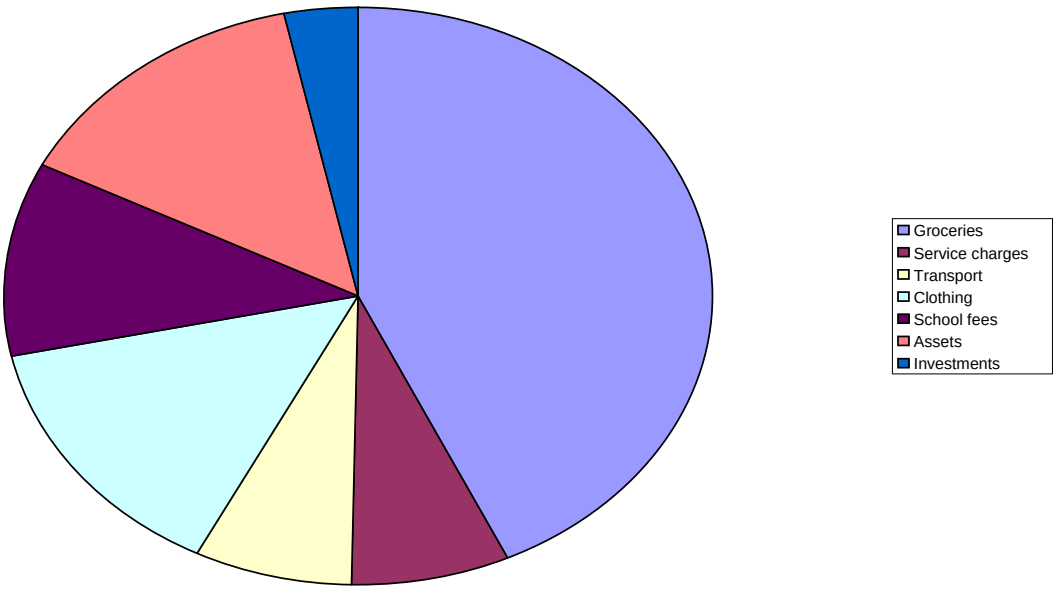
The above table reflects the list of benefits acquired by project respondents during participation in the project, as described in terms of income, work experience, training and skills.

a) Income

The salary earned by respondents was viewed as a benefit. This is highlighted in the words of Mr Edgar Sebotsa who indicated that he was very excited to work on the project as he was the only breadwinner (Interview, 16 October 2007). Ms Mdluli too expressed her gratitude for receiving a salary by stating that she was able to purchase groceries and assets in the form of a television, fridge, kitchen units and bedroom suite (Interview, 7 November 2007). The above statements were supported by other respondents who expressed similar sentiments "I was very happy to be part of the project, as the money helped me support two extra dependents, as my brother who used to take care of us, died of AIDS" (Z. Nlapho, Interview, 7 November 2007). The importance of labour income has been emphasized earlier in the literature review by Gang (1994) as well as Nattrass and Seekings (2001), that most poor households are poor due to the absence of wage income.

The salary received enabled the project participants to meet basic needs and assist family members. Figure 9 below shows how the income received was utilized.

Figure 9: Pie chart indicating use of income received



Source: Own

The purchase of groceries consumed most of workers' salaries. As Ms Zanele Nhlapo explained, "Even though the money was very little, I had to buy food for my family" (Interview, 7 November 2007). All respondents indicated that the income was largely used for the purchase of food, approximately 34 percent of the total salary. This was followed by procuring clothing and assets (TV, fridge, sofas, kitchen units and bedroom suites), which formed approximately 17 percent each of the total salary. Expenditure on school fees received third priority (12 percent of the salary earned), followed by service charges (water and electricity) and transport (8 percent each of the salary). The lowest allocation, at 4 percent, went to investments. Only one respondent indicated that they allocated funds for investments in the form of stokvels and burial society contributions. Project participants received approximately R900 per month. An injection of cash into poor households is one of the most liberating and empowering ways of assisting poor people to strengthen their own coping mechanisms and to address their immediate needs (Frye, 2006, p.21). Kabeer (2002) reiterates the importance of assets by explaining that a lack of assets deprives poor households of an adequate buffer against crisis, leaving them vulnerable to declines in their standard of living when these occur. A combination of low wages, a large number of dependants and competing needs are possible reasons for participants not adequately investing in assets. Thus, for most beneficiaries, chronic poverty will be transferred across generations, as indicated earlier by Frye (2006, p.2). From the above it is evident that the income received would mainly be utilized for consumption spending.

b) Work experience

All respondents described their work experience as positive. This is reinforced by the following statements: "I loved my work" (P. Tshabalala, Interview, 16 October 2007) , "I was very happy with my work and I wish it would continue" (T.C. Mabuza, Interview, 16 October 2007), "I enjoyed my work" (E. Baholo, Interview, 16 October 2007), "It was great" (Z. N. Tshfutsha, Interview, 7 November 2007), "I was proud of my work" (M. Thobane, Interview, 7 November 2007). These statements highlight the importance of work experience as described earlier by Du Toit (2003, p.1). Most respondents had prior work

experience and understood the importance of engaging in meaningful activities which provide people with feelings of self-worth and self-esteem. Theodossiou (1998) also suggests that the employed are substantively and statistically significantly more happy than the unemployed. In order to motivate employees further, the project initiated an "employee of the month scheme" to encourage workers to value their work and strive for greater success.

