

University of Cape Town



CENTRE FOR SOCIAL SCIENCE RESEARCH

PUBLIC WORKS: POLICY EXPECTATIONS AND PROGRAMME REALITY

Anna McCord

CSSR Working Paper No. 79



Published by the Centre for Social Science Research
University of Cape Town
2004

Copies of this publication may be obtained from:

The Administrative Officer
Centre for Social Science Research
University of Cape Town
Private Bag
Rondebosch, 7701
Tel: (021) 650 4656
Fax: (021) 650 4657
Email: kforbes@cssr.uct.ac.za

Price in Southern Africa (incl. VAT and postage): R 15.00

or it can be downloaded from our website
<http://www.cssr.uct.ac.za>

ISBN 1-77011-014-3

© Centre for Social Science Research, UCT, 2004

CENTRE FOR SOCIAL SCIENCE
RESEARCH

Southern Africa Labour and Development
Research Unit

PUBLIC WORKS:
POLICY EXPECTATIONS AND
PROGRAMME REALITY

Anna McCord

CSSR Working Paper No. 79

October 2004

The author is a Research Associate in the Southern African Labour and Development Research Unit (SALDRU) and Research Fellow in the Centre for Social Science Research (CSSR), School of Economics, University of Cape Town (UCT).

The survey was funded jointly by the UK Department for International Development, the KwaZulu Natal Department of Transport, the Roads Agency Limpopo, and SALDRU in the CSSR of the School of Economics at UCT. The survey was carried out under the auspices of the Public Works Research Project of SALDRU, in collaboration with the Roads Agency Limpopo, and the KwaZulu Natal Department of Transport, and implemented by Khanyisa Integrated Development and Social Research, and African Renaissance Development Consultants in Limpopo, and the Maurice Webb Race Relations Unit of the University of KwaZulu Natal in KwaZulu Natal.

The author is grateful to the many Gundo Lashu and Zibambele workers and their families who participated in the survey work, and those who gave up their time to contribute to the focus group discussions in Sekhukhune and Mankweng in Limpopo, and Eshowe and Mapumulo in KwaZulu Natal (see Annex 11 for a full listing of focus group participants).

This paper is a shortened version of a paper published by the Overseas Development Institute, *Policy Expectations and Programme Reality: The Poverty Reduction and Labour Market Impact of Two Public Works Programmes in South Africa*. September 2004, ESAU Working Paper 8, London.

Public Works: Policy Expectations and Programme Reality

Abstract

This paper explores the ability of public works programmes (PWP) to promote employment and reduce poverty. Public works are a key component of the current social protection framework in South Africa, constituting the only significant form of social support for the able-bodied working age unemployed, and are ascribed considerable potential in terms of addressing the central challenges of unemployment and poverty. Despite this policy prominence, the targeting of public works programmes and their micro-economic and labour market impacts have not been studied systematically in South Africa, rendering evidence-based policy development in this area problematic. This paper attempts to provide some initial responses to these questions in order to establish an evidence base for future policy development, and to identify some of the key policy lessons arising, drawing evidence from two case studies, the Gundo Lashu programme in Limpopo, and the Zibambele programme in KwaZulu Natal. The paper also reviews the policy context, and the characterisation of the unemployment problem in the policy discourse. The paper concludes that while PWP can offer a partial response to the problems of poverty and unemployment if appropriately designed, the gap between policy expectation and programme reality is significant, and that PWP cannot offer an adequate social protection response to the growing problem of the working age poor. The paper asserts that there is a need to recognise that PWP can have only a limited role in the context of entrenched and structural unemployment, and that supply-side interventions are of limited value in response to poverty and unemployment among the low-skilled, given ongoing structural shifts in the South African economy and the delinking of economic growth and employment.

1: Introduction

This paper focuses on the question of state intervention to promote employment and reduce poverty through public works. Public works form a key component of the current social protection framework in South Africa, constituting the only significant form of social support for the able-bodied working age population. Public works programmes are centrally placed in the conceptualisation of social policy space and ascribed considerable potential in terms of addressing the central challenges of unemployment and poverty. Despite this policy prominence, there is little evidence

available to attest to the effectiveness of public works, as currently designed in South Africa, to meet these objectives, or to inform programme design. The targeting of public works programmes and their micro-economic and labour market impacts have not been studied systematically in South Africa, rendering evidence-based policy development in this area problematic.

This study is a contribution to the development of an evidence base, drawing on two case studies to explore the core questions, i) which segment of the population is participating in PWPs?¹ and ii) are PWPs having a positive and sustained impact on poverty and employment? In the light of the responses to these questions, the study also considers whether public works are an appropriate instrument to address unemployment and poverty, and draws key policy implications from the findings.

The study is contextualised by a brief overview of poverty and unemployment, an outline of the social protection policy framework, and a review of the history and development of public works programmes in South Africa. The broader labour market debate is also discussed, in terms of the apparent mismatch between the analysis of the labour market problem and the core policy instruments selected in response. The key political and institutional constraints affecting programme design are then reviewed.

The empirical component of the report is based on a survey administered between June and September 2003 which was supported by pre- and post-survey focus group discussion work. The survey was conducted on two conceptually different public works programmes being implemented in provinces with similar unemployment and poverty profiles, Limpopo and KwaZulu Natal. Both have won national awards for provincial government innovation and both are cited in the policy discourse as exemplars for the Expanded Public Works Programme (EPWP), the national public works programme currently under development. The programmes were chosen due to their high profiles, differing design and implementation modalities, and the use of components of the programmes in the EPWP, with the Limpopo programme being used as a model for the labour intensive construction component of the national EPWP. In both provinces, the research was implemented in partnership with provincial authorities, the Roads Agency Limpopo and the KwaZulu Natal Department of Transport.

This paper presents an initial analysis based on the descriptive statistics arising from the survey, outlining the most important issues emerging from the survey, which are of particular significance in the light of the selection of PWPs as a core instrument in the social protection system, and their anticipated role in reducing poverty and unemployment. The goal is to put the key findings in the public domain as a preliminary evidence base for policy-making, offering insights into the identity of the beneficiaries of PWPs and the impact of PWPs in the key areas of poverty and

¹ Little detailed baseline socio-economic data has been gathered on participants in PWPs in South Africa, and so information regarding the characteristics of programme beneficiaries is scarce.

employment. Further analysis of the data is desirable, as it represents a rich source of data on labour markets and poverty, and their relationship with different forms of PWP employment.

The study first examines the characteristics of the PWP workers and their households, in order to determine which segment of the population is participating in PWPs and what targeting of PWP employment is taking place. The characteristics of the workers and their households are identified in terms of a number of demographic and socio-economic indicators, and compared to data for rural populations in the two provinces derived from the March 2003 *Labour Force Survey*, which is used as a control.² Where appropriate, the two groups are also compared to each other, in order to explore differences in the targeting and outcome of the two programmes. In one of the case studies, the inclusion of two sub groups of public works employees in the survey, one comprising workers who had completed their employment, and the other workers still in employment at the time of the interview, enabled additional analyses to be made.

The impact of participation in the public works programme is then examined in terms of multiple dimensions of poverty, focusing on i) income, ii) consumption, iii) ownership of material and financial assets, iv) human capital in terms of nutrition and access to education, v) the psychosocial benefits, and vi) participants' own assessment of the medium-term impact of programme participation.

The income poverty impact is examined by assessing the values of both the public works wage transfer and income forgone, and calculating from this the net wage benefit accruing to households from participation. The total household income is then calculated and considered in relation to the poverty line. The discussion of consumption explores the primary uses of the public works wage, in relation to material and financial asset ownership, and the human capital discussion examines changes in investment in nutrition and education as a consequence of participation in the programme. Finally, psychosocial dimensions of programme participation are briefly reviewed, highlighting the role of PWP income in facilitating the observance of social norms and customs.

Next, the impact of programme participation on labour market performance is explored, in terms of whether labour market 'exposure' and training led to improved employment performance, as anticipated in the policy discourse, and whether public works employment stimulated informal micro-enterprise and local economic activity.

In conclusion, an appraisal is made of the role of public works in addressing the critical issues of poverty and unemployment, and the key policy implications arising from the analysis are outlined.

² March 2003 LFS data was selected since it was the closest data set in temporal terms to the period of the survey, which was available at the time of analysis.

2: Economic and Employment Context

2.1 Poverty and unemployment

Poverty and unemployment are the two key economic challenges in contemporary South Africa. Unemployment has been rising for three decades, and reached a plateau in 2003 at extremely high levels, standing at 31% (5.3 million) in March 2003, by the narrow definition, and 42% (8.4 million) by the broad, which includes those who report themselves available for work, but are not actively seeking it.³ Unemployment is concentrated in the African population, for whom the narrow unemployment rate is 37%, and broad 49%, a labour market situation described by Kingdon and Knight in 2000 as ‘catastrophic’ (2000, p13).⁴ The South African economy is undergoing a major structural transformation arising from shifts in labour intensity and declining primary sector activity, which has had a major impact on both total employment levels and the composition of labour demand, leading to slow employment growth overall during the 1990s and early 2000s (McCord and Borat 2003), and a significant decline in the demand for unskilled labour (Bhorat and Hodge 1999). Economic growth rates are insufficient to absorb the growing pool of unemployed labour, and even in the most positive growth scenario⁵, it has been estimated that broad unemployment among the semi and unskilled would not fall significantly below 30% in the medium term (Lewis 2001 p55). Unemployment is structural and will not be significantly reduced in the coming decades without major state intervention.⁶

Of a total population of 45 million, up to 50% live in poverty, although estimates of the number of people living below the poverty line vary significantly, ranging from 10 to 21 million, depending on the specification of the poverty line selected. There is no nationally agreed poverty datum line, and consequently the extent of poverty in South Africa, and shifts in poverty over time remain contentious, and are highly sensitive to assumptions regarding under-reported income, the estimation of the child cost ratio and household economies of scale, and the poverty line selected (for a full exploration of this debate and its implications, see Meth 2004a). However defined, it is clear that poverty is a severe problem in South Africa, with approximately 13 million people living in households with income levels less than half the Stats SA 1995 monthly

³ The official or narrow rate of unemployment is calculated by Statistics South Africa (Stats SA) on the basis of those unemployed who a) did not work during the seven days prior to the interview, b) want to work and are available to start work within a week of the interview, and c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview, while the broad or expanded unemployment rate excludes criterion c). (Stats SA, 2002).

⁴ However, recent research in South Africa indicates that self-employment, subsistence agriculture and casual employment may not always be considered as ‘work’ (see for example Adato, Lund and Mhlongo, 2003). This may lead to a bias in survey based estimates of unemployment.

⁵ The positive growth scenario used by Lewis in this calculation was ten years with projected GDP growth of between 4% and 5% per annum.

⁶ Abedian argues further that the more rapid the rate of economic growth, the more rapidly structural transformation of the economy will take place and demand for unskilled labour will fall (Abedian 2004).

poverty line of R800 per household⁷ (Samson 2002, p72), and up to 17 million living below the R214⁸ monthly individual income required to meet the \$1 a day poverty line (Meth op cit, calculated on the basis of Deaton 1997).

While several different poverty lines are in use in South Africa, this paper makes use of a version of the Household Subsistence Line (HSL) for analytical purposes.⁹ The HSL selected is a measure of the theoretical monthly cost of basic needs derived from a basket of goods and services, comprising food, housing, fuel, light and transport. The figure for 2003 has been derived from the HSL for low income households calculated by Potgieter (2003), and adjusted in line with revisions to this methodology by Meth (2004a), to arrive at a low income HSL of R486 per adult equivalent.¹⁰

Poverty levels are closely correlated with unemployment, with the poorest experiencing unemployment rates of more than 70% (Samson *et al.* 2002) and the majority of households in the bottom four income deciles having no members in employment, leading to the conclusion that most poor households are poor due to the absence of wage income (Nattrass and Seekings 2001). These findings are supported by survey work which indicates that job creation is the priority demand households are making on the state, in terms of improving welfare levels (Klasen 1997, Clark 2000). Given the strong correlation between wage income and poverty in South Africa, responding to unemployment is clearly a key policy challenge.

3: Public Works and the Social Protection Context

3.1 Social protection

The provision of adequate social protection creates a challenge for the South African state given the scale of poverty and unemployment in the country, particularly in the context of the highly unequal distribution of income.¹¹ Current social protection in the form of social grants (cash transfers) is focused on children and pensioners through the provision of the child support grant of R160 for children up to 9 years of age¹² and the old age pension, a means tested grant of up to R700, for those of pensionable age.¹³

⁷ At 2002 prices.

⁸ Also at 2002 prices.

⁹ While recognising that the choice of a poverty line offers an inherently subjective definition of poverty, the selection of a consumption based HSL does nevertheless offer a useful insight into the material poverty of programme participants.

¹⁰ This figure is derived for urban households, but given the lack of a rural HSL for South Africa, it will be used as an approximate indicator of rural household poverty.

¹¹ The Gini coefficient was estimated to be 0.68 in 1999, rendering South Africa second only to Brazil in terms of the extent of its income inequality (Whiteford and van Seventer, 2000).

¹² The Child Support Grant is being rolled out incrementally, starting with children under the age of 7 when it was introduced in 1999, and being extended ultimately to children under the age of 15.

¹³ Pensionable age is 60 and over for women, and 65 and over for men.

There are in addition a limited number of social insurance benefits for those with formal sector employment,¹⁴ and other transfers such as the disability and foster care grants and the provision of emergency food rations. A number of other measures are also in place, collectively known as ‘the social wage’, which include free medical care, electricity, water and housing subsidies, although the value of these benefits to the poor is currently a matter of debate and they are not sufficient to significantly address the problem of income poverty (Meth 2004a). Hence, there is a major gap in the social protection system as currently conceptualised, in terms of support for the able-bodied population of working age who are unemployed. This is indicative of a serious social protection problem given the high unemployment rate and the dependency of households on formal sector income. The consequence of this policy lacuna is that there is no effective state support for poor households without pensioners or children.¹⁵ The scale of the problem is illustrated by the existence of 1.2 million ‘workerless’ households, in which total household expenditure is less than R400¹⁶ a month, with no access to either wage income, pensions or any form of remittances, which contain 3.9 million people, of whom 800,000 are unemployed (Meth 2004a).

The significance of this gap was highlighted by the Committee appointed by the Ministry of Social Development in 2002 to examine the existing social protection provision and devise proposals for a comprehensive social security system (Department of Social Welfare 2002). The Committee recommended revisions to the existing provision, including a universal income grant which would explicitly address the poverty of the able-bodied unemployed of working age. However, the matter was not resolved and the only social protection policy development which ensued to address the needs of this group was an extension of the small-scale national public works programme, the Community Based Public Works Programme or CBPWP (for a critique of this programme see McCord 2003), in the form of the Expanded Public Works Programme, which was introduced in early 2004. It is in this context that the potential of public works programmes to address poverty and unemployment is considered in this paper.

3.2 State responses to unemployment

The dominant South African policy response to unemployment is the promotion of economic growth. This approach seeks to address mass unemployment and poverty reduction indirectly, mediated through increased GDP in the medium- to long-term, in a contemporary version of the contested ‘trickle down’ approach. While this strategy has the potential to promote economic growth and skilled employment, it does not address the massive structural unskilled labour demand deficit, with actual growth rates falling far below the estimated 6% required for unskilled unemployment to

¹⁴ The unemployment insurance fund for example, based on formal sector employment, is only accessible to 5% of the population (Department of Social Welfare 2002).

¹⁵ This situation has been neatly captured by Samson, who argues that ‘South Africa’s social safety net has a very loose weave’ (2002, p73).

¹⁶ £32 (£1 = R12.4 at the time of writing).

decline even modestly to 30% within the next decade (Lewis 2001).¹⁷ Moreover, the coexistence of positive rates of economic growth and rising unemployment in recent years (see for example Meth 2004a) is also challenging the assumed axiomatic relationship between growth and employment in the South African context. In the light of this, direct policy interventions are urgently required to address the joint challenges of poverty and unemployment.¹⁸

The magnitude of this challenge has been recognised by the government, who have argued that there are no ‘magic solutions or quick fixes’,

‘It is clear that the fight against unemployment is our central challenge. The need for sustainable jobs is glaring, but we should have no illusions. There are no magic solutions or quick fixes. Unemployment in South Africa is a deep, structural problem, reflecting the large inequalities we inherited in ownership and skills. New jobs will not be generated overnight, at least not in the numbers we need. Fighting unemployment will be a long haul’ (ANC 2002b, section 125).

The government has also explicitly argued that PWPs have only a limited role to play in the context of entrenched and structural unemployment,

‘Comprehensive public works programmes as part of a community development programme are useful short-term strategies but are not by themselves a long-term solution’¹⁹ (ANC 2002a, section 126).

However, at the same time, there is a heavy reliance on PWPs as a key component of a comprehensive employment strategy (ANC 2002b, section 67). In July 2002, the Cabinet Lekgotla agreed that a ‘massively expanded’ public works programme would form a key component of a comprehensive employment strategy, together with a range of complementary supply-side interventions, primarily focusing on training through the expansion of the SETA-based training programme.²⁰ Since this time, PWPs have almost come to dominate the current social protection and labour market discourse, representing the policy instrument of choice to address both poverty and unemployment.

¹⁷ GDP was 3.4% in 2000/1 (National Treasury 2002) and below 2% in 2001/2 and 2002/3 (South African Reserve Bank, Quarterly Report, June 2004).

¹⁸ The need to reconsider the role of the state given the ‘limitations of the market’ in terms of employment provision was recognised in the Employment and Growth Strategy Framework Paper, prepared by the Department of Trade and Industry in 2001.

¹⁹ This understanding of the role of short term PWPs is consistent with the characterisation of PWP interventions offered by the World Bank, who recognise the value of PWPs in situations of transient rather than chronic labour market crises, arguing that ‘public works have been an important counter-cyclical intervention in developed and developing countries’ (World Bank 2004).

²⁰ The SETA is the joint industry, union and government training initiative.

In this way public works has become the preferred policy response to unemployment,²¹ and a major policy initiative, the ‘Expanded Public Works Programme’ or EPWP, was initiated in April 2004, and ascribed a range of objectives centering on poverty reduction, employment, infrastructure provision and growth (Department of Public Works 2003). President Mbeki has described the EPWP as ‘a nation-wide programme which will draw significant numbers of the unemployed into productive employment, so that workers gain skills while they are gainfully employed, and increase their capacity to earn an income once they leave the programme’.²² However, it is questionable how realistic these policy aspirations are given the chronic and structural character of unemployment in South Africa, a concern clearly articulated by the government elsewhere (see ANC 2002a). Hence there is a critical tension in the policy discourse in relation to public works programmes; on the one hand there is a recognition of their limitations, while on the other public works are being ascribed extremely ambitious objectives and taking centre stage in the policy debate.

In addition to these differing perceptions regarding the efficacy of short-term public works, there is also a tension regarding the nature of the labour market challenge South Africa is facing. While within government itself there is a recognition that the unemployment problem is chronic and structural, and not easily tractable by interventions such as short-term PWP (ibid), within the Department of Public Works, unemployment is characterised as an interim or transitory phase through which the South African economy is passing (an analysis also presented in CDE 2003), and the nature of the policy response, the EPWP, has been shaped in accordance with this analysis. The labour market analysis underlying the development of the EPWP characterises unemployment as a transitional, rather than chronic phenomenon. This is clearly set out in the Department of Public Works rationale for the EPWP, which assumes that economic growth will generate demand for the labour exiting from the EPWP;

‘The EPWP is one of an array of government strategies aimed at addressing unemployment. The fundamental strategies are to increase economic growth so that the number of net new jobs being created starts to exceed the number of new entrants into the labour market, and to improve the education system such that the workforce is able to take up the largely skilled work opportunities which economic growth will generate. In the meantime, there is a need to put in place short to medium-term strategies. The EPWP forms one of government’s short to medium-term strategies’ (Department of Public Works, 2003).

Hence, there is a fundamental mismatch between the government’s analysis of the labour market and poverty problem in South Africa, and the nature of the policy response. The EPWP offers short-term employment and training, on the premise that

²¹ See for example the final report of the Growth and Development Summit (June 2003), and Finance Minister Trevor Manuel’s Budget Speech, February 18 2004.