c) Training

Training was also regarded as a benefit derived from participating in the project. Courses on health and safety, money management and environmental management were viewed as beneficial. Statements such as "It taught me how to be careful and work in a safe environment" (E. Khaba, Interview, 16 October 2007), "I now have a bank account and don't make a lot of credit" (T. C. Mabuza, Interview, 16 October 2007), "We know more about the environment and can teach other people in the community" (T. Mdluli, Interview, 7 November 2007) strengthen the argument that workers regarded these trainings as beneficial. Since such courses did not normally form part of environmental projects, the project implementers were asked why they had included such information. It emerged that most workers on the project had garnishee orders against their salaries to recover outstanding debts from them, and this had prompted the project implementers to introduce a course on money management to assist workers to better manage their finances. This is provided for in the Code of Good Practice for Employment and Conditions of Work for Special Public Works Programmes (2002), where each worker is entitled to two days training per month, which may be life skills as well as technical skills. The purpose of the non-accredited training was to enable employees to work on the site in a safe and controlled manner. This is important under the Occupational Health and Safety Act (1993), and also provides employees with the necessary life skills to cope in a complex world.

d) Skills

Additional accredited skills such as carpentry, painting and decorating, plastering and tiling and household management were seen to be beneficial, as expressed by project participants. Ms. Esther Baholo stated that she had learned how to do plastering and tiling (Interview, 7 November 2007). This was supported by statements from Ms. Marjoria Thobane, saying that she was taught about carpentry (Interview, 7 November 2007). Mr. Edgar Sebotsa indicated that he had enjoyed the two-week course on painting (Interview, 16 October 2007). The accredited training (skills) formed part of the exit strategy and was aimed at raising the skills levels of employees sufficiently to enable them to obtain work after their period of employment was completed (Nemai Consulting, 2006), which is in line with the outcomes of the EPWP framework. However, all of the respondents interviewed indicated that they do not currently formally utilize their skills. The researcher thereafter attempted to elicit some reasons from the participants for non-utilization of their acquired skills, and these included:

- Oversaturated markets, leaves little demand for skills;
- Most companies/clients require referrals to verify work experience;
- Lack of start-up capital to promote skills;
- Inability to market themselves.

Based on the benefits described above (income, work experience, training and skills), the benefit incidence had to be investigated, as explained in the research question, and the findings are described in table 8 below.

Table 8: Number of dependants per household

No. of respondents	No. of dependants
2	≤ 3
6	4 – 7
4	≥ 10

Source: Own

The above table groups the number of respondents interviewed with the corresponding number of dependants that they support. Fifty percent of respondents supported approximately 4-7 dependants. Thirty three percent of respondents supported the highest number of dependants (upward of 10). An average of 3 dependants was supported by approximately seventeen percent of the respondents. From the above table it is evident that most of the respondents support on average 4 to 7 dependants. Household poverty is closely correlated with the dependency ratio (the number of dependants divided by the number of wage earners in a household). Large households with many dependants are much more likely to be poor (Gelb, 2002, p.2). The table also reflects the mixed approach to the EPWP adopted by the South African government, in that benefits accrue to immediate project participants as well as the greater community and do not conform to the two separate categories as espoused earlier by Devereux (2002). Some of the interviewees indicated that they were sole breadwinners, and there were very minimal additional sources of income. This creates an additional burden on the project participant to ensure that they enter into projects with sustained incomes in order to provide for their families. However, since such opportunities are limited, they are forced to take what they can get and risk the chance of sinking back into poverty, after temporarily improving their livelihoods.

4.3 Challenges faced upon exit of the programme

This subsection examines some of the current initiatives undertaken by past project participants to support themselves. It also addresses the issue of whether participation in the EPWP has improved workers' ability to earn an income. It also highlights how respondents' social lives were affected after exiting the programme. Table 9 below lists the activities embarked upon by project participants to support themselves after they exited the project.

Table 9: Current activities undertaken by past project participants to support themselves

	Current activities to support oneself
Respondents	Dependent on income from relatives
	Conducting temporary jobs (washing, ironing, painting and gardening)
	Child support and pension grants
	Engagement in Income Generation Activities (selling sweets, shoes, vegetables and second-hand clothes).

Source: Own

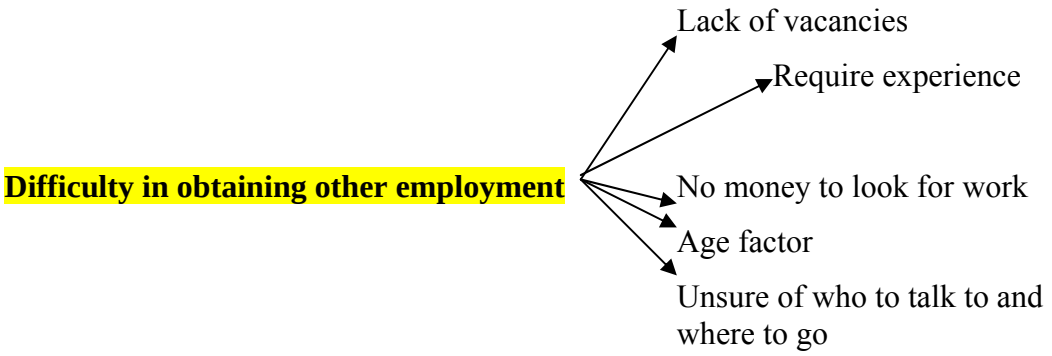
The above table describes the current activities undertaken by the respondents to support themselves. Many respondents are dependent on income from relatives. Mr. Mabuza highlighted his plight: "Currently, I rely on my sister's income. Sometimes I don't have anything to eat. Sometimes I go to the councillor for help" (Interview, 16 October 2007). Thirty-three percent of the respondents, conducted temporary jobs as domestic workers (washing and ironing clothes), painters and gardeners. Peter Tshabalala indicated that he did painting; and the community now recognized him and gave him odd jobs. However, he stressed that he was also still dependent on his brother for income (Interview, 16 October 2007). Twenty-five percent of respondents indicated that they rely on grants to support themselves, as expressed in the words of Mr. Sebotsa and Ms. Mdluli, respectively: "I depend on my grandmother's pension" (Interview, 16 October 2007). "I have two kids and use the child support grants" (Interview, 7 November 2007). The remainder of the respondents were involved in income generation activities to support themselves, such as selling sweets and chips, while Ms Ellen Khaba sold shoes in Mpumalanga and Lesotho (Interview, 16 October 2007). The sale of second-hand clothes and vegetables also formed part of income generation activities to meet basic needs.

From the above it is evident that 100 percent of respondents are not engaged in formal employment. In addition to this, as indicated earlier, none of the participants is utilizing any of the skills acquired on the project. Similar findings were recorded in case studies conducted during 2001 and 2006, for the Jukskei

Environmental Rehabilitation project in Alexandra. In this particular case study, only two of the respondents had found work opportunities in unrelated fields. This is typical of most EPWP projects where participants do not appear to find jobs after their participation (McIntosh, Xaba and Associates, 2006, p.21). As noted earlier by McCord (2004), studies conducted in Limpopo Province proved that participation in the EPWP did not enhance workers' opportunities of finding employment upon exit of the programme.

Project participants had to resort to various coping mechanisms to ensure their survival. Most project participants engaged in income generation activities during the project period to supplement their low wage incomes. It was also indicated during interviews that engagement in income generation activities was difficult, due to lack of start up capital and access to markets. Even with these informal undertakings, beneficiaries still experienced difficulties, as the incomes from these types of activities fluctuated. This made it increasingly difficult to budget consistently. Seventeen percent of the participants also bought stock on credit, and this compounded the problems as income received had to be prioritized to repay suppliers. In examining the reasons why obtaining other employment was difficult, figure 10 below illustrates some of the factors hindering the attainment of employment, as expressed by project participants.

Figure 10: Diagrammatic representation of factors compounding the attainment of employment



Source: Own

Although the interview guide did not examine the reasons for non-attainment of employment, during the interview process it was discovered that all of the respondents were unable to secure alternative employment upon exit of the project. This prompted the researcher to probe further as to what they viewed as obstacles to obtaining employment. Respondents cited reasons such as lack of vacancies, inadequate experience, lack of money, age and lack of information.

a) Lack of vacancies

This is expressed in the statement: "There are no jobs" (E. Khaba, 16 October 2007). As indicated earlier in the literature review, unless there is a demand for more jobs, as well as a match between the labour market demand and the skills profile of the work-seekers, any the work experience and skills provided by the EPWP will do little to move the beneficiaries out of the second economy (Streak and Van der Westhuizen, 2004, p.1). Despite the EPWP assuming that work experience and skills will allow workers better employment opportunities, in this particular case study the market did not absorb the beneficiaries after exiting the project, once again plunging them into the devastation of poverty. The Human Sciences Research Council (2007) review was critical of the EPWP training element, stating that "although the programme commits itself to the principle of enhancing the employability of workers through skills development and work experience … however the training aspect of the EPWP, while improving, is not as targeted and developed as would be required to be an effective response to the skills gap in the country." In general, it would appear from the research conducted by the Human Sciences Research Council (2007) that the training offered is too brief and general and not linked to any deliberate and immediately implementable strategy of qualification and placement.

As indicated earlier in the literature review, due to the changing structure of the economy – away from primary towards tertiary or services-based output – there is a lack of demand for unskilled labour (Bhorat and Oosthuizen, 2006, p.11). This shift in the economy limits the scope of opportunities for unskilled or semi-skilled workers. In addition to this, global trends and economic slumps slow down

economic growth, resulting in companies being unwilling to invest more money for wages. As a result, instead of hiring more people to expand operations, they opt for technology-intensive methods to limit production costs.

b) Require experience

Twenty-five percent of respondents indicated lack of experience as one of the factors contributing to them being unable to secure formal employment, as supported by the following statement: "When I look for work, they say they want experience" (E. Sebotsa, Interview, 16 October 2007). This highlights the importance of ensuring that once workers acquire skills they are provided with opportunities to market these skills. In a country with approximately 30 percent unemployment (StatsSA, 2003), South Africans need to aggressively market themselves to ensure that they have the competitive edge. Previous work experience is regarded as an added advantage for entry level positions and a requirement for movement up the corporate ladder. Although the exit strategy training was intended to provide beneficiaries with possibilities of better employment, this did not happen in reality. For instance, only one person was currently utilizing their painting skills for IGAs. All other respondents had not utilized the skills acquired upon exit from the project. This is highlighted in studies conducted by McCord (2004), as well as Godfrey and Theron (2007), where most of the interviewees who had completed their contracts with the EPWP were unemployed and none appeared to have gained any additional advantage from their employment. Similar findings were supported by Luka (2005) within the social sector, concluding that not all EPWP participants will be able to get a full-time job after training due to the already over-saturated market place. This statement was confirmed by project participants, as indicated previously.