²² President Thabo Mbeki, Address to the National Council of Provinces, 11 November 2003.

supply-side interventions are an appropriate and effective response to transitional unemployment. This policy approach is consistent with the use of public works programmes in contexts of temporary economic dislocation (World Bank 2004), however, the structural economic and labour market problems which characterise the South African economy are not transitional problems, and in the South African context, supply-side interventions such as upgrading human capital have only limited potential to address the unemployment problem (see for example Kingdon and Knight 2001, Lewis 2001,²³ and McCord 2003).

Notwithstanding the apparent conceptual mismatch between the nature of the problem, and the policy response, a serious empirical problem remains; there is little evidence base for assessing the efficacy of public works programmes in addressing the central objectives of poverty or employment in South Africa. While various studies have examined the cost of effecting transfers through public works programmes in South Africa (Adato *et al.* 1999, McCord 2002), an evaluation of the micro-economic outcomes of such programmes has not taken place, in terms of their poverty and employment impacts. It is for this reason that the current study has been carried out, in order to contribute to the development of an evidence base to assess the efficacy of public works as a social protection instrument in South Africa.

3.3 Public works design options and constraints

The range of policy instruments which could be developed under the general public works concept of state employment is diverse. Internationally, policy responses range from large-scale direct employment creation schemes on the one hand,²⁴ to more limited interventions focusing on supply-side issues and the development of a more skilled and experienced labour force through public employment, to match the changing characteristics of labour market demand.²⁵ Public works programmes may broadly be divided into three categories; large-scale medium- to long-term public sector employment, employment guarantee schemes, (both demand side interventions), and temporary public works employment at times of acute labour market disturbance, arising from natural or man-made disasters, or short-term labour demand fluctuations resulting from shifts in the business cycle.

The design of a public works instrument then is contingent on i) the nature of the unemployment problem ii) the desired outcomes of the programme, and iii) the political ideology in which the programme is embedded, which affects the analysis

²³ Lewis (2001) argues 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 factors relating to structural change.

²⁴ This approach is typified by the US response to the Great Depression in the 1930s, characterised by massive state expenditure and public works programmes to absorb up to 30% of the unemployed, in an attempt to stimulate consumer demand and prevent deepening of the economic recession.

²⁵ The UK and US responses to rising unemployment during the recession of the 1980s, and the current 'WorkFare' programme in the UK, characterise this type of supply-side response.

central to (i) above, (for a more detailed discussion main design choices informing programme design, see McCord 2002). Conceptualisation 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 of a PWP is to skill workers for employment in a labour market which they are unable to access due to a mismatch between worker skills and labour demand in a rapidly changing economy, to offer temporary social protection pending an economic upswing and drop in unemployment, or to compensate for a chronic and structural unemployment situation, offering social protection on a self-targeted basis (not through a payment entitlement for the unemployed, but in return for some form of work). Is the transfer to the unemployed through the PWP intended to stimulate economic growth (as in the US during the 1930s), or to have a household level social protection function? If a social protection outcome is the objective, is the intention to alleviate poverty, or to reduce it, and in the latter case, is the objective to do this directly, through the wage transfer, or by skilling workers for improved labour market performance? These considerations determine the secondary design issues such as programme scale, duration, and the selection of beneficiaries. Finally the programme concept (for example offering employment through multiple small-scale autonomous projects, shifting the factor intensity of government infrastructure provision expenditure, or developing labour intensive infrastructure maintenance programmes), and selection of the implementing agency will also be conditional on the preceding design choices and objectives, together with institutional capacity for implementation and delivery.

3.4 The South African Public Works Programme

3.4.1 The ideological underpinnings of public works in South Africa

Since unemployment is a structural and chronic problem in South Africa, long-term employment programmes would be the most appropriate response, offering sustained employment, as public works participants are unlikely to graduate into employment in the open labour market given the limited demand for unskilled and low-skilled labour. With the high rates of poverty and the fact that the national unemployment rate exceeds 30%, (reaching 70% among the poorest), a large-scale public works programme would be required to impact significantly on poverty and unemployment. The existence of over 1.2 million unemployed workers in workerless households living on less than R400 a month (Meth 2004a), suggests that demand for employment in South Africa is significant, and would be likely to exceed the scale of public works employment supply currently envisaged by the state (the EPWP anticipates providing employment for a maximum of 200,000 workers per annum). In this context, a targeted programme would be required in order to ration access to the employment available, with criteria developed according to the programme's objectives and intended impact.

However, the terms governing PWP employment are the outcome of prolonged tripartite negotiations between the union movement, the state and the private sector. The resulting conditionality served effectively to prohibit both large-scale public works employment on a sustained basis and massive public sector employment, rendering short-term employment programmes, conventionally used only for addressing episodes of heightened unemployment arising from temporary labour market disturbances, the only 'acceptable' response. Large-scale public sector employment is excluded from the lexicon of possible PWP responses as it would run counter to the ideology driving the major programme of public sector restructuring and retrenchment which took place during the second half of the 1990s. Given the ideological unacceptability of mass public sector employment on conventional terms and conditions, the union movement was anxious to prevent the emergence of a large body of 'second class' public works employees for whom labour protection was waived, with reduced benefits and wages. The emergence of such a group of workers would contribute to the development of a two tier labour market, potentially undermining labour protection more generally in South Africa. Given the government's unwillingness to accommodate the unemployed through state employment programmes, with regular terms and conditions, organised labour's perspective served to reduce the policy space for discussion of a large and sustained public works programme. The resulting conditions governing public works employment were set out in a Code of Good Conduct for public works programmes (Department of Labour, 2002a and 2002b) which outlined a derogation from the minimum wage for PWP employees on the condition that i) the employment offered under government schemes was of short-term duration, and ii) workers are given training²⁶ in recompense for the reduced wage.

The consequence of this conditionality was that the implementation of an employment guarantee programme offering sustained employment, which would have addressed the social protection needs of the 'working age poor', became inadmissible. Given the chronic nature of unemployment and the need for sustained work opportunities among the poor, this prohibition seriously undermined the potential of a public works approach to offer a significant response to poverty. This is indicative of the inherent tension between protecting the rights of those who already have access to work, and the development and implementation of a public works programme which could function as an effective social protection instrument for those without access to employment, in the context of a government which is opposed to large-scale formal state sector employment.

Within these constraints, the remaining option was the creation of temporary employment programmes, similar to those which elsewhere have been a response to temporary labour market disruption or cyclical unemployment. The employment to be offered under the programme was exempt from normal conditions of employment, and was implemented in the expectation that the private sector would subsequently absorb the experienced and trained PWP output in line with the logic of Say's law, that supply

²⁶ 2 days of training for every 20 days worked.

creates its own demand. If unemployment were a transient phenomenon, as characterised by the Department of Public Works above,²⁷ this approach would be appropriate, but given the mismatch between the nature of the problem in South Africa and the design of the policy instrument, the intervention is likely to be of limited impact.

3.4.2 The objectives of a public works intervention in South Africa

In this context, it is critical to establish the desired impact of public works programmes in South Africa. Multiple impacts have been ascribed to PWPs in the South African policy discourse over the last decade, often with conflicting implications for programme design (see McCord 2003). The discourse remains unclear, somewhat amorphous and often contradictory, compare for example Abedian's characterisation of public works as the key social protection response to the challenge of the working age poor who are 'unemployable' due to social or geographical isolation and low skills (Abedian 2004),²⁸ with the EPWP's characterisation of public works as a work experience and training programme to improve labour market access and performance, at the end of which workers will 'graduate' to employment under 'normal conditions' (Department of Public Works 2004).²⁹ The likelihood of the EPWP achieving either of these outcomes in significant measure is unlikely given the short-term, and extremely limited scale of the employment anticipated from the programme. However, four broad areas of interlinked policy objectives are apparent in the PWP policy discourse; infrastructure provision, growth, poverty reduction and employment, which match the key micro and macroeconomic challenges currently faced by the state, implying that public works programmes may have the potential to act as both micro and macroeconomic silver bullets, simultaneously targeting the gamut of current policy challenges. In this way 'public works' are in danger of being conceptualised as a panacea, responding to the complex and heterogeneous set of labour market and social protection problems of the working age poor. As a consequence, the policy space for alternative and complementary initiatives is reduced accordingly.

This paper focuses on an exploration of the performance of PWPs in relation to the two key microeconomic objectives ascribed to them in the policy discourse; poverty reduction and employment. The potential of PWPs to deliver quality infrastructure and the implications of infrastructure delivery for growth are not considered in this paper,

²⁷ See also Centre for Development Enterprise 2003 for an analysis of unemployment in South Africa as a transient concern, and Mangum et al (1992) for a global characterisation of mass unemployment as a transitional problem, and PWPs role in this context.

²⁸ Bhorat (2001) describes as 'unemployable' the group comprising older unemployed individuals with very little formal education residing in deep rural areas, who are 'never going to find sustainable, long-term employment in their lifetimes' by virtue of their lack of skills and the remoteness of their rural location in relation to labour demand (2001, p40).

²⁹ The goals of the EPWP are 'using labour intensive construction methods to provide employment opportunities to local unemployed people, providing training or skills development to those locally employed workers and building cost-effective and quality assets' (Department of Public Works 2004).

since these issues are contingent on external factors such as the effective selection of infrastructure and the quality of programme implementation. In addition, since the national public works programme in South Africa is primarily based on a shift in the factor intensity of existing funding allocations, it can be assumed that there will be no additional economic benefits from the production of the asset, since it would have been produced with or without the implementation of the programme, and the benefit will reside exclusively in the transfer related effects. Hence the direct and indirect contribution of PWPs to growth through employment and the benefits accruing through infrastructure provision will not be examined. For a discussion of the macroeconomic impact of PWPs see McCord and van Seventer (2004).³⁰

If discussion is limited to the microeconomic impacts of public works programmes, some confusion of objectives remains in the discourse, with the goals of both poverty reduction and improved labour market performance frequently being ascribed to the same programmes, despite the fact that a response designed to address poverty may differ from one which is appropriate for promoting labour market performance, and target different segments of the unemployed. The importance of distinguishing programmes designed to address poverty, and those to address labour market problems is highlighted in McCord (2003) and explicitly recognised by the ANC;

We must be careful to separate out issues about poverty eradication and issues about the creation of sustainable jobs when considering the employment question. While these two objectives are linked they require different approaches (ANC 2002a, section 126).

Notwithstanding this warning, it is implicit within the current policy discourse that PWPs have the potential both to promote the labour market performance of participants by offering work experience and training (on the implicit assumption that supply will create its own demand), while simultaneously contributing to poverty reduction.³¹ The potential of PWPs to deliver on these two objectives is explored through an analysis of the performance of the two case studies discussed below.

³⁰ McCord and van Seventer (2004) suggest that the impact of the labour intensification of R3 billion (£240 million) of infrastructure expenditure per annum as envisaged in the EPWP is likely to have only marginal impacts on growth and employment, raising GDP by 0.1%, and employment, on a temporary basis by 1%.

³¹ The objectives of the EPWP for example include poverty reduction and employment, as well as infrastructure provision and growth (Department of Public Works 2003).

4: Outline of the Two Case Study Programmes

The two programmes to be examined are the Gundo Lashu programme in Limpopo, and the Zibambele programme in KwaZulu Natal.³² These programmes were selected due to their high profiles, differing design and implementation modalities, and the use of components of the programmes in the EPWP, with the Limpopo programme being used as a model for the labour intensive construction component of the national EPWP. The operational areas of the two programmes are illustrated in figure 1 below. The Gundo Lashu programme was implemented in the Capricorn District, (shaded), while the Zibambele programme was implemented throughout the province.

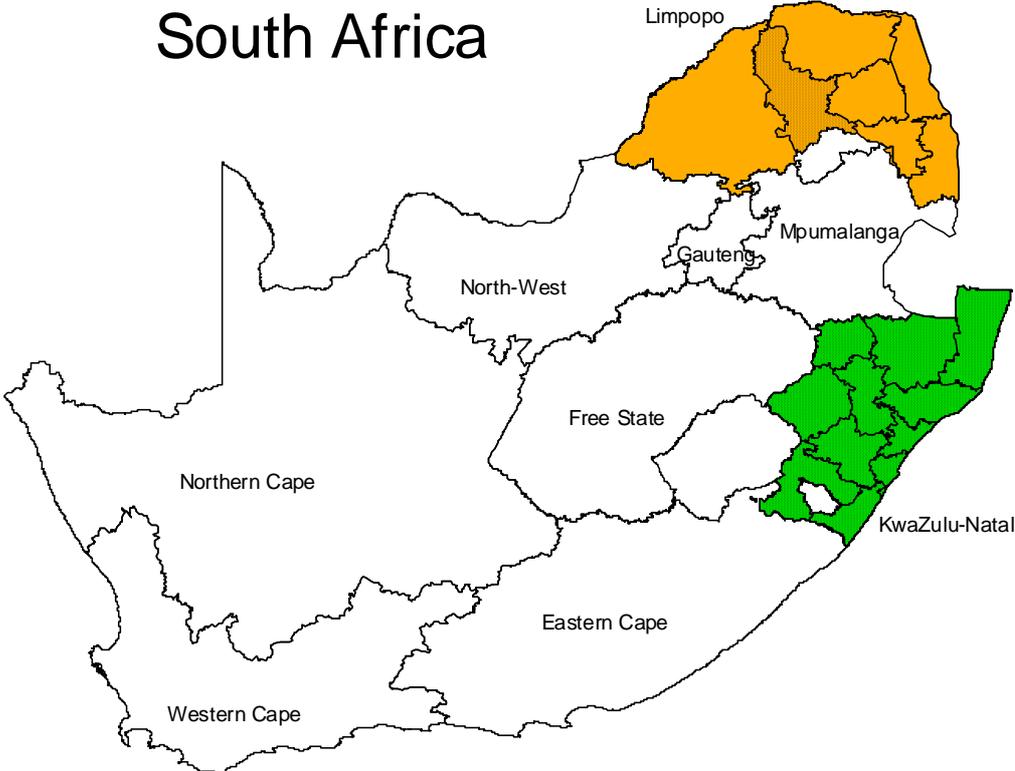


Figure 1: Location of case studies

Limpopo has a population of 5.4 million, and KwaZulu Natal has a population of 9.8 million (Stats SA 2004). They are two of the poorest provinces, with the highest unemployment rates in the country, at 38% and 36% respectively,³³ compared to a national figure of 31% (Stats SA 2003b).

³² ‘Gundo Lashu’ means ‘Our victory’ in Venda, and ‘Zibambele’ means ‘Doing it for ourselves’ in Zulu.

³³ Using the official or ‘narrow’ definition.

4.1 Programme objectives and modalities

The goal of the Gundo Lashu programme is the ‘improvement on livelihoods in rural communities in the Northern Province’, and the purpose is ‘employment creation within the rural communities... skill transfer from private contractors to community members... [and] enhancement of livelihoods for those community members providing labour to the programme’ (Roads Agency Limpopo, 2003), which may be characterised as sustainable poverty reduction and improved labour market performance for workers. In addition, the programme also includes the training and development of labour intensive contractors. The programme is implemented by the Roads Agency Limpopo,³⁴ with support from DFID and the ILO, and is focused on both employment creation, and the training of contractors and consultants in labour intensive road rehabilitation. It was initiated in 2000, and had employed a total of 1,700 labourers at the time of the survey. The programme was implemented through private contractors who directly recruited PWP labour with support from social facilitation agencies who managed the contractor’s relations with the communities supplying labour. The period of employment ranged between less than one month and four months, and labour was recruited on the basis of the Special Public Works Programme targeting objectives and conditions of employment. The Special Public Works Programme Code of Conduct, gazetted in 2001, sets out participation targets, (60% women, 20% youth and 2% disabled), prohibits employment exceeding 24 months in duration, and also allows for a derogation from the minimum wage in favour of a locally negotiated wage, in return for training inputs for workers for 2 days for every 20 worked. In the Gundo Lashu programme, a task rate of R30 was negotiated, which in most cases translated into a daily wage of R30.³⁵ Wage payments were made directly to labourers by the contractors in cash, and training inputs delivered by the Department of Labour.³⁶ Where PWP employment was oversubscribed, rationing was carried out using a lottery, with ownership of an identity card being the condition for consideration. Demand for labour exceeded the locally available supply during the construction of highly labour absorbing components of the road, and at these times all available labour was employed, compromising any attempt at targeting in the interests of the exigency of the construction process.

The Zibambele programme in KwaZulu Natal was also initiated in 2000, with the objective of ‘the creation of sustainable job opportunities for poor rural families through the maintenance of rural roads’ (KwaZulu Natal Department of Transport 2002), which may be characterised as sustainable poverty reduction. It was implemented directly by the Provincial Department of Transport, and provided permanent employment through labour intensive road maintenance (rather than construction as in the Gundo Lashu programme) for 14,000 workers on a part-time

³⁴ The Roads Agency Limpopo is a parastatal with responsibility for the management of all provincial level roads.

³⁵ It was possible to earn more than R30 if more than one task were completed in a day.

³⁶ It should be noted that the training package offered to the Gundo Lashu workers was recognised as sub-optimal, and has subsequently been revised.

basis (8 days per month). The programme targeted the poorest members of communities, particularly female household heads, who were selected by community representatives using community institutions developed over several years by the Department of Transport.³⁷ PWP employment is usually oversubscribed and selection is made on the basis of community identification of the poorest with no alternative forms of income or support. Workers were contracted directly by the Department of Transport, and paid at the minimum construction industry wage (R5.57 per hour) for the 60 hours they work on the basis of twelve month annually renewable contracts. Wage payment was made monthly through electronic transfers to the bank accounts of the workers in the nearest town,³⁸ and training was delivered on an ongoing basis by the Department of Transport and their social development consultants. The Zibambele contract was given to a household rather than an individual, so that if the primary worker were sick or passed away, employment in the PWP would shift to another household member.

5: Methodology

The research is based on a survey administered to public works programme participants from two case study programmes in Limpopo and KwaZulu Natal. The survey questionnaire was developed in a format compatible with the Labour Force Survey (LFS)³⁹ in order to facilitate the use of LFS data for rural Limpopo and KwaZulu Natal as a control. The survey was field tested and revised after focus group work with respondents.

The lack of baseline data on public works programme participants in the two programmes posed a serious methodological constraint. A ‘difference-in-difference’ methodology would have been the most appropriate to evaluate the impact of the programmes, using households with similar pre-programme characteristics to those of the households ‘treated’ by becoming PWP participants, as a control. However this approach was not feasible due to the fact that the characteristics of PWP participants were not known *a priori*, rendering the inclusion of a non-treatment control group in the survey impossible; the identification of the characteristics of participants itself formed one of the critical questions which the study set out to examine. In the absence of a control group the survey was conducted only on households with members that participated in PWPs, the ‘treated’ group, and relied on a combination of recall questions in the survey, and the use of non-urban provincial data from the Labour Force Survey (LFS) as a comparator, in order to compensate for this limitation.

³⁷ These institutions are called Rural Road Transport Fora (RRTFs), and are tasked with a range of transport related tasks in addition to the selection of workers, including the selection of priority roads for maintenance etc.

³⁸ Many workers without identity cards were assisted to procure them by project staff in order to open bank accounts.

³⁹ A national survey focused on employment, implemented twice yearly by Statistics South Africa.

The Gundo Lashu PWP worker population was 1,700, and the survey sample was based on a one stage random selection from lists of programme participants. This approach was viable due to the concentration of all workers in two small and easily accessible clusters within the Capricorn District. The survey was implemented from May to June 2003 in collaboration with Roads Agency Limpopo, by two social development consultancies. Of the 348 workers/households in the sample, only 268 were interviewed (77%) due to problems with unknown workers,⁴⁰ and of these 263 surveys were of sufficient quality to use in the subsequent analysis.⁴¹

The Zibambele PWP worker population was 13,865, distributed throughout the province. Due to the large number of workers and their dispersion a two stage sampling methodology was used, with an initial random selection of 15 of the 31 Rural Road Network Transport Fora⁴² in the province, and a subsequent randomised cluster selection of roads. A selected number of workers and their households from each of the selected roads were interviewed, with a final sample size of 413 workers/households.⁴³ The two surveys covered 676 households containing PWP workers, comprising a total of 4,792 household members. Of these, 263 households were from Limpopo and 413 from KwaZulu Natal.

6: Targeting and the Characteristics of PWP Participants

Little is known about the characteristics of those who benefit from participation in the programmes, rendering an assessment of the efficacy of PWPs as social protection instruments problematic. The primary mechanism, and sometimes the only mechanism used to ensure the participation of the ‘poor’ in public works programmes is wage. By setting this at or below the minimum wage, it is assumed that only the poor will self-select for employment, on the basis of the principle of ‘less eligibility’, a concept which implies that ‘relief [social assistance] should be limited to an amount and administered in a manner which left the recipient worse off than the employed.’ (Barr 1998, p 17). This is achieved by setting the wage at or below the prevailing rate, on the assumption that only the poor will self-select for employment in public works at this wage.

⁴⁰ It is likely that the 23% failure rate is the consequence of a combination of ‘ghost workers’, (fictitious workers for whom wages were falsely claimed by contractors), and the employment of workers who were attracted from outside the area to work on the scheme, who then left the area once their employment was completed, a scenario which is likely since local labour supply was not always sufficient to meet demand.

⁴¹ This sample size resulted in a 95% confidence interval with a standard error of 5.4%.

⁴² The administrative unit into which the KwaZulu Natal Department of Transport divides the province for the purpose of the PWP programme.

⁴³ This sample size resulted in a 95% confidence interval with a standard error of 4.8%.

In addition to the wage mechanism, the two case study programmes each use an additional targeting mechanism. The Gundo Lashu programme uses the official PWP participation targets articulated in the Basic Conditions of Employment Act 1997 which governs employment under the Special Public Works Programme, and as such informed both the Community Based Public Works Programme and the more recent Expanded Public Works Programme. The Act sets out quotas for the employment of women (60%), youth aged between 18 and 25 years (20%), and those with disabilities (2%) (Department of Labour, 2002). It is interesting to note that membership of a broad demographic grouping, rather than poverty, is the criterion for inclusion in the programme, despite the programme’s explicitly poverty oriented objectives.⁴⁴ In the Zibambele programme, in contrast, poverty is explicitly used as the targeting criterion, and within the group identified as the ‘poor’, membership of female-headed households is used as a secondary criterion to reach the subset of the most disadvantaged. Hence while both programmes address poverty in their policy objectives, the Zibambele programme uses criteria which are more likely to ensure that the poor participate.

In order to assess the outcome of these two approaches, which use ‘less eligibility’ as the initial targeting mechanism, and complement this with subsidiary targeting criteria, the characteristics of the PWP workers and their households are reviewed and compared to the averages for their respective provinces. By identifying the characteristics of participants and putting them in their respective provincial contexts, the targeting performance of the public works programmes can be reviewed, and their function as social protection instruments assessed.

6.1 Key demographic data

The basic characteristics of the workers from each group are set out in table 1 below.

Table 1: Characteristics of PWP workers

	<i>Gundo Lashu</i>	<i>Zibambele</i>
Mean age	35	45
Female (%)	48	93
Household Head (%)	22	68
Partner of Household Head (%)	20	24
Child of Household Head (%)	45	4
Highest Level of Education (Mode)	Grade 8-10	No education
No Schooling (%)	6	30
Literacy (%)	64 (91)	92 (89)

Note: () denotes rural provincial mean.

⁴⁴ Everatt suggests that the anticipation of positive poverty outcomes from programmes with limited or inconsistent definitions of poverty and hence a limited poverty focus, may not be uncommon in the South African policy context (Everatt 2003, p86).

The Gundo Lashu workers were significantly younger than Zibambele workers, with 22% of the sample being under 25, compared to only 2% among the Zibambele workers, while women comprised only 48% of Gundo Lashu workers, and 93% of the Zibambele sample. This is consistent with the differing age and gender distributions which would be anticipated given the programmes' respective targeting objectives. The Gundo Lashu programme explicitly included 'youth' as a target group on the basis of the Special Public Works Programme criteria, while the Zibambele programme focused on reaching poor female-headed households, having identified this group as the most vulnerable within the province⁴⁵.

There is also a significant difference in terms of the location of workers within the household structure. Gundo Lashu workers were less likely to be household heads or spouses of heads, than the Zibambele sample, and more likely to be the children of the household heads. This suggests that the two programmes are attracting different sections of the households as workers, recruiting workers of differing ages and positions within the household hierarchy, and consequently, it may be imputed, with different labour market functions and responsibilities.

In order to assess the socio-economic location of PWP workers within the provincial distribution, the educational attainments of these workers can be examined.⁴⁶ The Gundo Lashu workers had completed significantly higher levels of education and had significantly higher levels of literacy than the rural provincial mean, after age was accounted for, while the Zibambele sample fell significantly below the mean using both indicators.⁴⁷

The Gundo Lashu programme broadly targeted youth, in line with the SPWP targets, but not explicitly the poor, while the Zibambele programme focused on poor rural women who tend to be older as they are household heads. These targets conform to the two groups which Klasen and Woolard argued comprised the majority of the unemployed in South Africa; the youth unemployed with no labour market experience, and the poorly educated rural unemployed (Klasen and Woolard 1998). Inasmuch as both groups are facing difficulties in terms of gaining access to employment, the targeting of public works employment to these groups is appropriate in order to address unemployment issues. However, the social protection discourse suggests that transfers received by women tend to deliver greater human and social capital benefits

⁴⁵ If age and sex are considered together it is evident that male PWP workers in the Gundo Lashu programme were concentrated in their twenties (43% of the total), while female Gundo Lashu workers were older, being concentrated in their thirties (38%). Both male and female Zibambele workers were concentrated in their forties (31% and 38% respectively) with 68% of women being in their forties and fifties. This also reflects the Zibambele policy of recruiting female household heads as their priority employees, as de facto female household heads are likely to be older.

⁴⁶ While education level and literacy are not necessarily concomitant with income poverty, they are used as indicators to contribute to the socio-economic profiling of those participating in the PWPs in the two case studies.

⁴⁷ See Annexes 1, 2, 3 and 4 for details of the educational attainments among the workers, disaggregated by gender and age.

to households than those received by men (see for example Appleton and Collier 1995, or Hoddinott and Haddad 1995). This supposition is supported with reference to South Africa by Duflo (1999), who found that the welfare impact of pensions received by women had a significantly greater impact on household welfare than those received by men. This highlights the potential tension between the objective of poverty reduction and the objective of enhancing labour market participation among the youth (for a full discussion of this tension, see McCord 2003).

These differing demographic selection criteria are likely to impact on the outcome of the programme. Inclusion of 'youth' is more likely to promote participation by workers who may have the mobility to use their skills and experience for seeking further employment or training away from the home. However, it is likely to have a less beneficial impact on poverty, particularly in the case of male youth, given the weaker relationship between transfers to males compared to females in terms of increased household welfare through spending on issues such as education and nutrition (see for example Case and Deaton 1998).

6.2 Public Works household characteristics

Having reviewed the basic demographic and educational characteristics of the PWP workers themselves, the PWP households themselves are examined, in order to identify the characteristics of the households benefiting from participation in the programme.

The Gundo Lashu and Zibambeke households conform to the provincial rural mean household sizes, 6 in rural Limpopo, and 7 in KwaZulu Natal.⁴⁸ 40% of the Gundo Lashu households were female-headed, compared to a 51% prevalence in rural Limpopo, and 70% of Zibambeke households compared to a provincial prevalence of 53% (Stats SA 2003a). This indicates that among the Gundo Lashu households, the proportion of female-headed households is lower than the provincial norm, and fewer female-headed households are included in the programme than would be expected if recruitment were random. Among Zibambeke households, the proportion of female-headed households is significantly higher than the provincial norm, suggesting that the policy of targeting female-headed households was successfully implemented.

6.3 Targeting conclusions

The two programmes had significantly different demographic and socio-economic characteristics, with the Zibambeke workers being predominantly female, older, less well-educated and more likely to be part of female-headed households, than the

⁴⁸ In the survey, some respondents specified a period of time exceeding 12 months in response to the question, 'How many of the last twelve months have household members been absent?' The household size figure used in these calculations has been adjusted to remove those reported away for 12 months or more per annum.

Limpopo PWP workers, who were younger, more gender balanced, and better educated. Given the similar profiles of the rural population in both provinces, the findings indicate that the two programmes were attracting significantly different segments of the population in terms of the demographic characteristics of the PWP workers.

The households of PWP workers from both programmes were similar in size, but there was a higher concentration of female-headed households in the Zibambele sample, and lower rates of labour migration, characteristics which suggest greater poverty within the Zibambele households, and confirming the findings from the worker level analysis, that the Zibambele households were drawn from a poorer section of the population.

Given that the distribution of poverty, income, and unemployment is similar in Limpopo and KwaZulu Natal (LFS 2003a), the significant differences between the two sample groups suggest that different segments of the population were being targeted in each programme. Also, the demographic characteristics of the PWP workers differs in the two programmes, with the Zibambele workers being predominantly female, household heads, and significantly older than the Gundo Lashu participants, who tended to be the children of the household head, and of equal gender proportions. Also, while the Zibambele households had only one PWP worker, multiple PWP employment was common in Gundo Lashu households, implying that the employment was not spread to as wide a beneficiary base as possible. These differences are consistent with the targeting and rationing methods used in each case, and the fact that the Zibambele programme was explicitly (and *exclusively*) poverty targeted, while the Gundo Lashu programme was more plural in its objectives, aiming to address both poverty and labour market issues through the same intervention.⁴⁹ The effectiveness of the community targeting mechanism in the Zibambele case was contingent on significant investments in social development by the implementing agency over a period of years, which was possible due to the extended duration of the programme and hence the sustained nature of the relationship between the workers, the programme, and the community institution managing the programme at the local level.⁵⁰ It is not clear whether such issues can be addressed in the context of short-term employment projects, particularly when they are implemented by the private sector, and when neither targets nor incentives for targeting the poor are in place, particularly given the additional expenditure on social development required. The limited poverty focus of the Gundo Lashu programme is illustrative of this problem, confirming research on the Maharashtra Employment Guarantee Scheme in India which has also found evidence of the negative implications for poverty targeting of private sector implementation, due to the inherent tension between profit-based incentives, and the social investment required to ensure the inclusion of the poorest (Pellissery, forthcoming).

⁴⁹ For a discussion of the conceptual and implementational difficulties and inefficiencies arising from PWP programmes with plural objectives, see McCord (2003).

⁵⁰ A further indication of the community ownership of the programme was the social regulation of the distribution of the scarce resource of labour market opportunity within the community.

The survey findings illustrate that the rationing of access to employment is critical given the level of excess demand for employment. In the context of chronic mass unemployment and poverty, with low prevailing rural wages and extremely limited public works employment opportunities, the principle of 'less eligibility' is compromised by the significant excess demand for employment, and is rendered an inadequate targeting tool in terms of the objective of providing a safety net for 'the poorest'. In the light of this, rationing and targeting become critical, and the strategies adopted to address them are highly contingent on the primary policy objective of the programme, (i.e. whether labour market or poverty reduction outcomes are the priority) and the intended beneficiary group (unemployed youth, female-headed households, the 'poorest' etc.), taking into account the heterogeneity of the unemployed working age poor and differentiating policy accordingly.

If the objective of the intervention is to promote employment performance, the unemployed youth should be targeted, although the survey findings indicate such an intervention may be of limited benefit given the restricted nature of labour demand. If poverty alleviation or social protection is the objective, then older women or female-headed households in remote rural areas are likely to be the most appropriate target (see Hoddinott and Haddad (1995)). Interestingly, the survey and focus group findings indicate that it was the unusual conditions of employment in the Zimbabwe programme (proximity of work location to domicile, part-time nature of the employment, flexibility of working hours, and provision for intra-household labour substitution), which enabled increased labour market participation among those who would be excluded from the conventional labour market due to domestic responsibilities and mobility constraints. However, the social protection benefits of the participation of this group in a PWP are likely to be significant. Failure to distinguish between labour market and social protection objectives in both policy and implementation, is liable to lead to targeting and programme design errors, inefficient allocation of resources, and ultimately to a mismatch between policy rhetoric and outcomes.

If the scale of the PWP employment were sufficiently large in relation to the number of unemployed, targeting interventions over and above the self-targeting aspect of 'less eligibility' would not necessarily be required in order to reach the 'poorest'. However, given the disjunct between the size of the problem and the scale of the response,⁵¹ and the fact that PWPs are the only social protection instrument for the majority of the unemployed working age poor, additional targeting and rationing mechanisms are critical to ensure that the most vulnerable are included. Targeting criteria need to reflect more than crude generic group identity criteria, such as youth, women and the disabled, which together would render approximately 70% of the population eligible for participation, and conflate the target groups required for poverty and labour market outcomes, leading to the inefficiencies and mis-targeting discussed above.

⁵¹ If fully implemented, the proposed EPWP would offer 100,000 temporary employment opportunities each year, absorbing less than 1% of unemployed workdays per annum, and reaching less than 2% of the unemployed (see McCord 2003).

The low level of prevailing wages in the programme areas (focus group discussions indicated remuneration of between R200 and R300 a month for full-time employment, eg as a domestic worker, or cane cutter), together with the episodic and unpredictable nature of employment, indicate that whether remuneration is set at the minimum hourly wage rate, as in the Zibambebe programme, or at the minimum wage less a negotiated margin, as in the Gundo Lashu programme, the PWP wage is likely to be attractive to a large proportion of the rural workforce, and not just the 'poorest'. However, to pay less than these rates may be problematic in moral terms, as even when receiving the relatively 'generous' effective wages offered in the PWP programmes, the majority of participants remain below the poverty line. Moreover, a lower wage would be extremely unlikely to make significant impacts on sustained poverty reduction or employment.

7: Labour Markets and PWP Households

In order to assess the employment profile of PWP households and draw conclusions regarding both the labour market impact and targeting aspects of the programme, labour market participation, employment and unemployment are explored below. A data table containing the participation and employment rates for different components of the sample population, discussed below, is included in Annex 7.

7.1 Labour force participation

The broad labour market participation rate among all members of Gundo Lashu households was 63%, or 56% if current PWP workers are removed.⁵² For Zibambebe households, the participation rates were 62% and 49% respectively.⁵³ The 13% difference between participation rates when Zibambebe workers are excluded and included is interesting in the light of the growing rate of female labour market participation documented by Casale and Posel (2002). This was noted in focus group discussions in KwaZulu Natal, where workers stated that the Zibambebe programme had made possible the entry of women into the labour market, when otherwise opportunities would not be available. The impetus for these increased participation rates by women is explained by Posel in the following terms, 'Changes in household composition and marital rates, together with increasing job and income insecurity and rising levels of male unemployment, [...] placed increased pressure on women to earn or generate an income.' (Posel 2003, p. 469-70).

⁵² Out of a working age population of 911, 570 were employed or seeking work. If current PWP workers are excluded, out of a working age population of 782, 441 were employed or seeking work (those for whom labour market data was missing were excluded from the analysis).

⁵³ For Zibambebe households out of a working age population of 1500, 929 were employed or seeking work, and if PWP workers are excluded, out of a working population of 1105, 536 were employed or seeking work (those for whom labour market data was missing were excluded from the analysis).

The overall participation rates may be compared to the national (broad) rate of 68% (Stats SA 2004). For both groups, the participation rates are marginally lower than the national figure when PWP employment is included, and significantly lower if it is excluded, particularly in the case of the Zibambele households. Given the low levels of prior labour market engagement by Gundo Lashu PWP workers, 34% of whom had never been employed prior to engagement in the PWP, the poor post-PWP performance of former workers in the labour market, and the focus group insights regarding increased labour market participation on the part of the Zibambele workers, it looks likely that the PWP may be functioning to increase labour force participation.

7.2 Employment

The distribution of employment (both PWP and regular employment) among PWP households is set out in table 2 below. 149 Gundo Lashu households had no members currently employed as PWP workers, as their PWP contracts had been completed prior to the interview. These are referred to as former Gundo Lashu households in the text below.

Table 2: Total number employed per household (including PWP employment)

<i>Number Employed per household</i>	<i>Gundo Lashu</i>		<i>Zibambele</i>
	<i>Former</i>	<i>Current</i>	<i>Current</i>
	<i>% of households</i>		
0	47	0	0
1	39	56	82
2	11	35	14
3 or more	3	9	5

Among Zibambele households, 82% reported only 1 working household member, (only the PWP workers), with only 19% having two or more. This implies a heavy reliance on PWP employment within the Zibambele households. It is likely that PWP employment is leading to shifts in the distribution and allocation of formal/informal employment activity between household members within the household, with some employment substitution at household level. This is discussed in more detail below.

Within the Gundo Lashu sample, there are three categories of labour market participants; those currently engaged in PWP activity, those for whom Gundo Lashu employment has ceased and those who have not had the opportunity to work on the PWP at all. These three categories may be considered in terms of their employment status.

21% of former Gundo Lashu workers had worked recently,⁵⁴ compared to 35% of Gundo Lashu labour force participants who were not PWP workers. This challenges the notion that participation in PWP activity will significantly enhance labour market performance, at least in the short- to medium-term. The reasons cited by respondents for their poor labour market performance after participation in a PWP were primarily lack of demand for labour (75%). Of the non-PWP workers in Gundo Lashu households who reported working recently, 49% were engaged in regular wage labour, 26% in casual wage labour, and 12% in both subsistence agriculture and non-farm enterprises. 18% of the non-PWP Zibambebe labour market participants reported working recently, and of these, 63% were engaged in casual wage labour, 19% in regular wage labour and 9% in non-farm enterprises. These workers faced a more casual employment situation than Gundo Lashu household members, with only 19% of working Zibambebe household members having regular wage employment, compared to 49% among the working Gundo Lashu workers.

Interestingly, a small number of Zibambebe workers (n=11) reported temporary work activity (RDP housing construction, factory work, temporary farm labour, domestic work and domestic production) which they carried out in addition to their PWP employment, as a reason for not finding additional ‘employment’. This suggests that the extent of temporary or episodic employment may be greater than is captured in the survey, and would be consistent with the work of Adato *et al.* (2003) which characterises much employment as episodic and short-term, and not considered by respondents as ‘work’.⁵⁵

The PWP survey revealed significant levels of engagement in subsistence agriculture at a household level, with 67% of Gundo Lashu households and 87% of Zibambebe households reporting domestic agricultural production. The main factor limiting agricultural activity among Gundo Lashu households was insufficient land access (53%), while among Zibambebe households, lack of cash for inputs (33%) and insufficient land access (31%), were seen as the main constraints. The implication of these findings is that access to cash through PWP wages could have a positive impact on domestic production by enabling the purchase of agricultural inputs.

7.3 Unemployment

The broad rate of unemployment will be used as the basis of discussion in this section since it is more appropriate than the narrow rate in a context where extremely high unemployment may lead even those who genuinely want work to become ‘discouraged’ and stop searching, as a rational response to the known unavailability of

⁵⁴ It should be noted that exit from the programme was involuntary, resulting from the short-term nature of the employment offered under the Gundo Lashu programme, and as such does not represent a voluntary exit from the labour force.

⁵⁵ This is also indicated by the spike in informal sector employment recorded in the LFS (February 2002), which was carried out subsequent to an additional survey on informal sector work, which shifted conceptualisation of informal work as ‘work’ in the minds of respondents.

employment. The fact that workers are discouraged does not imply that their joblessness is of less policy concern, and hence it is appropriate to include this group of workers within the category of the unemployed, see Kingdon and Knight (2000), and Natrass (2000).

The broad unemployment rate among all Gundo Lashu household members, including current PWP workers, is 54.2%, and the narrow rate is 53.8%. These rates may be compared to unemployment rates for rural Limpopo of 40.6% (narrow) and 59.7% (broad) derived from the March 2003 Labour Force Survey (Stats SA 2003a), see table 3 below. It is interesting to note that the gap between the narrow and broad unemployment rate among PWP households is less than 1%, unlike the gap between the two rates for the rural Limpopo population as a whole. This may be an artefact of the way the question was asked in the survey, or alternatively reflect a strategic response to the description of their job search status on the part of the respondents.⁵⁶

Table 3: Rural Limpopo provincial unemployment (%)

	<i>Rural Limpopo (Stats SA)</i>			<i>All Gundo Lashu Household members (including former and PWP workers)</i>	<i>Gundo Lashu Household members (excluding all PWP workers, former and current)</i>	<i>Gundo Lashu Household members (excluding current PWP workers)</i>	<i>Former Gundo Lashu PWP workers</i>
	<i>Total</i>						
	<i>All</i>	<i>Male</i>	<i>Female</i>				
Narrow	39.6	35.5	43.2	53.8	64.9	69.3	78.3
Broad	59.7	51.0	65.8	54.2	65.2	69.7	78.6

Source: Stats SA 2003 (LFS March 2003) and own figures.