c) No money to look for work

Ms. E Khaba cited lack of money as one of the reasons she experienced difficulty in obtaining formal employment (Interview, 16 October 2007). This is highlighted earlier in the literature review in the Special Retrospective Survey of Employment and Unemployment (StatsSA, 1997), which shows that lack of

money for transport to look for work was one of the main reasons provided by the unemployed for not being able to find employment.

d) Age factor

The age factor was also described as one of reasons for non-attainment of formal employment, as illustrated in figure 10, as expressed in the following statement: "I think I am too old" (E. Baholo, 16 October 2007). As stated earlier, one of the EPWP target groups is the youth (www.epwp.gov.za). As such, most government programmes are geared towards employing youth. Furthermore, depending on the nature of the work to be performed, physical health will also determine the candidate to be employed.

e) Unsure of who to talk to and where to go

"I don't know who to talk to or where to go to find a job" (T. Mdluli, Interview, 7 November 2007). This statement indicates a lack of information being one of the reasons which discourages people from finding formal employment. As indicated earlier in the literature review, different people have particular learning styles and in this specific case study, blanket training was undertaken. There was no prior assessment of particular learning methods and consulting with service providers to cater for such needs through their various teaching styles. There should be a link between the implementers of the EPWP and the job market recruiters to ensure that the appropriate skills are provided, so that workers do secure employment upon exit of the programme (DA, 2005). Although work experience is important, it is insufficient for a person to obtain other employment. Basic life skills, such as how to compile a curriculum vitae, how to prepare for an interview, how to consult different sources in looking for work opportunities, how to approach potential employers, amongst others, are important issues which most participants lacked. The importance of "soft" skills (life skills) and "hard" (vocational skills) is highlighted in the National Youth Policy (1997), which stresses the importance of preparing youth for employment programmes. The life skills highlighted above might seem trivial but to the millions of people who do not have any prior work experience, these skills are important, and should form the core of any exit

strategy. Such skills are vital in assisting beneficiaries and can contribute to their success of finding other employment.

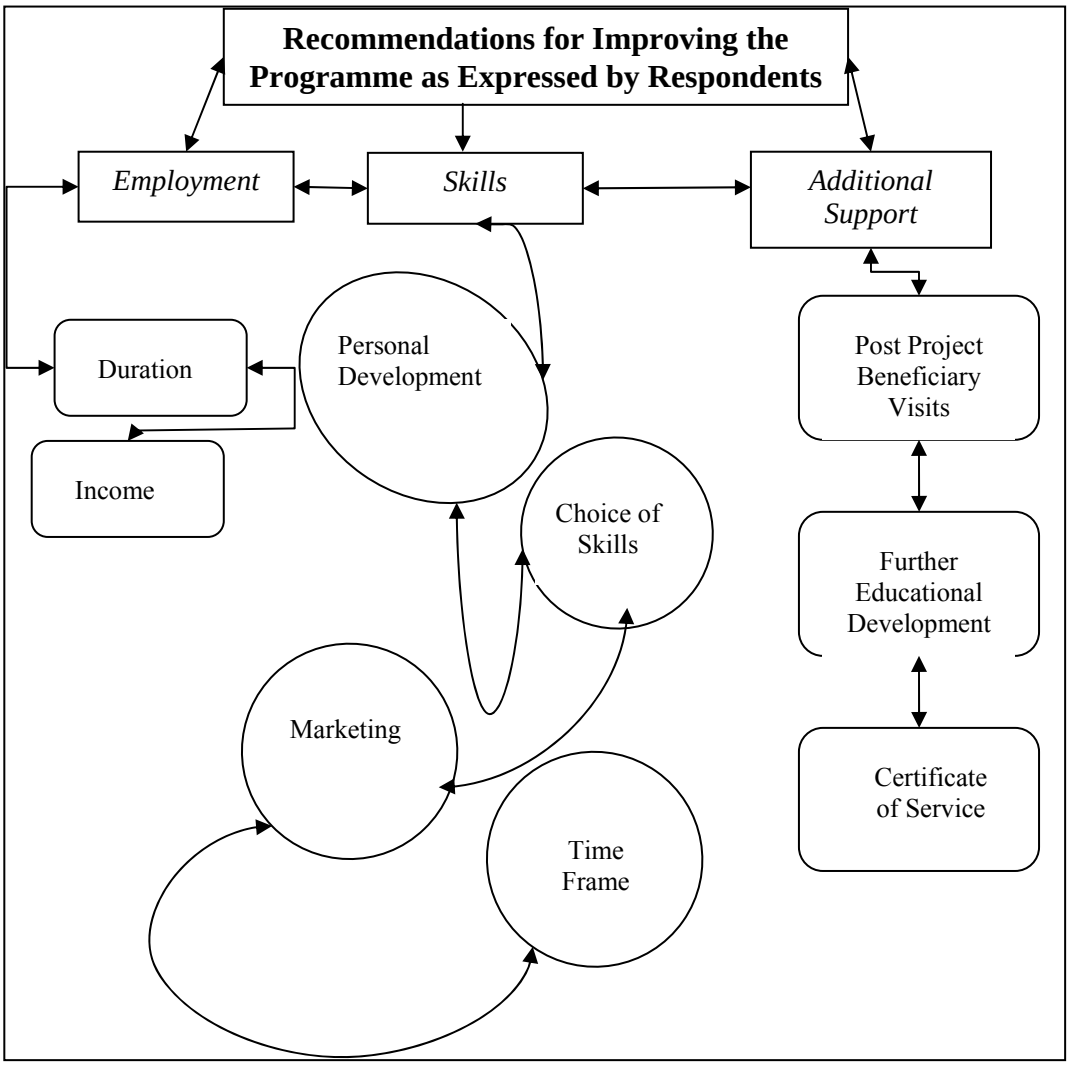
Approximately 50 percent of respondents indicated a decline in their social lives upon exit of the project. There was a change in perception by friends around their ability to afford social activities, and they were often deserted by friends. This made respondents feel isolated. Seventeen percent of respondents also mentioned feelings of shame and shattered dreams, as they were unable to assist family members, as expressed by Ms Thuleleni Mdluli: "I had hopes and dreams of helping my parents and having a good life with my family. My heart was broken after the project ended" (Interview, 7 November 2007). These sentiments are supported by Ms Marjoria Thobane: "I feel so ashamed; I have to depend on others" (Interview, 7 November 2007). This is supported by evidence highlighted earlier in the literature review, in Theodossiou (1998) that the unemployed are substantively and statistically significantly less happy than the employed. Engagement in employment activities also results in independence, as highlighted earlier in the Zimbambele project, where beneficiaries were able to purchase their own goods, rather than being dependent on the generosity of friends and neighbours (McCord, 2004). Engaging in work opportunities not only uplifts the economic standards of the poor, it also assists them in widening their social networks through interactions with other people, as indicated earlier by Du Toit (2003). However, once such work is terminated, it has negative socio-economic results, as indicated in this particular case study.