The presence of current PWP employment in the labour market obscures the underlying unemployment rate among participating households, as it treats PWP participants as workers, rather than members of the unemployed with temporary public works employment. If it is assumed that no substitution of employment is taking place, the prevailing unemployment rate in PWP households can be calculated by excluding current PWP employment. In this case, the broad unemployment rate among Gundo Lashu household members is 70%. Interestingly, this rate falls to 65% if all PWP workers are excluded (past and present), since unemployment is higher among former

⁵⁶ Kingdon, pers. comm., 2004, has suggested that this limited gap could be a consequence of the fact that household members perceived that jobs might be on offer in the PWP, and as a consequence discouraged labour force participants who do not normally search for work, reported themselves as looking for work in the survey. In this way the smallness of the narrow-broad gap could indicate that when people think jobs *are* available, they are more likely to report themselves as looking for work, and suggests that the broad unemployment rate is ultimately the right one in the high unemployment context of South Africa.

PWP workers than non-PWP participants, (79% compared to 65%). This suggests that the PWP workers themselves comprise a group which is less successful in the open labour market than their non-PWP household colleagues, and is an important area for future analysis. The critical insight emerging from this analysis is that the unemployment rate among former PWP employees is extremely high, at 79%, significantly above that of non-PWP participants.

In order to assess the impact of the programme on unemployment empirically, at both household and worker level, ideally the pre-PWP unemployment rate of household members would be used to indicate the unemployment rate without the implementation of a PWP. However, in the absence of a baseline study, this information must be inferred from the recall data included in the survey, which does not allow the complexity of intra-household labour shifts arising from PWP employment to be modelled, and so the ‘without-PWP’ unemployment rate can only be inferred. The survey indicates that 33% of Gundo Lashu workers were engaged in substitution of employment, having given up or reduced some form of alternative employment (paid or unpaid) in order to participate in the programme, (see section 8.6.1). On this basis, it can be assumed that in the absence of PWP employment, the aggregate prevailing unemployment rate among the members of PWP households would fall between the former PWP worker unemployment rate of 79% and the 65% of non-PWP workers. The fact that 34% of all PWP workers had no previous labour market experience, and the high level of unemployment reported among the former PWP workers (79%), suggests that this group may be less successful in the labour market than their non-PWP compatriots, pushing the unemployment rate without a PWP up above 65%, particularly since only one third of the PWP workers reported employment substitution.

While it is not possible to identify the impact of the programme in terms of unemployment among former PWP workers due to the lack of baseline data on their prior employment or labour force participation status, the extremely high prevailing unemployment level among former PWP workers fundamentally challenges the assumption that PWP participation has a significant beneficial impact in terms of subsequent employment performance.⁵⁷

Among all Zibambebe household members, the broad unemployment rate was 47%. If PWP employees are excluded, the figure is 82%, 24% above the rural provincial mean, see table 4 below.

⁵⁷ It should be noted that this finding implies poor labour market performance in the short- to medium-term, and that frictional unemployment may account for part of this high rate. The longer term employment implications of PWP employment cannot be inferred from this study, as none of the former PWP employees interviewed had been unemployed for longer than 6 months. This finding indicates the importance of medium- to long-term tracking of the labour market performance of former PWP workers in order to assess their labour market impact in the long term.

Table 4: Rural KwaZulu Natal provincial unemployment (%)

	<i>Rural KwaZulu Natal (Stats SA)</i>			<i>Zibambele Household members (including PWP workers)</i>	<i>Zibambele Household members (excluding PWP workers)</i>
	<i>% unemployed</i>				
	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Total</i>
Narrow	39.7	38.5	40.9	45.7	80.6
Broad	57.8	54.3	60.8	47.3	81.5

Source: Stats SA 2003 (LFS March 2003) and own figures.

Since 28% of Zibambele PWP workers reported employment substitution, and some were new labour market participants, it may be assumed that the prevailing unemployment rate in programme areas falls towards the upper end of the range between the PWP and non-PWP unemployment rates, ie between 48% and 82%.

Non PWP workers from both samples displayed similar labour market engagement profiles in terms of previous work experience. Among Gundo Lashu household labour force participants who were not PWP workers, 69% had never worked and 13% had not worked for 3 years or more, with figures of 67% and 11% respectively for the Zibambele workers. For those with labour market experience the modal period of unemployment was 3 years or more in both groups. Among former Gundo Lashu PWP workers, 34% had never been employed before engagement in the PWP, and 13% had not been employed for more than 3 years. This compares to 25% and 30% respectively among the Zibambele workers. The higher percentage of Gundo Lashu workers without previous labour market experience is consistent with the greater youth focus of the programme.

7.3.1 Unemployment discussion

In both instances, the ‘pre PWP’ unemployment rate is likely to fall between the inclusive figure, which takes into account PWP employment, and the exclusive figure, which assumes all PWP employment is additional. The actual extent of unemployment is dependent on the extent to which labour substitution is taking place, PWP employment is replacing market-based employment, and also the degree of homogeneity between the PWP and non-PWP worker groups in terms of characteristics affecting labour market performance. If PWP employment is excluded, the unemployment rates are in excess of the broad provincial figures in the Gundo Lashu and Zibambele programmes respectively, suggesting that unemployment in both case study groups may be greater than the provincial norms, particularly in the case of the Zibambele households. This accords with the expectation that the unemployment rate among PWP households would be greater than provincial and PWP area norms because of the likely self-selection of higher-unemployment households into PWPs.

Unfortunately however, with the data available it is not possible to extend this analysis to determine whether the programmes concentrated on individual households with higher than average unemployment levels in their area, or in areas of higher than average unemployment.⁵⁸

Levels of unemployment among non-PWP participants were extremely high. Only 35% and 18% of Gundo Lashu and Zibambebe labour force participants respectively, had worked recently, with 64% of Gundo Lashu household members being employed in regular wage labour, compared to only 18% of the Zibambebe household members. Zibambebe labour market participants faced a more insecure relationship with the labour market than those from Gundo Lashu, as 63% of Zibambebe employment was in the form of irregular casual labour, compared to 21% of Gundo Lashu employment. This is linked to the more limited employment opportunities in the Zibambebe areas, with less access to agricultural sector employment than in the Gundo Lashu area.⁵⁹ Both groups experienced a high degree of marginalisation from the formal regular labour market, which was particularly acute in the Zibambebe households.

7.4 Constraints to labour market participation

Among labour market participants who had not worked recently the main reason for not looking for work was that no jobs were available in the area, this supports the argument for the use of the term ‘discouraged’ unemployed for this group, and suggests that their inclusion in the unemployment statistics is appropriate (see Kingdon and Knight, 2000).

Among Zibambebe PWP workers who answered the question about work seeking activity, 63% stated that they were looking for work in addition to Zibambebe employment, while 29% stated that due to their Zibambebe employment they were not seeking other work. 85% of the Zibambebe workers who were not seeking additional employment gave reasons for their decision not to seek employment, and the dominant answer was lack of employment opportunities in the area, (28%). The second most frequent answer was ‘family considerations/child care’ (24%), which suggests that the Zibambebe workers may not have the mobility to engage in work seeking activity away from home, and that domestic responsibilities limit their ability to participate in the labour market. Ill health/disability was a frequent response, given by 22% of Zibambebe respondents, suggesting that the Zibambebe programme may be catering for those with physical infirmities which would preclude conventional labour market participation. The health and domestic care constraints on labour market participation highlighted here may have implications for the aspirations of national public works interventions, in terms of the progression of PWP workers from PWP employment to

⁵⁸ Targeting in the Gundo Lashu programme was geographical, although not on the basis of poverty or unemployment characteristics, but according to road construction considerations, while the Zibambebe programme explicitly targeted the poor within communities.

⁵⁹ Access to alternative employment opportunities was discussed in focus groups with Gundo Lashu workers, December 2003, and Zibambebe workers, February 2004.

employment in the open labour market. It may be that those selected for participation in a public works programme on the basis of their poverty, face health, domestic responsibility or labour constraints which would limit their participation in the labour market, particularly if employment were not available in the immediate vicinity.

Lack of mobility was also raised as a constraint to employment. Those not working but available for work, were asked if they sometimes travelled away from home to look for employment. Among unemployed Gundo Lashu household members, 54% sometimes travelled away, compared to only 36% of Zibambeke household members. Among Zibambeke PWP workers (who are 93% female), only 5% reported travelling in search of employment. The low mobility of Zibambeke workers might be accounted for either due to their PWP employment, or alternatively due to their gender. Todes (2001) quoted in Posel (2003, p. 466), noted the impact of gender on migration in her study of migration in Newcastle, KwaZulu Natal 'It was rare for women to experience the freedom of movement that men did. Women's mobility varied according to their position in the household. Married women could not move at will - their husband's power in this regard was clearly apparent. Unmarried women were freer to move, but this depended on their position and conditions within the household. They were frequently constrained by their roles as care-givers - responsibility for children, the sick and disabled, and for old parents.' (Todes 2001, p. 17-18). In both sets of households, a higher percentage of men than women reported travelling in search of work, confirming the findings of Todes (2001) and Posel (2004).⁶⁰ Traveling in search of work was significantly less frequent among the Zibambeke unemployed than the Gundo Lashu, perhaps due to the greater inaccessibility of some remote rural Zibambeke programme areas, compared to the Gundo Lashu area.

In both cases, financial constraints were the main factor inhibiting job search activity away from the home. If this is considered in relation to the perceived (and real) lack of employment availability, and the recognition that lack of social networks in urban areas limit both access to information about job availability and also help from 'contacts' who might facilitate access to jobs, which emerged from focus group discussions, it is clear that even with the cash injection of the PWP wage, job search activity with an uncertain outcome was not seen as a rational use of scarce financial resources in the PWP households. This realistic assessment of labour demand, and of the critical role of social networks in securing employment, corresponds to findings by Nattrass (2000), and suggests that high levels of unemployment and very limited access to labour market information by those in rural areas, inform labour market choices and constrain job search activity.

Together with the mobility constraint of household obligations, which particularly affects female household members, and the high unemployment levels among former Gundo Lashu workers, these findings challenge the 'welfare to work' assumptions underlying PWPs in South Africa, which argue that participation in a PWP is a

⁶⁰ Among the Gundo Lashu unemployed, 59% of men travelled in search of employment compared to 50% of women, and in Zibambeke households, 42% of unemployed men compared to 32% of women.

‘stepping stone’ to employment in the open labour market (Department of Public Works, 2004). While unemployment rates remain high and the outcome of job search uncertain, the rational response may be to conserve scarce financial resources for immediate priority needs, rather than to risk them on investment in job search, particularly when the inhibiting effect of lack of social contacts is well understood. In focus group discussions, workers in Limpopo also reported that the range of employment for which they might migrate was shrinking as a consequence of the introduction of the minimum wage for domestic workers, thereby reducing urban employment opportunities particularly for women. Interestingly, a similar shrinkage of employment in the agricultural sector, which was also subject to the introduction of minimum wage legislation at the same time, was not noted, although an increase in the casualisation of employment, in order to avoid the wage legislation, was reported.⁶¹

These findings confirm the argument put forward by Bhorat (2001), which highlighted the critical importance of considering labour mobility and the heterogeneity of labour market characteristics of the unemployed when designing labour market interventions, arguing for example that investment in technical skills training for older deep rural women may be inappropriate in the light of their limited ability to migrate in search of employment, given the lack of labour demand in their areas of domicile, while for younger, more mobile labour market participants, such training may be more appropriate.

8: Income in PWP Households

8.1 The PWP wage

In order to assess the income impact of the public works programme intervention, the wage derived from the PWP participation will first be explored. The distribution of wages in both programmes is illustrated in figure 3 below.

The mean monthly PWP wage for current Gundo Lashu workers was R579, with a wide distribution of values made possible by the task-based payment modality, under which workers were paid per task, and also by the variable contract length of workers, with some working 24 days per month, and others working for shorter periods.⁶² The mean monthly PWP wage for Zibambele workers was R330, with a significantly smaller distribution. The gross Zibambele wage was R334 a month for all workers,

⁶¹ The Gundo Lashu focus groups reported a decrease in contract based agricultural employment by large agribusinesses, in favour of increased daily casual employment.

⁶² The Gundo Lashu programme was designed with the objective of each worker completing one task per day in order to attain the daily work rate (R30). In some cases, wage records suggest that workers were able to complete more than one task per day, and hence earn in excess of R30 per day.

and the limited variation in reported wage may be due in part to the smaller net amount available once bank fees of between R15 and R25 have been deducted.⁶³

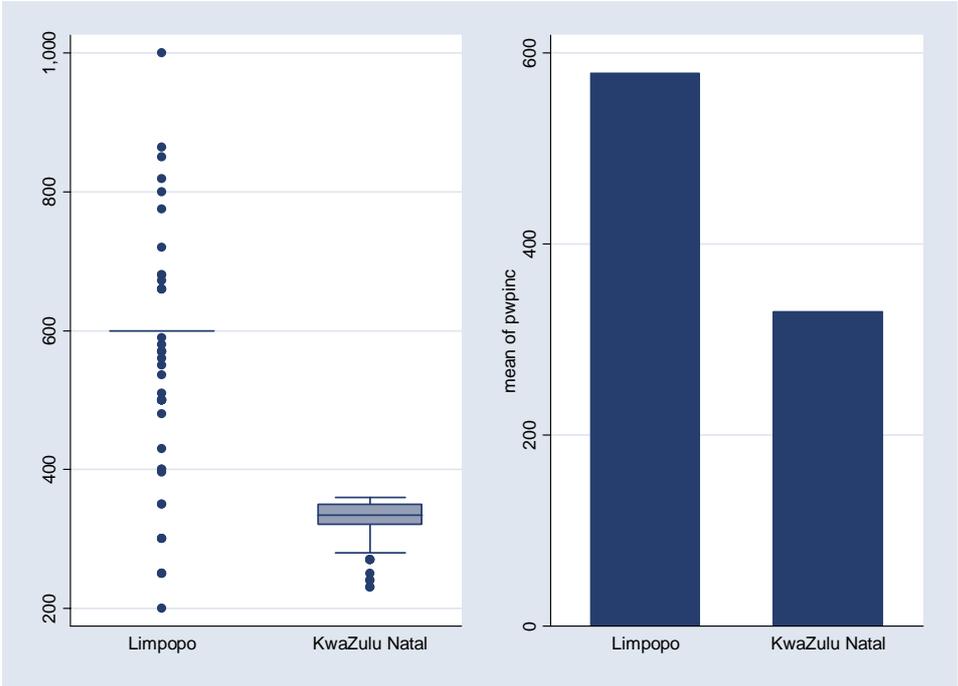


Figure 2: Distribution and means of PWP wages

8.2 The non-PWP wage

PWP wage income is compared to wage income for non-PWP workers in table 5 below. Total wage income is given for those PWP workers who reported income in addition to the PWP wage.

Table 5: Total monthly wage income (Rands)

	Mean PWP worker wage	Range	Mean PWP worker wage with additional income	Range	Mean non-PWP worker total wage	Range	Former PWP worker wage	Range
Gundo Lashu	579	200-1000	886 ^a	750-1172	674	36-3960	597 ^c	100-2640
Zibambele	330	230-360	492 ^b	320-2140	327	40-2000	n/a	n/a

Notes: a) 7% of PWP workers; b) 28% of PWP workers; c) 17% of former PWP workers.

⁶³ The loss of between 4 – 7% of the Zibambele wage on bank charges is problematic and indicative of the limited sensitivity of the banking sector in South Africa to the needs of poor customers.

7% of current Gundo Lashu workers reported additional wage income from other sources. For these workers, the mean total income from all employment was R886, 53% above the mean Gundo Lashu wage. 17% of former Gundo Lashu these workers reported current employment, and for this group the mean wage was R597.

At R674, the mean wage was higher for non PWP workers than for those who had participated in the programme. This is in line with the high unemployment rates and low levels of labour market experience of the former PWP workers noted above. This suggests that participation in the Gundo Lashu programme may not have led to improved labour market performance in terms of increased income for participants, and that it cannot be taken as axiomatic that participation in a PWP will lead to improved labour market performance. However, the caveat noted above applies, that without baseline data regarding the prior income of PWP workers, it is not possible to state definitively that participation in the PWP has not led to increased wage income, only to note the lowness of the wage of former PWP workers, compared to non-PWP workers.

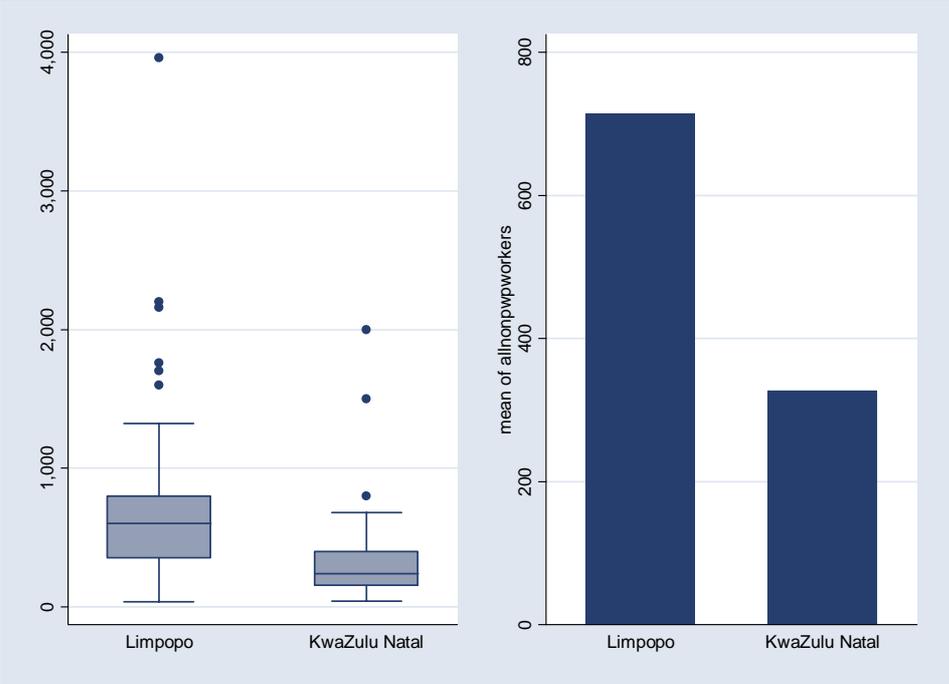


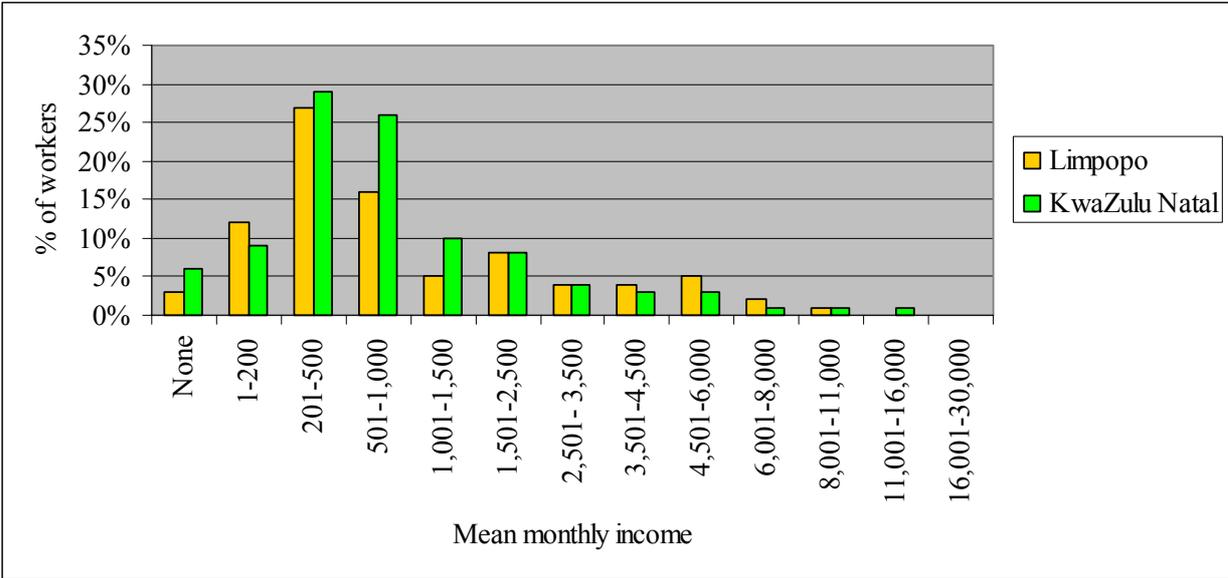
Figure 3: Distribution and means of non-PWP income

As would be expected, given the part-time nature of the Zibambele employment, a higher percentage of Zibambele than Gundo Lashu workers recorded additional income, 28% compared to 7%, with a mean monthly wage income of R492, 49% higher than the mean PWP wage. Workers reliant on the PWP wage alone had a significantly lower wage income than non-PWP workers in the Gundo Lashu programme, but in Zibambele the wage income was similar for both groups (R330 compared to R327).

Figure 3 illustrates the distribution of non-PWP worker income in the two programmes. It is clear that the distribution of incomes in the Gundo Lashu programme is more widely spread, with a mean which is twice that of the Zibambele programme, indicating that the Zibambele group is more homogeneous, and with significantly lower wage incomes. This is consistent with the demographic findings in section 6.1, and the employment findings in section 7.2, confirming that the Zibambele programme may be more poverty targeted, and more focused on a poorer population sub-group than the Gundo Lashu programme.

8.3 The prevailing wage

The monthly PWP wage must be considered in the context of the distribution of main income for rural Limpopo and KwaZulu Natal from the LFS, which is set out in figure 4 below (for data table see Annex 6).



Source: Labour Force Survey, March 2003.

Figure 4: Main monthly rural income (Rands)

In order to locate the PWP wages within the hierarchy of wages offered in the two provinces, the PWP wage may be compared to rural provincial wages for different sectors, drawn from the March 2003 LFS, and the reported incomes of non-PWP survey respondents. Only main incomes are taken into consideration in this section, in order to be consistent with the information gathered in the LFS.

The mean monthly main wage income for non-PWP workers in Gundo Lashu households is disaggregated by work category in table 6 below, together with the monthly PWP income, and mean income for formal and informal sector workers and elementary workers taken from the 2003 LFS for rural Limpopo.

Table 6: Main Gundo Lashu wage incomes with provincial comparators (Rands)

<i>Work Category</i>	<i>Mean</i>	<i>Range</i>
Public Works	579	200-1000
Regular wage labour	774	200-2640
Casual wage labour	612	100-3960
Subsistence agriculture	218	36-400
Non-farm enterprises	446	40-1320
Formal sector *	1618	30-9000
Informal sector*	385	6-9000
Elementary workers*	549	6-5000

Note: * LFS, March 2003.

When compared to the main income figures for rural Limpopo the level of the PWP wage may be seen in the context of the provincial wage distribution, and the likelihood of self-targeting on the basis of ‘less eligibility’ assessed. The PWP wage is less than both the casual and regular labour wages, but higher than income earned from subsistence agriculture and non-farm enterprises. PWP workers may be compared to elementary workers in terms of their skill levels, and the LFS data shows that the public works wage is 9% above the mean elementary worker income of R549, although the elementary worker income is far more widely distributed. The PWP wage falls between the mean formal and informal sector incomes (R1618⁶⁴ and R385 respectively),⁶⁵ although it should be noted that the PWP participants are mainly unskilled workers who would only be able to access unskilled formal and informal sector employment, which would tend to be at the lower end of the wage distribution for these sectors.

The fact that the Gundo Lashu wage falls above the informal sector mean, the elementary sector mean, the subsistence agriculture mean and the non-farm enterprise mean should lead to excess demand for PWP employment, compromising the effectiveness of the wage as the primary instrument for rationing access to employment, in terms of the principle of ‘less eligibility’. It is likely to draw workers from alternative employment, rather than attracting only those with only limited access to income. This is problematic if targeting the poorest is an objective, as the poorest are less likely to succeed in accessing rationed employment, than those with superior socio-economic status and social capital. The characteristics of the PWP employees in the Gundo Lashu programme outlined above suggest that this crowding out of the poorest may be occurring. In this instance, the adoption of additional eligibility criteria would be required to ensure that the programme included those for whom it was primarily intended. It should be noted however, that the wage levels for some

⁶⁴ Less than 1% of all values were greater than R10,000, these outliers have been removed in both the Limpopo and KwaZulu Natal data.

⁶⁵ According to the LFS in non-urban Limpopo, of those who specified the nature of their employment, 59% were in the formal sector, and 31% the informal sector.

forms of alternative employment in the Gundo Lashu area were reported by Gundo Lashu workers to be as low as R6 a day, and so attracting labour out of prior employment into PWP employment may not *de facto* be considered undesirable.

It is however the effective value of the Gundo Lashu wage which needs to be considered when making comparisons with other sources of income. Since Gundo Lashu employment is designed to require 5 hours of labour inputs per day, the PWP wage is received for less than a full day of labour, rendering the effective wage higher than a wage which is received for a full day of work. In order to explore the question of the effective PWP wage in more detail further analysis of the hours of work required for the various levels of remuneration outlined above reported in the LFS would be required. However, in the absence of such an analysis it should be noted that the limited work hours of the Gundo Lashu programme are likely to render the effective wage higher in comparison to prevailing wages, and further undermine the self-targeting impact of the programme on the basis of the principle of 'less eligibility'.

The mean monthly main wage income for non-PWP workers in Zibambele households is disaggregated by work category in table 7 below, together with the monthly PWP income and mean incomes for formal and informal sector workers and elementary workers from the LFS for rural KwaZulu Natal.

The Zibambele wage was above the incomes reported for casual wage labour and non-farm enterprises, but below the mean regular wage labour income, suggesting that the risk of undermining the principle of 'less eligibility' is less significant in the Zibambele programme than Gundo Lashu, and that consequently the problems of oversubscription by the non-poorest and the distortionary effect of the programme on the labour market in terms of inducing labour market substitution, by drawing workers out of prior employment, are likely to be of less concern.⁶⁶ The PWP wage is significantly below the LFS figure for mean formal sector income in rural KwaZulu Natal and the informal income figure.⁶⁷ For elementary workers in KwaZulu Natal, the mean wage was R493⁶⁸, considerably above the Zibambele wage. However, as with the Gundo Lashu programme, the effective value of the Zibambele wage also needs to be considered, as the PWP wage is paid for only 8 days (60 hours) of labour, leaving 22 days per month for other activities. Hence the principle of 'less eligibility' is also challenged within the Zibambele programme, as the effective wage is likely to be higher than for other available employment, where more than 60 hours of labour would be required for a similar wage. As a consequence, self-targeting through the 'less eligibility' criterion is also likely to be undermined.

⁶⁶ However, such is the extent of unemployment in KwaZulu Natal in relation to the size of the Zibambele programme, that significant oversubscription and consequently rationing of employment takes place, and hence additional targeting criteria are required in addition to the 'less eligibility' function of a low wage.

⁶⁷ For those who reported income and specified the nature of their employment, 61% were in the formal sector, and 39% informal (Stats SA 2003a).

⁶⁸ Outliers over R10,000, totaling less than 0.2% of the sample have been excluded from this analysis.

Table 7: Main Zimbabwe wage incomes with provincial comparators

<i>Kind of work</i>	<i>Mean</i>	<i>Range</i>
Public Works	330	230-360
Regular wage labour	523	40-2000
Casual wage labour	303	44-800
Subsistence agriculture	-	-
Non-farm enterprises	107	60-190
Formal sector*	1072	50-8000
Informal sector*	422	30-5000
Elementary workers*	R493	30-5000

Notes:

- Denotes insufficient data available.

* LFS, March 2003.

It is important to note that the focus group research confirmed findings by Adato *et al.* (2003) regarding the episodic and fragmented nature of labour market participation and the unpredictability of wage income. This implies that there may be an important qualitative difference between a higher but unpredictable and unsustainable wage, and a lower but sustained public works transfer. The value ascribed by public works participants to the certainty of the wage transfer for a given period, was highlighted by Dev (1995), who argued that even when transfer benefits are small, income stabilisation can pre-empt acute distress, and in such cases the insurance or 'risk benefit' function of a transfer may be as important as its transfer function.⁶⁹ This finding was vehemently confirmed in focus group discussions with Zimbabwe workers.

8.4 Total household wage income

For households with current Gundo Lashu workers, the mean monthly household wage income is R856. For households without current Gundo Lashu employment, 61% report zero wage income,⁷⁰ and if these households are removed, mean wage income is R787, ranging from R100 to R2640. It is interesting to note that for households reporting income, the difference between households with current and formerly PWP employment is only 8% of household wage income. This indicates that for those households with access to work, monthly wage income is not significantly altered by participation in PWP. The mean total wage income for Zimbabwe households is R434, 51% that of Gundo Lashu households.

⁶⁹ Dev (1995) argues that for the large-scale Maharashtra Employment Guarantee Scheme in India, the risk benefit is of greater significance in promoting household welfare than the value of the transfer itself.

⁷⁰ It is assumed that these households are dependent on non-wage income in the form of remittances, transfers, and contributions from within the community, see section 9.

The contribution of PWP income as percentage of total household wage is shown in figure 5.

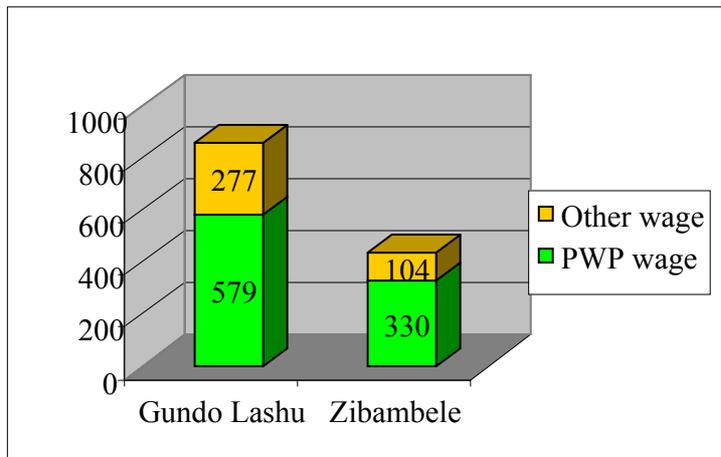


Figure 5: PWP wage as contribution to total monthly household wage (Rands)

For households with current Gundo Lashu workers, PWP income represented 68% of total household wage, while the Zibambele wage represented 76%.

8.4.1 Adult equivalent per capita total wage income

In order to promote comparability between households of differing size and demographic composition, adult equivalent *per capita* income may be calculated. Using this method the consumption needs of a household are calculated by converting children to adult costs through the application of a child cost ratio and factoring in household economies of scale. A child cost ratio of 0.5 is used and an economies of scale parameter of 0.9, following Woolard and Leibbrandt (2001, p. 54).⁷¹

For the former Gundo Lashu households reporting wage income, the mean adjusted *per capita* wage was R174,⁷² and for current Gundo Lashu households, the figure was R194.⁷³ Hence among households with employment, the mean adjusted *per capita* wage was on average only R20 higher for those with Gundo Lashu employment than those without, a difference which is not statistically significant. This indicates that receipt of the PWP wage did not raise the income of Gundo Lashu households significantly above the mean income of working households. However it provided an income to households without alternative income which approached the *per capita*

⁷¹ The equivalence scale is of the form $E = (A + \alpha K)^\theta$, where E = the number of adult equivalents, A = number of adults, α = the child cost ratio, K = number of children, and θ the household economies of scale factor (Leibbrandt, Woolard and Borat, 2001, p40). For the purpose of this calculation, children are those under the age of 18. For a discussion of the arbitrariness of values assigned to the child cost ratio and household economies of scale factor, and their significance of their sensitivity implications see Meth (2004a).

⁷² An outlier of R1940 adjusted *per capita* income was removed from this group.

⁷³ Two households among the currently employed also reported zero income. However this was due to missing data and as such these households have been excluded from the analysis.

income mean of working households. In Zibambele households, the mean adjusted *per capita* wage income was R108, significantly lower than the Gundo Lashu household figure of R194, reflecting the larger wage transfer in the Gundo Lashu programme.

8.5 Income forgone

In order to assess the wage impact of participation in a PWP in the context of a dynamic process of labour substitution at household level, it is necessary to take into account wage forgone, a consideration frequently omitted from previous evaluations of the impact of public employment programmes, (see van de Walle 1998), an omission which warrants a serious critique of the evaluation of this genre of social policy interventions. Wage forgone represents a directly measurable private opportunity cost for programme participation, which is particularly relevant when considering the net labour market and income impacts of public works programmes as a component of social protection.⁷⁴

Among the Gundo Lashu workers, 33% of current PWP workers reported that they had forgone income in order to participate in the PWP, and 19% of former workers. The value of employment given up was reported as R391 for current, and R280 for former workers. This difference is significant, with the figure for current workers likely to be more accurate, since poor recall among former workers may lead to less robust results. 13% of those who reported income forgone reported levels of income forgone at or above the modal PWP income of R600. For this sub group, the mean income forgone was R827, compared to R262, those whose income forgone was less than PWP income. From one perspective, those who gave up an income greater than the PWP income confound economic rationality, but focus group discussion revealed that the work available tended to be sporadic and irregular, varying in terms of availability and duration of employment, as well as remuneration and certainty of being paid for work performed.⁷⁵ For these reasons, forgoing uncertain, but sometimes higher paid employment, in favour of an opportunity for lower paid employment of several weeks or even months duration was a rational deployment of labour.⁷⁶

28% of Zibambele workers reported values for income forgone in order to participate in the PWP.⁷⁷ The mean value of income given up was R158 for Zibambele workers, ranging from R30 to R800. Only three of the 114 values were above the mean

⁷⁴ Datt and Ravallion (1994) also suggest the possibility of examining utility forgone, assessed in terms of time allocations. However, the income approach alone is used in this analysis.

⁷⁵ The difficulty in ensuring payment for informal work carried out within the community was raised as a concern among some of the PWP workers.

⁷⁶ Since this response was not anticipated in the survey design, the issue was not explored further in the survey, but only in the supporting qualitative focus group work.

⁷⁷ One of these households did not record PWP income information, and therefore was excluded from the analysis.

Zimbabwe monthly wage,⁷⁸ however, focus group discussions confirmed that the incidence of income forgone exceeding PWP income may be more widespread in reality than was captured in the survey, since a high premium was placed on the value of permanent employment, over higher wages for a temporary period.

The similarity in the percentage of PWP workers who gave up work in order to participate in the programme between the Gundo Lashu and Zimbabwe employees (24% and 28% respectively) is surprising, although the amount of income forgone is significantly different, R337 compared to R158. Zimbabwe employment is only part-time, while Gundo Lashu employment is full-time, which would have suggested that a higher degree of work would be forgone among the Gundo Lashu workers who would find it harder to maintain concurrent alternative employment. One explanation for the similarity in reported work forgone may be the more limited work opportunities available to Zimbabwe workers, which would mean that there were fewer work opportunities for them to forego.

This explanation was supported in focus group discussions which revealed extremely limited employment opportunities in both the formal and informal sectors for Zimbabwe workers, particularly in areas where access to agricultural employment or raw materials for domestic production (grass and clay) was limited. Only informal short-term employment, frequently paid in kind, was available within many Zimbabwe communities, and access to wage labour was extremely limited and ad hoc, confirming Muller's characterisation of employment in the informal sector, 'employment in South Africa's informal sector is frequently viewed as survivalist, offering poor job security and yielding low returns' (Muller 2003 p. 1). In this context, security of employment was perceived as the core benefit of participation in Zimbabwe. Workers argued that they would give up or refuse higher paid temporary employment in favour of PWP employment, if engaging in higher paid temporary work entailed giving up the security offered by PWP participation.⁷⁹ The key attributes of the PWP which justified the preference for a lower, secure income over a higher temporary one were; prolonged duration (which enabled planned consumption smoothing and so facilitated improved household budgeting, saving, taking loans etc.), flexibility of working hours (which enabled PWP participation to be combined with other household responsibilities or work opportunities), and the household allocation of employment (with the employer sanctioning the employment being passed on to other household members in the case of sickness or death of the nominated worker). These unusual programme design elements meant that the programme maximised the potential for participation by the poor, and also the benefits derived from participation. Recognising this, workers were keen to maintain their employment in the scheme rather than engage in alternative employment even with higher remuneration.

Among male Gundo Lashu workers, the mean monthly value of employment forgone was R412, ranging from R50 to R1500, while for female workers the figure was R264,

⁷⁸ The values for these are R410, R700 and R800.

⁷⁹ Focus group discussions, Eshowe and Mapumulo, KwaZulu Natal, February 2004.

ranging from R30 to R800, 64% of the male mean. However, conversely, among male Zibambele workers the value was only R123, ranging from R50 to R300,⁸⁰ while for female workers the corresponding figure was R158 (with a similar range), or 128% of the male figure. It is interesting that among the Gundo Lashu workers, the value of women's income forgone was lower than the male value, while among Zibambele workers it was higher. One explanation for this may be that in the Zibambele PWP employment group, men have less access to wage earning opportunities than women, and hence are giving up less wage income to participate in the programme, and vice versa in the Gundo Lashu area. The issue of increased male marginalisation from access to wage labour opportunities and rising male unemployment was raised by Zibambele workers in the Zibambele focus groups, who identified this as a factor behind the changing gender balance of labour market participation and a factor pushing women into the labour market, as argued by Casale and Posel (2002).

8.6 Net income gains

In the light of the significant levels of labour market substitution and income forgone discussed above, the net income gain to workers from participation in a public works programme can be calculated, taking into account wage forgone. The net income gain has been calculated by subtracting income forgone from the PWP wage, and deriving from this a net financial benefit ratio, the ratio of the net income gain to the size of the PWP income transfer. This indicates the net financial benefit accruing to participating households from the PWP wage transfer.

For the 67% of current Gundo Lashu workers who reported no income forgone, the net income gain was the full amount of the transfer, and hence the net financial benefit ratio was unity. However, for current Gundo Lashu employees who reported income forgone and supplied a PWP wage value (31% of current PWP workers), the mean net income gain was R189, ranging from R464 to R550.⁸¹ For these workers, the mean net financial benefit ratio was 0.33, ranging from 0.87 to 0.95. The financial benefit ratio was 0.19 for men and 0.46 for women, suggesting that men may have benefited less in direct financial terms from participation in the programme, due to greater values of income forgone.⁸² For 22% of these workers, 3% of the total Gundo Lashu workforce, income forgone was greater or equal to their PWP income, resulting in zero or negative net income gains. In these cases, employment offering a higher remuneration than the PWP wage had been given up in order to participate in the PWP programme. Focus group discussions in Limpopo revealed that the reason for this was that the regular and certain employment offered by the PWP was considered superior to the more uncertain and discontinuous employment otherwise available to the participants,

⁸⁰ It should be noted that n=7 for this group, with men constituting only 7% of the total Zibambele workforce.

⁸¹ Six of the forty-one values were negative.

⁸² It is important to treat this finding with caution however, due to the small numbers of data points, (n=21 for men and n=20 women).

and this may account for the giving up of more highly paid, but less consistent work opportunities.

If the group for whom income forgone equalled or exceeded PWP income are excluded from the analysis, the mean net financial benefit ratio rose to 0.51, ranging from 0.02 to 0.93.⁸³ Disaggregated by sex the ratio was 0.42 for women and 0.58 for men, with the same caution regarding the small number of data points (n=14 for men and n=18 for women). In monetary terms, the mean net income gain from participation in the PWP for this group was R292, ranging from R10 to R550. The mean net income gain for men was R242, and for women R330.

The survey findings suggested that labour market substitution occurred as a consequence of the introduction of the PWP programme, with 33% of workers moving out of alternative employment, fully or partially, in order to participate in the Gundo Lashu programme. In the focus group discussions, participants stated that many Gundo Lashu workers had worked immediately prior to participation in the programme on an informal basis. This would suggest that the group of workers experiencing income forgone may actually be a larger proportion of the Gundo Lashu group than the survey response rate would indicate. Focus group discussions indicated that this substitution is related to the extremely low wage levels prevailing in the area, in the local informal sector,⁸⁴ and the relative ease with which workers can move in and out of low paid informal sector work.