4.4 Areas of improvement for the Programme based on the interviewees perspective

This sub-section looks at some of the recommendations for the improvement of the programme, as expressed by project participants. The researcher lists the major themes emanating from the statements of the respondents. Each of these themes is then presented in detail, to clearly understand the suggestions put forward by the beneficiaries to enhance the effectiveness of the programme.

Figure 11 below describes recommendations from the beneficiaries to improve the programme.

Figure 11: Recommendations for improvement of the programme as expressed by respondents



Source: Own

4.4.1 Employment

Throughout the interviews employment emerged as a major theme. This was assessed in terms of the duration of employment as well as income levels. All respondents felt that permanent employment should be granted and the income levels should be raised to about R1 600 per month. This will allow them to make investments and budget appropriately. As indicated earlier by McCord (2003), in

the literature review the transfer of wage incomes has a stabilization effect which is contingent on the length of the period over which employment is offered, and is a consequence of sustained employment, provided through a medium to long term programme. This was evident in the Maharashtra Employment Guarantee Scheme in India and the Zimbambele projects in KwaZulu-Natal as explained previously. The sustained employment allowed beneficiaries to purchase stock on credit, make investments, and resulted in regular attendance of children at schools. These kinds of approaches are better suited to addressing the chronic nature of the unemployment crisis within the South African context. Sustained employment also addresses issues raised by Devereux (2002) and Frye (2006) regarding the accumulation of assets. It is only through sustained employment that workers will be able to accumulate assets and move out of poverty. If this does not occur, poverty will be transferred across generations. According to the Human Sciences Research Council (2007), in the wider context of poverty reduction the EPWP has not attained its objectives, and the transfer of wages to the unemployed is not substantial or sustainable because of the low wage levels and the intermittent nature of the employment.

In this particular case, most of the respondents support approximately 4 to 7 dependents. The permanent employment and increased income levels will not only benefit the immediate project participants but also ensure that they are able to take care of their dependents, without having to worry about how they will take care of their families after their contracts terminate. Sustained employment coupled with increased wage levels will also assist workers to accumulate sufficient start-up capital and engage in IGAs, which was cited as one of the factors hindering the establishment of IGAs. Indirect effects of sustained employment and higher wage levels include income multipliers generated by spending of public works wages (Devereux, 2002, p.1). Workers received incomes of R900 per month, which is below the minimum wage of R1 000 per month. This is one of the challenges of the EPWP, which does not prescribe a minimum wage, but rather determines wages based on similar projects undertaken in a particular locality. As indicated by Devereux (2002), the lower the wage and

the shorter the contract, the greater the likelihood that all the income will be consumed, which was evident in this particular case study. This is confirmed in the following statements: "The money was too little, I couldn't make any investments" (E. Khaba, Interview, 16 October 2007). "I bought food and clothes. There was no money for assets" (Z. Nhlapo, Interview, 7 November 2007). "I had to go to the school to say that I couldn't pay school fees" (E. Baholo, Interview, 16 October 2007). It is believed by the respondents that opportunities for permanent employment as well as increased income levels will make their work experience more sustainable and ultimately contribute to the overall improvement of the programme. This is supported by the Human Sciences Research Council (2007), which states that "Poverty reduction in the context of chronic poverty and unemployment can only be achieved through Public Works Programmes if they offer sustained employment or employment guarantees".