Among the Zimbabwe workers who reported income forgone (28% of all Zimbabwe workers), the mean net income gain was R172, (ranging from R470 to R320), representing a mean net financial benefit ratio of 0.52. Among this group, the mean income forgone by men was R123, and by women R158, (although n=7 for the male value due to the small number of men employed in the Zimbabwe programme). The benefit incidence of the PWP wage transfer was 0.61 for men and 0.51 for women. The greater transfer value for men was due to the higher values of income forgone for women. The mean net monthly income gain for men participating in the Zimbabwe programme was R199, and for women R171, compared to the gross reported PWP income of R321 for men and R328 for women. Four workers reported a negative net income gain after participation in the PWP programme, and two a zero income gain. If these six workers, representing 5% of the 114 workers reporting income forgone, are removed from the analysis, the net income gain is R190, ranging from R10 to R320, and the wage benefit ratio 0.57.

⁸³ The household level processes resulting in levels of income forgone which exceed PWP income are not discussed further in this paper.

⁸⁴ The introduction of the minimum wage in agriculture was perceived as having little impact on the highly casualised lower end of the agricultural sector, in which workers are recruited and paid daily on a task basis, with no employment registration or documentation of their employment, wage in this sector were reported to be as low as R6 per day.

The issue of forgone income exceeding actual PWP income was explored in focus group discussions and found to be a common phenomenon among the workers, who unanimously agreed that they would prefer regular Zibambele employment, at R350 per month, to a significantly higher wage on a temporary, short-term or uncertain basis. One worker stated that she had rejected temporary employment valued at R700 a month, as it would have entailed terminating the Zibambele contract, with its attendant benefits.⁸⁵

The degree of labour market distortion in terms of substitution of one form of employment for another, is likely to be larger than the figure represented in the survey, due to a) many respondents not considering 'piece work' or casual work to be 'work' and worthy of reporting (see also Adato *et al.* 2003) and b) a concern lest admitting prior work participation should lead to exclusion from the employment programme. Focus group work confirmed that these factors were likely to lead to a bias in the results and the under-reporting of work forgone. This would lead to an exaggeration of the income benefit ratio of PWP projects. The availability and quality of local work opportunities in terms of levels of remuneration would play a significant role in determining the ratio, which on aggregate would fall between the 0.52 ratio of the 28% who reported income forgone and the unity ratio of those 72% who reported no labour market substitution.

8.6.1 The nature of work given up (paid and unpaid) to participate in PWPs

81% of Gundo Lashu and 72% of Zibambele workers reported giving up or reducing alternative work in order to participate in the PWP programme,⁸⁶ and it is interesting to review the nature of work given up, both paid and unpaid, in order to understand the nature of the changes in household labour allocations taking place. The results are indicated in table 8 below.

Among Gundo Lashu workers one third of workers reported giving up or reducing domestic activity, compared to between 10% and 16% reporting giving up casual wage labour, non-farm and subsistence activity, with only 6% giving up regular wage employment. The pattern was different for the Zibambele workers, for whom domestic and casual wage labour and subsistence labour were the dominant categories of work forgone (between 21 and 25%), with no workers reporting giving up regular wage employment in favour of PWP participation.

⁸⁵ Focus group discussions, Eshowe, KwaZulu Natal, February 2004

⁸⁶ The response rate to the question regarding 'work given up' was 78% among Gundo Lashu workers, and 88% among Zibambele workers. Not all those who reported reduced work activity reported a monetary value for this work.

Table 8: Work forgone

<i>Category of work forgone</i>	<i>Gundo Lashu</i>	<i>Zimbabwe</i>
	<i>% of workers who answered yes to each category of work forgone*</i>	
Regular wage employment	5.8	0
Casual wage labour	15.9	24.0
Subsistence labour	10.0	21.0
Non-farm activity	12.8	13.8
Domestic activity	34.6	25.1

* Figures do not add up to 100% as categories were not exclusive.

The pattern of work given up is highly gendered in both groups, see Annex 8 for details. Among Gundo Lashu workers, only a small percentage of either sex reported giving up regular wage labour, reflecting the limited access to regular wage employment in the area. For men, the most frequent kind of work forgone was casual wage labour, (27%), while only 6% of women reported giving up casual wage labour. For women, the most significant area of work forgone was non-remunerated domestic work, which 50% reported, compared to only 17% of men. The second most important category for women was non-farm income-generating activity, which was given up by 17% of women, compared to only 8% of men. This gendered division of work forgone by Gundo Lashu workers is likely to reflect the gendered allocation of labour within the household of participating workers.

Unlike Gundo Lashu workers, no Zimbabwe workers of either sex reported giving up regular wage employment. This was due to the lack of availability of regular wage opportunities in the area. The relatively low remuneration of Zimbabwe employment would not compensate for the loss of regular wage employment, and it is unlikely that if a Zimbabwe worker had regular wage employment this would be given up for Zimbabwe employment. Casual wage labour is the area of work where most remunerated activity was reduced among female Zimbabwe employees (25%), but similar numbers also reported reducing subsistence agriculture and household domestic activity. For the small number of male Zimbabwe workers, subsistence agriculture was the main area of reduced activity (21%), with 17% reducing casual wage labour activities.

9: State and Private Grants and Transfers

In addition to employment derived income, state and private transfers play a critical role in household welfare. These include state grants, transfers and social insurance, and a range of community or family-based transfers such as remittances, loan and gift giving within the community, and transfers marking events such as marriage or child birth. These are explored below.

9.1 State transfers grants and social insurance

The linkage between access to grants and household poverty in South Africa has been well documented, with households in receipt of higher value grants (such as the old age pension) by definition falling outside the poorest decile, (see Leibbrandt and Woolard 2001 for a discussion of the impact of pension receipt on poverty). State payments may be divided into two categories; grant transfers which are sustained over a prolonged period, and social insurance payments which are paid on a temporary or short-term basis. The state old age pension, disability grant, child support grant, care dependency grant and foster care grant are the main sustained state transfers reported by respondents. Of these, the state old age pension and child support grant are technically means tested, however the means test is not rigorously adhered to as a criterion for eligibility in either case.⁸⁷ The main non-sustained state social insurances are the Workers' Compensation fund and the Unemployment Insurance Fund, and their incidence is extremely limited.

In order to capture the value of state transfers received in the PWP households, each household was asked what grants were received by household members.⁸⁸ The number of recipients and value of the transfers are set out in table 9.

Table 9: State grants & insurances

	<i>Gundo Lashu</i>		<i>Zimbabwe</i>	
	<i>n</i>	<i>Mean value (R)</i>	<i>n</i>	<i>Mean value (R)</i>
Child Support Grant	169	160	161	167
State Old Age Pension	98	701	38	692
Disability Grant	8	700	13	685
Workers' Compensation	1	-	5	-
Foster Care Grant	0	-	3	500
Care Grant	2	400	0	-
Unemployment Insurance	1	300	0	-

The transfer accruing to the largest number of household members was the child support grant which was received by 169 children in the Gundo Lashu sample, and 161 in the Zimbabwe sample, flowing to 7% of Gundo Lashu and 9% of Zimbabwe households. The state old age pension was the only other widely received transfer, received by 98 Gundo Lashu household members and 38 Zimbabwe members. All other state grants and insurances were received by a negligible percentage of the sample.

⁸⁷ S Jehoma quoted in Meth 2004a and T Guthrie, pers. Comm., May 2004.

⁸⁸ There were 919 such household members in the Gundo Lashu survey, and 1306 in the Zimbabwe survey.

9.1.1 Child Support Grant discussion

49% of Gundo Lashu households and 28% of Zibambeke households received Child Support Grants. Gundo Lashu households contained 256 eligible children⁸⁹ and received 169 grants (66% take-up), while Zibambeke households had 462 eligible children and received 165 grants (36% take-up). Hence the take-up rate among the Zibambeke households was considerably lower, again conforming to the thesis that the Zibambeke households were from a differing, and lower socio-economic grouping than the Gundo Lashu group. The lower take-up rates among Zibambeke households is ironic given the higher eligibility of the Zibambeke households for the grant, if the means test were applied rigorously as a criterion.

These take-up rates may be compared to provincial take-up rates of 48% in Limpopo, and 62% in KwaZulu Natal in February 2003 (Guthrie 2003);⁹⁰ among the Gundo Lashu households the take-up rate is higher than the provincial average, and it is significantly lower among Zibambeke households.⁹¹ Given the link established between grant income and poverty, this low grant take-up rate serves as an indicator of the poverty of Zibambeke households in relation to the provincial mean.

9.1.2 State old age pension discussion

Receipt of a pension is a critical determinant of the depth of household poverty in South Africa, and has been found to have a significant impact on welfare (see Duflo 1999). Households in receipt of a state pension payment fall outside the parameters of the poorest decile, and so identification of pension receipt in PWP households is a useful proxy indicator of household economic status. The number of pensioners in the Gundo Lashu households was significantly higher than in the Zibambeke households

⁸⁹ For the purpose of this study, the simplifying assumption is made that all appropriately aged children are eligible for the Child Support Grant. In fact, the rural means test criteria is parental income of less than R800 per month, however this is not rigorously applied (T Guthrie, pers. comm., February 2004) and so has been ignored for the purpose of this study. Were the test to be rigorously applied, 88% of former Gundo Lashu households, 68% of former Gundo Lashu households and 95% of Zibambeke households would be eligible on the basis of a total household income ceiling of R800. It should also be noted that at the time of the study, the CSG extension to the age of 9 had not yet been rolled out in the research areas. Those who reported receipt of a grant where children were not appropriately aged have been excluded from the analysis.

⁹⁰ These figures apply to take-up rates among 'poor' children, defined as those living below a poverty line of R400 per month in 2002. 99% of the sampled Zibambeke households, and 93% of Gundo Lashu households fall below the HSL of R473 in 2003, and so the simplifying assumption has been made that it is appropriate to consider all the children in the sample poor for the purpose of comparison with national level take-up of the CSG. Using an alternative poverty line, derived from the 2000 Income and Expenditure Survey, and January 2003 SOCPEN data, Samson, Lee, MacQuene, van Niekerk and Gandhi find similar provincial take-up rates, 58% for KwaZulu Natal, and 56% for Limpopo.

⁹¹ The 36% rate of take-up among Zibambeke children is consistent with recent findings in rural KwaZulu Natal by Case, Hosegood and Lund (2002) who found a 33% take-up rate.

with 0.45 pensioners per household, compared to 0.15 pensioners per Zibambe household.⁹²

A higher percentage of Gundo Lashu households included pensioners than the regional norm, with 38% of Gundo Lashu households containing members of pensionable age compared to the rural Limpopo figure of 33% (Stats SA 2003a). By contrast, only 14% of Zibambe households included pensionable members, compared to a provincial rural norm of 39% (*ibid*). This suggests that the Zibambe households had significantly fewer pensionable members than the rural norm for the province. Since the absence of a pensioner in a household is a key determinant of poverty, this indicates successful poverty targeting in the Zibambe programme.

The pension take-up rate was 80% in Gundo Lashu households⁹³ and 58% in Zibambe households,⁹⁴ with 32% of Gundo Lashu households receiving state pensions compared to only 9% of Zibambe households. While household size was similar in the Zibambe and Gundo Lashu households, the Zibambe households had both lower numbers of members of pensionable age, and also a lower rate of pension take-up. These findings indicate that the Zibambe households are likely to be poorer than the Gundo Lashu group. This also reflects the greater emphasis on poverty targeting in the Zibambe programme, where receipt of a state transfer is a criterion for exclusion from the programme. In the focus group discussion in Eshowe, it was reported that one Zibambe worker had been invited to step down from the Zibambe programme upon receipt of a pension by a household member, by the community who had previously selected her for participation, on the grounds that she no longer conformed to the poverty selection criterion, since her household now had access to an alternative form of income. This is indicative of the effective community ownership and commitment to the programme's purpose and the objective of selecting the poorest for participation. Hence the low rate of pensioners and pension take-up among the Zibambe group is indicative of successful targeting of the programme. The high incidence of pensioners and take-up among the Gundo Lashu group indicates less of a poverty focus in this programme.

⁹² In total, 178 household members of pensionable age were included in the survey. 136 old state old age pension grants were recorded in the survey, although of these 7 were found to be received by ineligible households, and so these have been removed from the incidence component of the analysis, suggesting a take-up rate of $129/178 = 72$. The reporting of 7 pensions paid to ineligible household members represents 5% of the total number of pensions reported. This compares to a pension targeting error of 10% reported in Case & Deaton (1998), in which 10% of pensions in South Africa were found to be paid to those who do not fall within the prescribed age criteria.

⁹³ While 98 pensions were recorded and 118 household members of pensionable age, four of those who reported pension receipt were not eligible, and so were excluded from the analysis, see Case and Deaton (1998), and Ardington & Lund (1995) for a discussion of the payment of old age pensions to non eligible recipients.

⁹⁴ 3 of the 38 reported as receiving pensions were not eligible and were therefore excluded from the analysis.

The low grant take-up rate among the poor is paradoxical, as is the implication that poorer households in the sample have lower take-up rates than the better off, although when considered in a context where receipt of a transfer such as a pension, or multiple child support grants is sufficient to move a household above the poverty line, this effect is not surprising. This research suggests that the low grant take-up among the poor is the consequence of both supply-side problems such as bureaucratic delays and also demand-side problems such as lack of documentation among the poor. Kingdon (2004) has suggested that an additional explanation could be the under-reporting of grant income in poor households in the hope of promoting eligibility for PWP employment, particularly given that in the Zibambele programme receipt of a state transfer is a criterion for exclusion from the programme.⁹⁵ However given the close community scrutiny of income flows within Zibambele households indicated above in the focus group discussion, this explanation does not seem likely in this instance.

9.2 Private transfers

Private transfers also play an important role in household survival strategies, contributing to the diversified income base of the poor, although they are rarely captured in conventional surveys. Several forms of private transfers were captured in the survey, including bride price (lobola) and compensation for illegitimate children, injury or theft. Private maintenance grants for children or spouses and workplace pensions or retirement benefits had the highest incidence, with mean values of R189 and R670 respectively in Gundo Lashu households, and R122 and R1772 in Zibambele households.⁹⁶ The number of transfers reported due to the social redistributive processes outlined above (birth, death, marriage etc.) is low given the size and demographics of the sample, and for this reason is likely to indicate under-reporting of such transfers. However, these findings are indicative of the value of such exchanges within the household economy, in the context of the household income levels of the sample.⁹⁷

⁹⁵ Pers. comm., Kingdon G., May 2004.

⁹⁶ N = 21 for private maintenance and 6 for workplace pensions in the Gundo Lashu sample; N = 13 for private maintenance and 5 for workplace pensions in the Zibambele sample. It should be noted that monetary values were only given for 5 private transfers in Gundo Lashu households and 10 in Zibambele.

⁹⁷ The reasons for private transfers in Gundo Lashu households included two insurance payouts for deceased husbands from employers (R3000 and R7200), and a lobola, or bride price, payment (R800). The value of these transfers ranged from R450 to R7200. The Zibambele transfers included compensation to women for illegitimate children from the fathers, (three in the form of cows, valued at between R700 and R3000, and others in the form of cash payments of R1000, R1700 and R2000), an inheritance of R3000, gifts of chickens from a neighbour valued at R150, and selling of livestock (cows and goats) valued at R1500 and R450 respectively. The value of these transfers ranged from R150 to R3000.

9.3 Remittances

Remittance income was deliberately included in the survey, in order to take account of as many of the diverse sources of household income prevalent in South Africa as possible. This information is often omitted in current national household survey work and for this reason there is little direct comparative data (see Posel and Casale (2003) for a full discussion of the constraints to analysis of remittance behaviour in current household survey instruments). Even when included in a survey however, remittance income may frequently be under-reported due to i) problems of recall, and ii) the inclusion of goods in kind, which may be hard to remember and to value in monetary terms, and may as a consequence lead to a reduction in the recorded contribution of remittances to household income.

28% of Gundo Lashu households and 12% of Zibambeke households reported remittance income from household members. These figures may be compared to the percentage of households with migrant workers, which in the case of Gundo Lashu is 28%, and in the case of Zibambeke is 7%. In both cases, this represents a high rate of remittance receipts, given the number of migrants, and suggests that remittances may be being recorded from those who were reported as looking for work, as well as those 'in work'. Given the fluidity and casualisation of the labour market, there may be no clear distinction between the categories of 'looking for work' and 'being in work'.⁹⁸

Of the Gundo Lashu households who reported remittance income, 44% (n=33) gave details of the amounts remitted over the prior twelve months period. The mean annual value of remittances was R3041. 39% of Zibambeke households reporting remittance income gave values (n=19). The mean value of these remittances was R615, ranging from R40 to R1500. These figures are considerably less skewed than the Gundo Lashu figures, indicating a more homogeneous population.

9.4 Community contributions

In order to explore the issue of horizontal intra-community transfers, and complete the review of potential sources of household income, households were asked whether they were in receipt of contributions in the form of financial or non-financial gifts from non-household members of their community (community contributions).⁹⁹ This information is not normally gathered in national surveys in South Africa, and is interesting because it sheds light on households' coping strategies under conditions of extremely high unemployment.

⁹⁸ These distinctions would have been significantly clearer prior to the abolition of the influx controls governing 'non-white' labour flows.

⁹⁹ This question was answered by only 255 out of a total of 363 Gundo Lashu households (70%), and 408 out of 413 Zibambeke households (98%).

Among Gundo Lashu households with current PWP workers, only 7% reported contributions, while the figure was 20% among former Gundo Lashu households. This indicates that household receipts from community members may be lower during the period of PWP employment than when PWP employment is not available. The mean annual value of these contributions for households receiving contributions while in PWP employment, was R1471, ranging from R200 to R4000, or R123 per month. Among the households without current PWP employment, the mean annual value was R665, or R55 a month. For the former Gundo Lashu households, the mean receipt from community contributions was only 45% of the value of those with PWP employment. This suggests that a higher proportion of Gundo Lashu workers without current PWP employment received transfers from the community than with PWP employment, but that the value of the transfer is significantly less, at R665 compared to R1471. Gundo Lashu households without current PWP employment report significantly lower levels of community support in absolute cash terms, but a greater percentage received assistance. It is likely that there are multiple explanations for this pattern, which may be indicative of different types of horizontal transfer processes within the community, contingent on regular wage income and repayment potential. This is an area for further research, which will not be explored further within the confines of this paper.

28% of Zibambeke households received community contributions, indicating a greater reliance among Zibambeke than Gundo Lashu households on community support even during programme participation. For these households, the mean annual value of community assistance was R307, or R25 per month. The Zibambeke figure is significantly lower than the Gundo Lashu value, so while a higher percentage of Zibambeke households received help from the community than Gundo Lashu, the level of assistance was lower. This may be linked to the fact that even when participating in the programme, 99% of Zibambeke workers were still under the poverty line (see section 10.1), and hence in need of ongoing support from the community. The main benefactors of both groups were neighbours and relatives who were not members of the household. This is consistent with findings by Moller 1992 and Hofmeyr 1985, cited in Natrass 2000, which highlight the critical role of gifts from relatives and neighbours in the survival strategy of the poorest.

PWP households also played a role as donors of community contributions. 24% of Gundo Lashu households reported giving financial or material support to non-household members,¹⁰⁰ and 28% of Zibambeke households. The mean annual amount given by Gundo Lashu households was R531, and by Zibambeke households R218.

These findings indicate that significant horizontal re-distribution is taking place, with households focusing their gifts on relatives and neighbours. The Zibambeke

¹⁰⁰ Interestingly, the data indicates that PWP employment status does not make a statistically significant difference to the number of Gundo Lashu households acting as donors, with 23% of households with current PWP employment making contributions compared to 28% of former PWP households.

households focused more exclusively on assisting neighbours, reflecting focus group discussion in KwaZulu Natal, where former workers stated that they perceived it as being both their responsibility to assist other community members since they were receiving PWP income, and also a matter of social pride, that they were now able to give support to other community members, rather than being in the position of mendicants themselves, as they had been prior to PWP employment. These findings suggest the operation of community level mutual insurance against risk of unemployment; during periods of unemployment and financial hardship the Zibambele workers received support from the community, and when they had access to employment they reciprocated with others in the community, both those in need, and those who had assisted them in their times of hardship.

10: The Impact of PWP Participation on Income Poverty

Total household income can be calculated aggregating income from all the sources discussed above. Among households with current Gundo Lashu employment, the mean total monthly income was R1346, ranging from R320 to R6469. Among the former PWP households, 8% reported no income, with the remaining households reporting a mean total income of R849, ranging from R4 to R3368.¹⁰¹ For Zibambele households the total mean income was R626, ranging from R230 to R5517, indicating a highly skewed sample, with high value outliers.¹⁰² These income levels indicate a mean adult equivalent *per capita* income of R181 (ranging from R14 to R671) for former Gundo Lashu households and R292 (ranging from R49 to R942) for households with current PWP workers. The mean *per capita* figure for Zibambele households is R145, ranging from R37 to R848, with a median of R115.¹⁰³

Total income in the PWP households can be reviewed in the light of the poverty line, and some conclusions drawn regarding the role of PWP income in reducing poverty. Several poverty lines are in use in South Africa, offering differing estimates of the proportion of the population living in poverty, and for this analysis a version of the Household Subsistence Line (HSL) has been selected. The HSL is a measure of the theoretical monthly cost of basic needs derived from a basket of goods and services, comprising food, housing, fuel, light and transport. The figure for 2003 has been

¹⁰¹ The existence of 8% of households without any form of income suggests that not all forms of income or income in kind may be being picked up in the survey. The lack of income data is thought to represent a failure to disclose rather than a total lack of either earned income, transfers or remittances, in cash or kind, since while it is possible that the households were surviving solely on household domestic production, this is unlikely given the survey was conducted during the drought period of winter 2003 in Limpopo, and there was very little agricultural activity or agricultural stocks due to the poor harvest the previous year.

¹⁰² Extreme outliers comprising less than 2% of the overall sample have been removed from both groups in the following analysis.

¹⁰³ An extreme outlier of R2028 has been removed from the analysis (the next largest total is R848).

derived from the HSL for low income households (Potgieter 2003), and is based on the 2002 low income HSL (Meth 2004a), inflated to 2003 prices. This results in a low income HSL of R486 per adult equivalent, which will be used as an approximate indicator of household poverty. Foster-Greer-Thorbecke indices are used to estimate the incidence and depth of poverty within the sample groups.¹⁰⁴

10.1 The incidence of poverty

Using the adjusted household equivalents figure, a headcount estimate of poverty within the sample groups may be calculated.

Even with PWP income, 99% of Zibambele households and 89% of current Gundo Lashu households still fell below the monthly adjusted *per capita* HSL poverty line of R486 by a significant margin. Participation in the PWP has not moved the majority of participating households out of poverty. However since the net benefit ratio of participating in the programme is positive in income terms for 98% of the total sample, it is possible to conclude that PWP participation has reduced the poverty gap, and hence reduced the intensity of poverty of workers' households. In the case of the Gundo Lashu programme, a comparison of the poverty gap experienced by the two groups of households (former and current workers), suggests that participation in the programme has made a significant reduction in the poverty gap. 89% of current Gundo Lashu households fall under the *per capita* HSL of R486 and 96% of former Gundo Lashu households.¹⁰⁵ This difference is statistically significant and if these two groups are considered to represent treatment and non-treatment groups,¹⁰⁶ these figures suggest that the percentage of Gundo Lashu households below the poverty line prior to receipt of PWP employment, may be significantly higher than the percentage of those with current PWP employment, and that the headcount poverty rate may be reduced as a result of the PWP income. Ideally, the adult equivalent income for the same households before and during PWP employment would have been used for this analysis, rather than inferring the poverty impact of the PWP from current and former households. However, the lack of baseline data rendered the inclusion of a non-treatment control group in the survey impossible, since the characteristics of PWP participants were not known *a priori*, and so the use of former PWP households as a proxy for the non-treatment group has been adopted as a second best option in this case.

¹⁰⁴ The Foster-Greer-Thorbecke (FGT) indices are based on $P_A = (1 - Y/P)^A$, where P is the poverty line, Y is income, P_0 measures the incidence of poverty, P_1 is an index of the poverty-gap, and P_2 is a weighted index of the poverty gap.

¹⁰⁵ The outliers noted above are also excluded from this analysis.

¹⁰⁶ This simplifying assumption is problematic, and is based on the assumption that PWP households return to the income *status quo ante* after completion of PWP employment.

10.2 The depth of poverty

The depth of poverty of the sample groups may be assessed by examining the poverty gap. For current Gundo Lashu households, the mean shortfall for those beneath the poverty line is R227 per adult equivalent per month, and for former employee households it is R322. For Zibambele households, the mean shortfall beneath the HSL poverty line is R332 per adult equivalent per month. The distance between household income and the poverty line is illustrated in figure 6 below, which indicates that the Zibambele sample has a more concentrated distribution of income,¹⁰⁷ and that a greater proportion of the sample fall further below the poverty line, with a greater mean shortfall beneath the poverty line than the Limpopo sample.

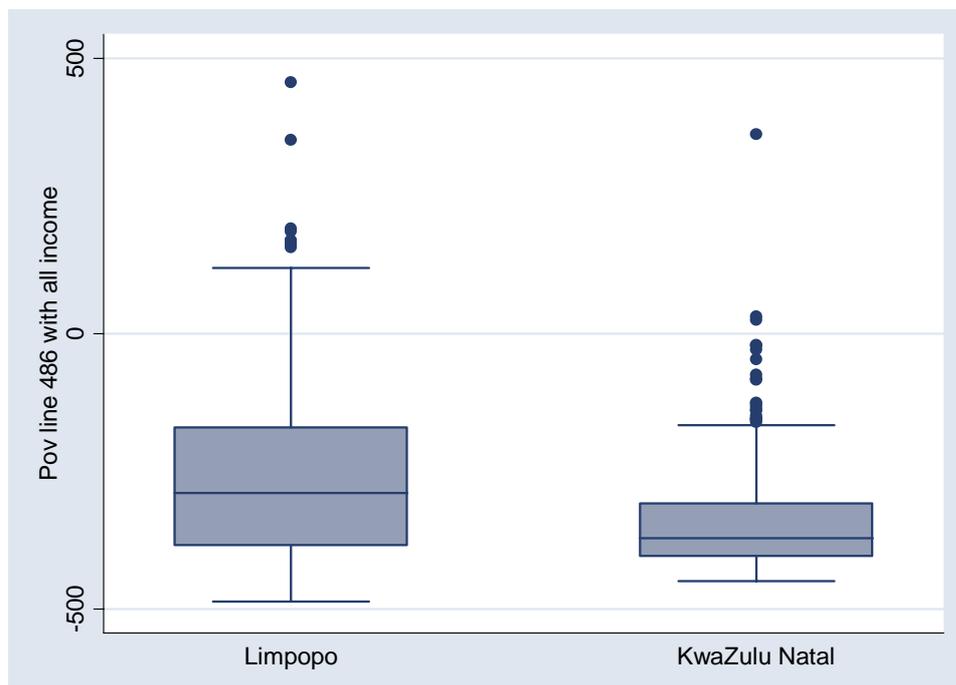


Figure 6: Shortfall between per capita income and the poverty line: Total per capita household income minus the poverty line (R486)

Foster-Greer-Thorbecke indices may be used to explore the depth of poverty further, with the poverty gap for the two groups represented as an index (P_1).¹⁰⁸ For the Gundo Lashu households with current PWP employment the mean poverty gap is 0.48, while for Zibambele households it is 0.72, indicating a greater depth of poverty among Zibambele households. The distribution of the poverty gap is illustrated in figure 7 below.

¹⁰⁷ For Limpopo the s.d. is 124.6 and for KwaZulu Natal 81.2.

¹⁰⁸ $P_1 = \text{per capita household income} - \text{HSL}/\text{HSL}$.

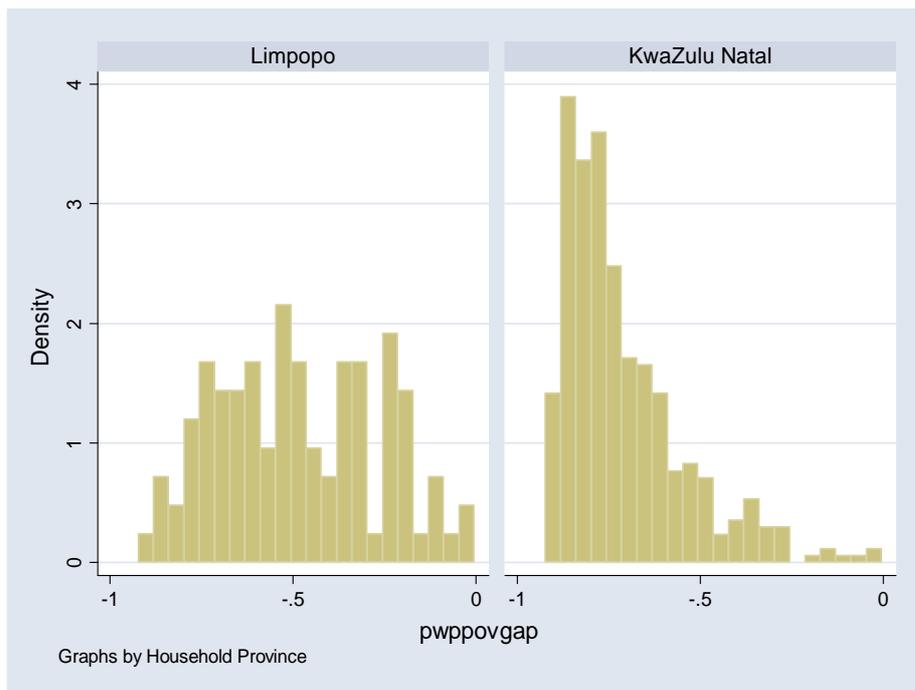


Figure 7: The depth of poverty (P_1)

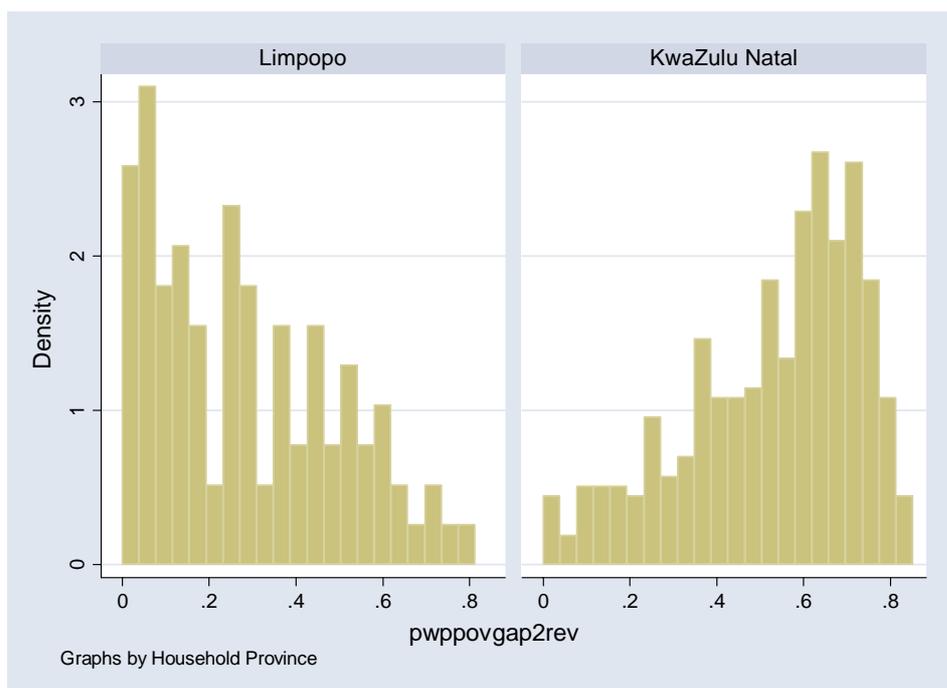


Figure 8: The intensity of poverty (P_2)

Figure 7 illustrates that Zibambele households are concentrated at the lower end of the index, indicating that poverty is deeper among this group than among Gundo Lashu households with current PWP employment. The poverty gap may be squared (P_2) to give a higher weight to greater shortfalls from the poverty line and illustrate the intensity of poverty, see figure 8.

Figure 8 illustrates the intensity of poverty experienced by PWP households, even while having PWP employment. The greater intensity of poverty experienced by the Zibambele workers is evident from the concentration of higher values of the P_2 index.

Even with PWP income, the Zibambele sample were significantly poorer than the Gundo Lashu sample, with a greater incidence and intensity of poverty. A key insight from these findings is that participation in the programmes did not move the majority of households out of poverty, and that even with PWP income, 99% of the KwaZulu Natal households and 89% of the Limpopo households still fell below this poverty line. However, while participation in the PWP did not move these households above the poverty line, it did contribute to a reduction in the poverty gap, reducing the intensity of poverty experienced in workers' households.

11: The Impact of Public Works Programmes on Non-Income Indicators of Poverty

Having reviewed the income implications of PWP participation, the impact of participation on a range of non-monetary and socio-economic indicators will now be examined, with a focus on asset ownership, access to grants, expenditure, education, nutrition, and psycho-social well-being. Research in this area was subject to methodological limitations due to the lack of baseline data on participating households, and as a result the survey questions informing this section were largely phrased in terms of current and previous experience, and hence were reliant on recall, rather than panel information for the same households over time, which may introduce a degree of error into the findings. It should also be noted that PWP employment may not be the sole causal factor informing the changes reported, and exogenous factors, such as the increased roll out of social protection grants (see Guthrie 2003) may also influence the welfare of households during the PWP employment period. However, where positive changes have occurred in socio-economic indicators over the period of PWP employment, it may be assumed that these changes are indicative of a causal relationship, although exclusive causality may not be assumed.

The Gundo Lashu and Zibambele households reported considerable differences in terms of their 'non-principal' use of PWP income, with over 50% of Gundo Lashu households reporting expenditure on clothing, and over 40% reporting expenditure on transport and burial societies. For Zibambele households by contrast, the predominant uses of the income were clothing and education (both over 80%), with transport costs and debt repayment being the next most frequent at 54% and 49% respectively (see Annex 9 for full details of non-principal income use). The fact that more Zibambele than Gundo Lashu households reported expenditure on clothing, education and agricultural inputs, suggests that in Zibambele households, expenditure might have been focused more on basic household inputs than in Gundo Lashu households, while Gundo Lashu households reported more use of PWP income to fund 'non-survivalist'

expenditure, such as improvements to their accommodation, or burial societies, which were seen as an unaffordable although desired by many Zibambebe workers.¹⁰⁹ The most significant spending differences between the two groups were in the categories of education and burial clubs. Here it is interesting to note that the additional PWP income was reportedly used to pay for education by 82% of Zibambebe households, and only 37% of Gundo Lashu households, possibly indicating a greater prior shortfall in Zibambebe education expenditure. The fact that only 13% of Zibambebe households spent PWP income on burial societies, compared to 42% of Gundo Lashu households, was investigated in focus group discussions, where Zibambebe workers reported investment in burial clubs as an aspiration rather than a current option given their income levels.¹¹⁰ They reported that in the absence of formal burial club membership, mutual self-help was their primary coping mechanism, derived from the increased social capital arising from membership of a local Zibambebe road maintenance team.

Households were asked to compare their current situation in terms of ownership of financial assets (formal or informal savings, insurances etc.) to their situation prior to joining the PWP. Among households with current Gundo Lashu workers, 36% reported increased financial assets compared to only 18% among households with former Gundo Lashu workers. Among the Zibambebe households by contrast, 64% reported an increase in financial assets since joining the Zibambebe PWP programme. Although the transfer was significantly smaller, the sustained duration of employment resulted in a greater increase in financial assets. Also, the analysis above suggests that the Zibambebe households were from a poorer socio-economic stratum than the Gundo Lashu households, and consequently, the impact of the transfer is likely to have been greater. The linkage of payment modalities to formal sector banking in the case of the Zibambebe workers is also likely to have promoted a growth in ownership of financial assets (in terms of holding a bank account), which previously may have been extremely limited. Focus group discussions also revealed that one consequence of the social capital constructed between the workers as a result of sustained employment and social facilitation by the Department of Transport was increased informal savings activity (e.g. though stokvels) and insurance 'self-help' clubs among groups of workers.

In terms of material assets (cooking implements, furniture etc.), the results mirror those of changes in financial asset ownership. Only 20% of Gundo Lashu households with former PWP workers reported an increase in material asset ownership, and among households with current PWP workers, the figure is 35%. This implies that those in current PWP employment reported a limited, but more positive programme impact in terms of material asset ownership than former PWP worker and suggests that either the benefit itself, or the perception of the benefit, decreased after the period of employment and the associated wage income. Among Zibambebe households, 65%

¹⁰⁹ Focus group discussion, Mapumulo, KwaZulu Natal, February 2004.

¹¹⁰ This confirms findings by Ardington and Leibbrandt calculated from the October 2000 IES and the September 2000 LFS, which show that the proportion of households with insurance increases with income, and that in the lowest deciles very few households have funeral insurance (including burial society membership), Ardington and Leibbrandt (2004, p11).

reported an increase in material asset ownership.¹¹¹ This indicates a significantly higher rate of increased material asset ownership among Zibambele households than Gundo Lashu households. This may illustrate the positive impact of sustained employment on accumulation, although it needs to be considered in the light of the lower socio-economic status of the Zibambele households, and the fact that as a consequence their initial asset ownership status was likely to be lower.

11.1 Conclusion

Despite the continued high levels of income poverty, with the majority of PWP participants remaining below the poverty line despite their participation in the programme, the survey indicated that participation in both programmes had a beneficial impact on all the dimensions of poverty examined, whether measured by income, asset ownership, access to services, or the capabilities or psycho-social aspects of poverty. Statistically significant positive impacts on various dimensions of poverty were noted for both Gundo Lashu and Zibambele households as a consequence of programme participation and both programmes were successful in terms of reducing the poverty gap, and hence the depth of poverty experienced by participating households. The initial situation of the Zibambele households was consistently found to be one of greater poverty than the Gundo Lashu households, whichever dimensions of poverty were explored, and consequently benefits which were marginal for Gundo Lashu households were more significant among Zibambele households.¹¹²

In the case of the Zibambele programme, there are indications that the sustained transfer impacted significantly on factors which influence the reproduction of poverty, with reduction in chronic under-nutrition and increased participation in education

¹¹¹ One worker reported using the PWP wages to purchase a cooking pot to replace the discarded tin can previously used for cooking the family meal, and others commented on the fact that they were able to buy 'decent' clothes and were no longer ashamed of their impoverished appearance. These were identified as major benefits from participation in the programme, (Mapumulo focus group, KwaZulu Natal, February 2004).

¹¹² It is interesting to note that the significant impacts of the PWP wage in terms of nutrition and education etc. discussed above were achieved with a *per capita* transfer which is below the level of the proposed Basic Income Grant of R100 (see Samson 2002). In the light of this, the poverty related impacts noted for the Zibambele transfer above may serve to approximate a lower bound for the impact of a basic income grant. This offers a challenge to the argument frequently asserted by the South African government that a transfer of R100 would not have a significant impact on poverty; following the July 2003 Legkotla President Mbeki was quoted as saying that 'if you give everybody a R100 a month (sic) it will not make a difference [to poverty]' (Weekly Mail and Guardian, August 1-7 2003, p6), sentiments echoed by Minister Trevor Manuel who argued that 'someone had to explain how R100 a person would make a difference to the lives of the poor' (Business Report, August 25 2003, p12) and reiterated in July 2004, when Mbeki was quoted as arguing that a grant set at this level would not have a significant impact on poverty, in an article entitled 'Mbeki rejects 'much vaunted' grant' (This Day, July 13 2004). The findings above indicate that while this might be true in terms of reducing headcount poverty, the number of people living beneath a given poverty line, this level of transfer would reduce the intensity of poverty, and could have a significant impact on critical dimensions of poverty such as education and nutrition.

being major beneficial outcomes.¹¹³ However, the findings question the sustained impact of benefits accrued under the Gundo Lashu programme. This is highlighted by responses to a question concerning the sustained impact of participation in PWP employment on poverty, subsequent to the ending of PWP employment.¹¹⁴ Gundo Lashu households were asked whether participation in the programme would lead to a sustained reduction in household poverty, after the programme was completed. 45% of respondents in households with currently PWP workers, stated that programme participation would lead to a sustained reduction of poverty, but among those for whom PWP employment had been completed this figure fell to 33%. This indicates that after completion of the PWP employment only one third of participants in the programme felt that employment in the PWP would have sustained anti-poverty benefits. For these workers, the income benefit of programme participation had the characteristics of a 'wage shock' rather than a sustained increase in income, engendering different usage of the wage transfer compared to the Zibambele workers for whom access to income was sustained.