4.4.2 Skills

Throughout the interview process, skills were highlighted as an area of reform. Participants expressed that this could be achieved through personal development, beneficiary choice in the type of skills undertaken, research and marketing of skills as well as revisiting the time-frames for skills development initiatives.

Personal development relates to issues identified earlier around basic life skills such as the compilation of a CV, contacts of agencies, or how to prepare for an interview. Beneficiaries believed that once armed with such information and skills it will assist them in securing other employment. This is reinforced by the Development Policy Research Unit (2007), which found that the major hurdle facing people seeking placement and employment is to make a good impression in the job search context through properly drafted CVs and the knowledge to sell themselves effectively. The Joint Initiative for Priority Skills Acquisition maintains that there is now a need to prepare students, and the majority of the workforce that have no prior work experience, more effectively for the world of work with 'soft skills' which allow them to access employer networks more effectively (Department of Labour, 2007). Current programmes are being

designed by the Umsobomvu Youth Fund and the National Youth Commission in collaboration with the Department of Labour to bridge this gap and improve the chances of work seekers in securing employment.

Participants also indicated that they would like to have a choice in the skills development options. This was in contradiction to the 2005/6 annual report for the Klipspruit River and Wetlands Clean-Up Project, as prepared by the implementing agent, which indicates that workers did have an opportunity to select specific courses. However, when the researcher clarified with the implementing agent it was noted that due to budget constraints and the identification of accredited service providers, only specific courses were chosen as part of the exit strategy. Although workers did have some freedom of choice, this was limited by the set of selected courses. Thus initially it might not have been the course that they wanted to do, but to comply they had to make a choice from the existing courses. This raises the question of whether such training is useful, especially in light of it not being put into effect by the end beneficiaries. This was the situation in this particular case study, where workers received carpentry, painting and tiling skills, but when asked about their current utilization of the skills, all respondents indicated that they did not use the acquired skills. This is typical of most EPWP projects, where participants do not appear to find jobs after their participation (McIntosh, Xaba and Associates, 2006, p.21). As noted earlier by McCord (2004), studies conducted in Limpopo Province showed that participation in the EPWP did not enhance workers' opportunities of finding employment upon exit of the programme.

Respondents also expressed the need for opportunities to market their skills. Apart from the actual skills training, opportunities were needed to ensure that they could practice that particular skill. Lack of experience in a specific skill acted as a hindrance to workers obtaining employment, as clients usually required prior work experience. Furthermore, workers highlighted the need for implementing agents to conduct thorough research when advocating particular training. This is important because programme participants should acquire the skills and

experience that will actually see them gain entry into the labour market or to further training opportunities subsequent to their engagement in the EPWP (DA, 2005).

According to the Code of Good Practice for Employment and Conditions of Work for Special Public Works Programme (2002), workers are entitled to a minimum of two days training per month. However, the skills training undertaken in this particular project lasted only for 10 days rather than the compulsory 24 days per annum. Workers felt that the duration of the training needed to be extended, especially if a new skill was being taught to allow sufficient opportunity to actively engage with the skill. This also reinforces the fact that training should not be left until the project terminates, but should be provided throughout so that workers have an opportunity to practise the skills learned.

It is believed by the respondents that the above suggestions will improve their chances of securing other employment in the event that the project is terminated, and will ultimately contribute to the overall improvement of the programme.

4.4.3 Additional support

The last theme identified in this part of the interview was grouped under areas of additional support. Participants noted the importance of further education opportunities, certificates of service and post-project site visits to beneficiary households as enabling tools that will increase their ability to earn an income and improve the overall design of the EPWP.

Investing in skills development is intended to contribute positively to increasing economic development in the country (Johanson and Adams, 2004, p.15). Thus it is important to upgrade the skills of the poor and disadvantaged, as poverty has a direct association with the level of human capabilities, thus suggesting that if the skills of the poor were developed, it will impact positively on poverty alleviation (Bennel, 1999, p.7). In this particular case study it was primarily youth (18-35 age group) that expressed the importance of further education and training

opportunities to enhance their chances of securing employment, as in the statement: "I want to go back to school" (S. Mnguni, Interview, 7 November 2007). This is in line with the EPWP objectives of increasing the potential for at least 14 percent of EPWP participants to earn future income by providing opportunities for further education and training (Department of Public Works, 2004). In a globalizing, competitive world where job opportunities are scarce and the demand for unskilled and semi-skilled workers is low, beneficiaries need to seize opportunities to build up their skills and ensure job placements.

Workers also noted that certificates of service were useful tools contributing to securing other employment. Having a written referral will provide more credibility and increase the chance of workers obtaining other employment. Most potential employers request prior work experience, and having documentation to prove that one has had previous work experience will greatly enhance their chances of getting the job. This is in line with the guidelines of the Code of Good Practice for Employment and Conditions of Work for Special Public Works Programme (2002), which recommends that workers are issued with certificates of service to prove their participation in the EPWP.

Post-project site visits to beneficiary homes were mentioned as an additional mechanism to improve the overall design of the EPWP. Workers expressed the need for such studies to be conducted, so that implementers could better understand the impact of particular programmes as well experiencing for themselves the plight of workers after being exited from a project. The lack of follow-up studies/post-assessments did not allow for the development of particular interventions to review and modify programmes. Such studies will provide key lessons which could be taken forward to improve the design and implementation of current and future programmes. The above suggestion forms part of the monitoring and evaluation process of the EPWP. Within the logical framework for the EPWP (Department of Public Works, 2004), monitoring and evaluation has been highlighted as a very important element in the implementation of the programme. Various evaluation tools such as cross-sectional and

longitudinal surveys, as well as case studies and poverty impact analysis have been identified to assist delivery and increase the impact of the programme.

It must be noted that all of the above are suggestions, as put forth by the project participants to improve the programme. However, they should not be viewed in isolation and hence the linkages among the various themes (employment, skills and additional support) are important to develop a comprehensive and integrated approach to assist in the sustainability of the jobs created and the overall improvement of the programme.

CHAPTER FIVE
CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter reiterates the problem statement and purpose statement, as well as corresponding research questions. The research sought to investigate the performance of one of government's short to medium strategies in addressing unemployment in South Africa. In particular, the role of the EPWP in improving the ability of workers who participated in the programme to earn an income was analyzed. The study investigated the quality of the programme rather than simply focusing on quantitative outputs, as outlined in the monitoring framework. An in-depth analysis was conducted in the Klipspruit River and Wetlands Clean-Up Project, which falls under the environment and culture sector of the EPWP. The research focused on workers who have exited the programme, and attempted to verify the benefits related to income and skills that have been conferred on those individuals and determine the role of the programme in improving workers' ability to earn future income.

The purpose of the research was also to determine the role of the EPWP in improving the quality of life of workers. This was investigated by examining how the wage income received was utilized within the household, whether the skills imparted were relevant and are currently being utilized, and whether participation in the programme has improved workers' ability to earn an income.

The following research questions guided the researcher in attempting to resolve the research problem as articulated above:

- How have workers benefited from participating in the project?
- To what extent are benefits cascaded down to people beyond immediate programme participants?
- What challenges do workers face upon exit of the programme?

- How can the benefits be expanded and challenges addressed to improve the performance of the programme?

5.2 Conclusion

In order to draw appropriate conclusions from the research findings, the major themes and patterns which emerged during the data presentation and analysis will be reviewed.

5.2.1 Worker benefits

In this particular case study it was clear that while workers participated in the project they did derive benefits (income, work experience, training and skills). However, post-project analysis shows that none of these skills are currently being utilized, which is reinforced by many of the studies highlighted within the literature review.

5.2.2 Dependents of project participants

In the case of the Klipspruit River and Wetlands Clean-Up Project, most beneficiaries supported between 4 and 7 dependents. A closer look at the utilization of the income received shows a high level of consumption spending. This is reiterated in the words of several authors in the literature review who state that low levels of wages, coupled with short contract periods, will not assist workers in accumulating assets, but most of the income will be prioritized to fulfil basic needs.

5.2.3 Challenges faced upon exit from the Programme

Within the context of the Klipspruit River and Wetlands Clean-Up Project, all workers did not enter into formal employment. The beneficiaries highlighted several coping mechanisms to support themselves, such as depending on relatives, grants and engagements in temporary jobs and IGAs. Workers also expressed deterioration in their social lives. Without a sustained income, participants were

no longer able to afford social activities. This changed the perceptions of their friends and left them with feelings of isolation and shame.

5.2.4 Suggestions to improve the Programme as expressed by project participants

In this section of the semi-structured interview guideline, respondents made suggestions for improvement of the programme. Participants noted issues such as employment (sustained employment and higher incomes), skills (marketing, choice, longer duration and personal development) and additional support (certificates of service, additional training and education opportunities and post-project site visits) as mechanisms to make their work experience more sustainable and improve the overall effectiveness of the programme.

From the above, the following broad conclusions can be made. The EPWP assumption that the market will absorb 10 percent of the new job seekers and that the skills and experience gained by participation in the programme are relevant to labour demand in the economy was unfounded, certainly in the case of the Klipspruit River and Wetlands Clean-Up case study. In the light of these findings, it is unlikely that the EPWP objectives of increasing the potential for at least 14 percent of EPWP participants to earn future income by providing work experience, training/information related to work opportunities and further education and training, and SMME development, will be achieved.

With reference to this particular case study, participation in the EPWP has not improved workers' ability to earn an income. The results of the research findings show that once beneficiaries exited the programme, not only were their economic standards of life reduced, but there were also negative impacts in terms of psychological social dimensions. It is uncertain whether people in the dire straits of poverty, struggling to make ends meet, could have anything to look forward to once their hope has been destroyed and if any adequate measures can be undertaken to fully repair the damage.

The above shortcomings are related to the chronic nature of the unemployment crisis in South Africa, and recommendations to improve the design and overall effectiveness of the programme will be discussed in the section below.

5.3 Recommendations

5.3.1 Addressing unemployment and poverty

In providing suggestions to address issues of unemployment and poverty in South Africa, the researcher will look at broad, general recommendations as well as recommendations specific to the case study investigated. Spatial dynamics are important in trying to move employment opportunities closer to communities of unemployed people. This is currently being addressed in the Integrated Sustainable Rural Development Programme. However, such initiatives should be linked with zones of opportunities and have elements of sustainability with upstream and downstream effects. There is a need to disaggregate and quantify the nature of the unemployment crisis and to appreciate that the poor and marginalized are not one homogenous group, but instead require many different types of interventions and programmes. Thus proper consultations are required to understand the constraints facing people struggling to move out of poverty. With reference to the above, the role of the NGO sector becomes more important, as they are considered to be less hampered by bureaucratic red tape, and less cumbersome and inflexible. They are therefore ideally placed to innovate and experiment, generating lessons that can be replicated by government. They may also be better placed to reach the most marginalized communities, including the ultra poor, the socially excluded and the physically remote (Kabeer, 2002, p.38). Further studies of the impact of current and recent trade agreements must inform the development of new skills to meet the requirements as they develop (Frye, 2006, p.21). These studies are important to form linkages between the skills base of the country and that demanded by the globalizing world to give South Africa a competitive edge. Coupled with the above, an improvement in the education system is important to improve the country's skill base. A coherent framework needs to be developed for second economy initiatives. In this regard, the

importance of vertical and horizontal co-ordination and integration across various institutions and sectors must be emphasized.

5.3.2 Possible way out for Klipspruit River and Wetlands Clean-Up Project

With reference to the findings of the Klipspruit River and Wetlands Clean-Up Project and the EPWP in general, the following recommendations are made.

- The programme should be redesigned to facilitate sustained employment that will have a greater impact on poverty reduction amongst the poor and also help to address the chronic nature of unemployment in South Africa.
- Higher wages need to be provided, at least equivalent to the minimum wage, since low wages may be contrary to social protection objectives (McCord, 2005).
- Synergies, complementarities and secondary effects in the design of the EPWP must be considered. This involves bringing together certain kinds of opportunities rather than having to choose between them.
- Integrating the EPWP with other developmental initiatives is important to develop a comprehensive programme, for example, creating linkages with micro-finance and micro-enterprise activities, or providing opportunities to engage in Household Food Security Programmes. Once again, this highlights the importance of integration and co-ordination across various departments.
- Workers need to have a choice in the types of skills being undertaken. Skills must be meaningful and relevant to beneficiaries and associated with their levels of education and learning styles. The duration of skills training must be increased, and must be closely monitored for compliance and quality measures. Certificates of service and further personal development in access to information for jobs, CV compilation, etc. should form a compulsory component of the exit strategy process.
- A provincial database should be developed containing the names and details of employment of past project participants so that they can be contacted for possible employment on other projects.

- Case studies should be coupled with other assessment tools and multi-site studies to allow for cross-site comparisons. Post-project site visits to beneficiary homes should be included as part of this process. This will provide more information and enrich the pool of data, allowing for more comprehensive assessments, which can be incorporated into lessons for similar projects.

Employment in South Africa is integral to people's livelihoods, both present and future. Job creation of the magnitude required for South Africa to meet the Millennium Development Goal and targets of halving the number of people living in poverty and unemployment by 2015 will be a long-term project, requiring negotiation across a range of factors (Frye, 2006, p.20).

It is believed that this research is a small step in contributing to the above goal, as key lessons can be learned for future projects. It is hoped that the recommendations outlined above will assist in improving the effectiveness of the programme.

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APPENDIX

Sample of a semi-structured interview guideline

KLIPSPRUIT RIVER AND WETLANDS CLEAN-UP PROJECT

PERSONAL INTERVIEWS

Good day. I am Zuleiga Mustaffa from the GDACE. I am currently undertaking research at the University of the Witwatersrand. Part of my work entails conducting interviews with individuals who have exited the Klipspruit project, to determine the performance of the EPWP. Could I please ask you a few questions about yourself, your family and your work? The interview will last for approximately 45 minutes.

Please be assured that the information you provide will be treated as confidential.

Part A (Please place a cross in the appropriate box)

Respondent Number:				
Name and Surname:				
Age category:	≤17	18-35	≥36	
Gender:	M	F		
Highest Education level:	≤Grade 11	Grade 12	Diploma	
Prior work experience:	≤1 year	2 years	>3 years	
(Specify kind of job)				
Period of employment in EPWP:	≤6 months	1 – 2 years	3 years	
Job description:	General worker	Team leader	Supervisor	Other
(Specify other)				
Monthly income:	≤R 500	R 501 - R 1000	R 1001 - R 2000	≥R 2001

Part B

- Has the EPWP benefited you in any way?
    - ♦ What skills have you acquired?
    - ♦ How have you utilized these skills?
    - ♦ How did you feel about your work experience?

- How was the monthly income utilized?
    - ♦ How did the people in the household benefit?
    - ♦ What assets were purchased and how were they utilized?
    - ♦ What kinds of investments were undertaken? (If any)

- How do you currently support yourself?
    - ♦ What kind of activities are you currently involved in, to generate an income?
    - ♦ What other sources of income, are used to supplement your current earnings?

- What difficulties have you experienced upon exit of the programme?
    - ♦ How will you describe your experience upon exit of the programme in terms of:
        - ▪ Obtaining other employment?
        - ▪ Ability to earn an income?
        - ▪ Improvements/Difficulties experienced in your socio-economic standard of life?

- How can the programme be improved in the future?
    - ♦ What do you feel needs to be done to improve the current programme?
    - ♦ What additional support is required after one leaves the programme?
    - ♦ If you have to provide recommendations to government to address some of the challenges, you mentioned earlier (refer to above question), how will you advise government?

NB: Since this portion of the semi-structured interview is open-ended, the researcher will highlight the main topics to be investigated. Further probing and follow up questions will be formulated, depending on the response received by participants.