Where significant benefits were identified in terms of material and financial asset ownership, human and social capital improvements, and perceptions of sustained poverty reduction, these were concentrated in the programme offering lower remuneration, but greater employment security and most importantly extended employment duration. These findings are consistent with the international literature on public works, which consistently highlights the importance of sustained employment for addressing the challenge of chronic poverty (see for example Dev (1995)).

Two issues emerge from the discussion of the impacts of public works programmes above; i) the anti-poverty impacts of public works programmes may be marginal if not targeted to the poorest, and ii) the duration of poverty reducing benefits arising from short-term PWP employment may be limited. A short-term period of employment in a PWP is unlikely to have significant sustained social protection outcomes, as the income is primarily used for consumption purposes. If social protection outcomes are desired, a medium- to long-term intervention is required which will enable consumption smoothing and accumulation, in the form of assets and/or savings, benefits which were discernable in the KwaZulu Natal programme, which offered sustained employment, but less apparent in the short-term Limpopo programme. This represents a critical insight into the limitations of short-term public works as an instrument of social protection, and a challenge to the assumptions of the current policy discourse.

¹¹³ It is interesting to note however, that it is unclear in the context of mass unemployment whether education does have a significant role to play in reducing poverty, for example see Keswell and Poswell (2003) for a critical discussion the applicability of assumptions of Mincerian returns to education in the context of mass unemployment in South Africa, and a suggestion that to the contrary, the rate of returns to education may be negative for certain levels of education.

¹¹⁴ This question was only asked of Gundo Lashu households, out of sensitivity to the anxiety expressed by Zibambele workers regarding the potential termination of the programme.

12: The Impact of PWP Participation on Labour Market Performance and the Local Economy

The survey gave no evidence of improved labour market performance as a consequence of PWP labour market experience or training. This is not surprising given the extreme levels of rural unemployment and the stagnant demand for low and semi-skilled workers. This may also be an artefact of the supply-side characteristics of the participants.

While the Department of Public Works characterises the post-PWP employment options as

‘graduating to employment under normal conditions’ and a choice between ‘moving to a new employer, further education, better equipped job seeking, remaining with the same employer under normal employment conditions, or self-employment’ (Department of Public Works, 2004).

the evidence from the survey suggests that workers may rather graduate to ‘unemployment’ under normal conditions, returning back to the *status quo ante* in terms of their labour market performance. The survey findings indicate that unemployment among former Gundo Lashu workers is higher among household members without PWP experience.

Likewise, skills-training was not seen as a contributor to improved labour market performance by workers. The training received by workers appears to have had little impact on employment, largely due to the fact that there is limited demand for semi-skilled construction workers in the programme areas. It is not clear that either on-the-job experience or formal training would enable the transfer of sufficient skills to impact significantly on labour market performance, particularly given the limited time investment allocated to training in both programmes, and the limited duration of employment in the Gundo Lashu programme.

It is an interesting paradox that a derogation from the minimum wage was accepted in return for ‘training benefits in the Gundo Lashu programme, in conformity with the terms of the SPWP conditions of good conduct’ (Department of Public Works, 2004), when the training was perceived to be of limited value by participants, in terms of improved labour market performance.¹¹⁵ In recognition of the negligible value of limited skills training, ‘life skills’ training was introduced into the Gundo Lashu

¹¹⁵ It is interesting to note that the ‘beneficiaries’ of the programme were unable to exercise their consumer power in this instance, in terms of i) choosing training relevant to their own analysis of their labour market potential, and ii) selecting whom from within the household would be able to maximise returns from training. Several respondents in the survey reported using PWP income to fund training in specific areas where they had identified work opportunities; one had paid for a family member to be trained as a security guard, another had paid for a son to have driving lessons.

programme in place of formal skills training, subsequent to the survey, and ‘life skills’ training has also replaced technical skills training in the EPWP. The value of such an intervention in terms of promoting either labour market or social protection outcomes is not yet apparent.

Among both groups of workers, focus group discussions revealed problems of labour market information asymmetry, expressed as a perception that lack of labour market information and lack of social networks was problematic in terms of accessing employment opportunities (see Nattrass 2000). This suggests that labour market information may be an appropriate component of a training package for PWP workers. However, this would only serve to reduce frictional inefficiencies, rather than increasing the net amount of employment available. Workers also highlighted a need for information and access to micro-finance institutions, the formal banking sector, and means to access funds for micro-enterprise, factors which could be addressed through the training component of PWP programmes. A third potential area for training inputs would be grant eligibility and access procedures; the relatively low levels of grant take-up, although not inconsistent with the national picture, indicate that many of those eligible were not receiving the protection to which they were entitled under the existing social protection system.

The Zibambele programme appears unlikely to have created significant local secondary employment due to the fact that the workers do not form a concentrated local market, and that the bulk of their wage expenditure is made in the local town as a consequence of the payment modalities of the programme. The Gundo Lashu programme was found to create local demand, both in terms of local food purchasing, and also in terms of creating an additional workplace consumer demand, however, the duration of these benefits was limited to the period of employment. In neither case was significant local economic development evident as a consequence of the wage transfer. The majority of workers aspired to move up the labour market hierarchy to develop SMMEs, but recognised that lack of access to capital and skills render this unlikely. Equally, micro-enterprise activity by workers using wage income as capital is also limited, again, largely due to capital constraints, and the lack of complementary social development and micro-finance inputs.

The discussion on income forgone indicates that some employment substitution is occurring as a result of the PWP employment. The survey findings indicate that not all PWP workers were formerly unemployed, and that in some instances workers shifted from less attractive employment to PWP employment; however low the remuneration for PWP employment might be, there is clearly work available to households which is even less ‘eligible’.¹¹⁶ The fact that labour is in some instances attracted out of alternative employment is not however problematic *de facto* given the extremely low wage levels and/or temporary and unstable nature of the employment forgone.

¹¹⁶ The extremely low casual wage rates reported in the survey and focus group discussions indicate non compliance in the agricultural sector with the minimum wage legislation which came into effect in 2003, prior to the survey.

However, there is no evidence of the programmes leading to labour market distortion in terms of either reduced labour availability or increased wage rates in the programme areas. This is due to the limited amount of labour absorbed in the PWPs, and also, in the case of the Gundo Lashu programme, the short duration of the programme, in the context of mass unemployment.

In some instances where labour was attracted out of alternative employment, income forgone exceeded the PWP wage. This challenges the assumption that labour behaviour is primarily a function of the wage rate and was explored further in focus group discussions. The workers argued that their labour market decisions were not exclusively driven by the goal of maximising current wage, but also by consideration of the security of their income stream over time, and the quality of employment. The fact that quality and duration of employment play such a key role in informing labour behaviour, offers a critical insight into the household labour dynamics informing PWP participation. In the focus group discussions, workers highlighted the high value they attributed to the quality of employment, in terms of the stability of the income flows offered, over income. This was particularly the case among the Zibambele workers who defined the attributes they valued in the PWP employment as i) the regular wage, ii) stable wage level (predictable), iii) permanent income employment (long-term), iv), flexibility (allowing labour constrained household who might not otherwise be able to participate in full-time employment, or employment with set hours of participation, to benefit), and v) acceptance of substitute labour (flexibility in terms of accepting substitute household labour if contractor is absent, sick or deceased, reinforcing the stability of the benefit even at times of household stress).

These findings confirm the arguments of Devereux (2000) and Dev (1995) that predictability of income flows may be more important than the net amount of the transfer; with a stable income flow enabling improved household level financial planning (consumption smoothing through saving, borrowing etc.), which is denied to poor households for whom income is erratic (as described by Adato *et al.* (2003)). Drawing on experience from the Maharashtra Employment Guarantee Scheme (MEGS), Dev (1995) argued that it was the stabilisation effect rather than the immediate transfer which has the most significant impact on sustained poverty reduction, and asserted that ‘even if the increase in income is not very large compared with the aggregate need, the existence of any form of income or employment insurance could be quite significant’ (*ibid*, p136). These findings confirm the need to include the quality of employment when estimating the value of employment and to inform appropriate policy responses to unemployment. Hence, the insurance function is as important as the amount of the transfer itself, although a public works programme can only have this insurance function if PWP employment is available on a sustained basis offering an ongoing and regular income source, as required. This poses an interesting policy dilemma given the chronic and mass nature of unemployment in South Africa, as if public works were to perform such a social insurance function in this context, the

distinction between public works and social grants would become increasingly blurred.¹¹⁷

13: Key policy implications

The fundamental implication of the survey findings is to question the potential of public works programmes to deliver sustained benefits in terms of poverty reduction and labour market performance, particularly short-term employment programmes, such as those envisaged under the EPWP.

The main policy concerns arising fall into two broad categories, relating on the one hand to the analytical assumptions regarding the nature of the labour market crisis and the potential of supply-side interventions to address the problem, and on the other to issues of programme design and implementation.

At the conceptual level, the key problem is inconsistency in terms of the characterisation of the labour market problem, chronic or transient. This leads to inconsistency in the assessment of the potential of supply-side interventions to have a significant impact on unemployment, and ultimately to a mismatch between the nature of the public works policy response, the associated expectations, and the likely outcomes.

In terms of programme design and implementation, the key policy issues arising from the survey are: i) programme objectives and design in the light of the economic context, ii) the management of access to PWP employment, iii) promoting labour market impact, iv) ensuring sustained anti-poverty impacts, and v) the potential of public works to address the social protection needs of the working age poor.

It is important to clarify programme objectives *ab initio*, and identify the priority policy outcome desired (social protection, employment etc.). This initial choice should then inform subsequent programme design. Whether the desired outcome is social protection or employment-oriented there is a need to target explicitly and ration access to PWP employment, since self-targeting through the principle of ‘less eligibility’ through restricted wages is not sufficient in the context of mass unemployment and

¹¹⁷ The problematic nature of public works as a mass social protection instrument in the context of South Africa is explained by Barr, who asserts that ‘Private insurance requires, first, that the probability of the insured event for any individual is independent of that for anyone else. This condition is necessary because insurance depends on the existence in a given period of a predictable number of winners and losers. If, in the extreme, individual probabilities are completely linked, then if one person suffers a loss so does everyone else. Thus actuarial insurance can cope with *individual* shocks but not with *common* or *systemic* shock’ (Barr, 1998 p114).

poverty.¹¹⁸ This problem is exacerbated if the scale of the programme is minimal in comparison with the scale of the problem, and the programme is intended to serve a social protection function among the poorest. In the light of this, targeting criteria should be developed in line with intended programme objectives (e.g. youth *or* rural female household heads). Conflating the target groups for different objectives is likely to undermine programme efficiency through errors of inclusion by involving inappropriate participants for whom the anticipated benefits are unlikely to be significant. Even with targeting criteria, it can be assumed that there will be excess demand for PWP employment, and in this context a rationing process will be required, which should be coherent in terms of the programme objectives. In this instance, a first-come first-served or lottery-based approach is unlikely to be appropriate for a programme with a social protection objective.

If positive labour market impacts are to be maximised it should be recognised that temporary PWP employment does not *de facto* create a sustained increase in employment, and that secondary employment benefits arising from labour intensive construction are minimal.¹¹⁹ Given the stagnation of employment in the construction sector, work experience is unlikely to improve the subsequent labour market performance of PWP workers, and if it does this will be achieved by replacing alternative, less experienced, labour, rather than generating additional employment, representing a zero net employment benefit to the economy. In the light of this, training should be appropriate in terms of local labour demand and micro-economic opportunities and informed by the perceived employment opportunities of the PWP workers themselves, rather than representing a package of externally determined inputs. In this way, additional informal sector income earning opportunities would be more likely to accrue from the PWP process. The inclusion of information on access to grants, aspects of micro-finance, and labour market information in the package of training inputs received by PWP workers, as well as the explicit linkage of PWPs with development initiatives in an area, rather than the implementation of PWPs in isolation from development processes and inputs would address these issues. For example, integration of PWP implementation with the Integrated Sustainable Rural Development Strategy (ISRDS)¹²⁰ would be an appropriate way to promote both horizontal institutional linkages, both inter-departmental, and with civil society, which could improve the performance of PWPs, both in terms of protection and also employment. In particular the linkage of PWPs with micro-finance initiatives would have the potential to improve not only employment, but also poverty impacts by promoting sustainability and second round benefits from PWP employment.

¹¹⁸ With up to 50% of the population living in poverty, ‘poverty targeting’ alone is an excessively blunt instrument.

¹¹⁹ The survey findings are confirmed by the results of a recent CGE macroeconomic simulation of the implementation of a large-scale public works programme in South Africa (Seventer and McCord, 2004).

¹²⁰ While the ISRDS itself has considerable operational limitations (see for example Everatt 2003), it is nonetheless the most appropriate instrument for the coordination of PWP implementation and the promotion of links with complimentary development interventions.

Sustained PWP employment is the key if significant anti-poverty benefits are to accrue; programmes of short duration are unlikely to have a significant impact on poverty since they do not permit the accumulation of sufficient capital to move out of poverty. Investment in social development processes can enhance the poverty impacts of a programme, and community ownership, but this can only be achieved through a sustained intervention, and is not viable in the context of short-term employment programmes. Institutional modalities also impact on the social protection function of a PWP; programmes implemented by the private sector are unlikely to focus on poverty targeting and the promotion of sustained anti-poverty outcomes, or coordination with ongoing development processes unless such outcomes are explicitly monitored and incentivised.

The Zimbabwe programme was found to offer sustained anti-poverty benefits and have the potential to address some of the factors leading to the reproduction of poverty, thereby providing significant social protection for participants. However, the relevant design components of this programme (duration of employment, poverty targeting, the focus on maintenance rather than asset creation etc.) have not been incorporated into the national public works programme which reflects many of the design components of the Gundo Lashu programme, with its significantly more limited social protection outcomes. This becomes important when the scarcity of human capital in the form of administrative capacity for programme development and implementation is considered. Given this scarcity of human capital, it is important that programmes achieve maximum impact in terms of their policy goals, and the research findings suggest that the implementation of short-term interventions with limited social protection and employment benefits may not be the most efficient way to use either the available financial or human capital.¹²¹ The opportunity cost of implementing PWPs with limited impact may be significant in terms of alternative interventions forgone.

14: Conclusions

On the basis of the two case studies examined, PWP employment is unlikely to have a significant effect on reducing absolute levels of poverty or promoting employment, although PWP participation does reduce the poverty gap during the period of employment, and can have a significant impact on other dimensions of poverty if appropriately targeted and of sufficient duration. These effects can be maximised by targeting programmes to the poorest. Whether programmes have the potential to effect sustained poverty reduction is largely contingent on the duration of PWP employment, and their potential to improve labour market performance is contingent on complementary interventions, as PWP employment itself does not significantly

¹²¹ The lower levels of cost efficiency of short-term, compared to longer term, civil engineering PWPs holds true in terms of both social development, administrative and civil engineering perspectives, see for example Phillips *et al* (1995) and McCord (2002).

improve labour market performance. While the Department of Public Works characterises post-PWP employment options as ‘graduating to employment under normal conditions’ the evidence from the survey suggests that workers may rather graduate to *unemployment* under normal conditions, returning back to the *status quo ante* in terms of their labour market performance.

The research findings clearly indicate that as currently conceptualised (for reasons of both design and scale), PWPs have no prospect of representing an adequate policy response to the social protection gap facing the working age unemployed. This is linked to the most important conclusion of the study, namely that current national PWP policy is based on a fundamental problem in terms of the conceptualisation of the South African labour market. National policy is based on the assumption that supply-side interventions can have a significant impact on poverty and unemployment, since unemployment among the low- and unskilled is a transitory rather than chronic problem. Consequently, programmes are designed to address a transient labour market challenge, when the underlying problem is structural change in the South African economy, and the delinking of economic growth and employment. The analysis on which mainstream PWP thinking is based in South Africa represents a disjunct with the realities of the labour market. The overall problem is lack of aggregate demand for labour, a reality recognised among the survey respondents who stated overwhelmingly that the reason PWP employment had not improved their labour market performance was nothing more complex than the lack of available jobs.

While PWPs, if appropriately designed, can offer a partial response to the problems of poverty and unemployment, the findings of this study indicate that the gap between policy expectation and programme reality is significant, and that PWPs cannot offer an adequate social protection response to the growing problem of the working age poor. In the light of this, there is an urgent need to open up the policy space and to seek alternative responses to this critical problem.

Bibliography

- Abedian, I. (2004), *Beyond Budget 2004: Job Creation & Poverty Alleviation in SA: What should we be doing?*, Institute for Justice and Reconciliation, Public Symposium, Breakwater Lodge/UCT Graduate School of Business, V&A Waterfront, Cape Town, 10th March 2004.
- Adato, M., Haddad, L., Horner, D., Ravjee, N. and Haywood, R. (1999), *From Works to Public Works. The Performance of Labour-Intensive Public Works in Western Cape Province, South Africa*, Southern Africa Labour and Development Research Unit and International Food Policy Research Institute, University of Cape Town.
- Adato M., Lund, F., and Mhlongo, P (2003), 'Capturing 'Work' in South Africa: Evidence from a Study of Poverty and Well-Being in KwaZulu Natal', forthcoming.
- African National Congress, (2002a), 'Economic Transformation ', National Policy Conference Discussion Papers, *Umrabulo*, No. 16, August 2002. Referred to as ANC, 2002a.
- African National Congress, (2002b), 'Social Transformation: Fighting poverty and building a better life ', National Policy Conference Discussion Papers, *Umrabulo*, No. 16, August 2002. Referred to as ANC, 2002b.
- Appleton, S. and Collier, P. (1995), On Gender Targeting of Public Transfers, in van de Walle, D. and Nead, K., (eds.), *Public Spending and the Poor, Theory and Evidence*, Johns Hopkins, pp. 555-584.
- Ardington, C. and Leibbrandt, M. (2004), *Financial Services and the Informal Economy*, SALDRU/CSSR Working Paper No. 66, University of Cape Town.
- Ardington, E. and Lund, F. (1995), Pensions and development: social security as complementary to programmes of reconstruction and development, *Development Southern Africa* 12 (4), pp.557 – 577.
- Barr, N. (1998), *The Economics of the Welfare State*, Oxford University Press, Oxford.
- Bhorat, H. (2001), *Employment Trends in South Africa*, Occasional Paper No. 2, Friedrich Ebert Stiftung, South Africa Office.
- Bhorat, H. and Hodge, J. (1999), Decomposing shifts in labour demand, in *The South Africa, South African Journal of Economics* 67 (3), pp. 348-380.
- Bhorat, H., Leibbrandt, M., Maziya, M., van der Berg, S. and Woolard, I. (2001), *Fighting Poverty: Labour Markets and Inequality in South Africa*, University of Cape Town Press.
- Casale, D. and Posel, D. (2002), The Continued Feminisation of the Labour Force in South Africa: An Analysis of Recent Data and Trends, *The South African Journal of Economics* 70 (1), pp. 156-184.
- Case, A. and Deaton, A. (1998), Large Cash Transfers to the Elderly in South Africa, *The Economic Journal*, 108 (September), 1330-1361.
- Case, A., Hosegood, V., and Lund, F. (2002), *The Reach of the South African Child Support Grant: Evidence from KwaZulu Natal*, unpublished.

- Centre for Development Enterprise (CDE) (2003), *Labour-Intensive Public Works. Towards providing employment for all South Africans willing to work*, In Depth series, 1 April 2003.
- Clark, D. (2000), *Perceptions of Development: Some Evidence from the Western Cape*, SALDRU Working Paper No. 88, University of Cape Town.
- Datt G & Ravallion M, 1994. Transfer Benefits from Public-Works Employment: Evidence for Rural India, *The Economic Journal*, 104, 1346-1369.
- Deaton, A. (1997), *The Analysis of Household Surveys. A Microeconomic Approach to Development Policy*. The World Bank, Johns Hopkins University Press.
- Deaton, A. (2003), *Measuring Poverty in a Growing World (or Measuring Growth in a Poor World)*, NBER Working Paper No. 9822, July 2003.
- Department for International Development (DFID UK) (2003), MASAF Operational Programme Review, UK Department for International Development Malawi.
- Department of Labour (2002a), Basic Conditions of Employment Act 1997, *Government Gazette*, No. R 63, 25 January 2002. Ministerial Determination: Special Public Works Programmes.
- Department of Labour (2002b), Basic Conditions of Employment Act 1997, *Government Gazette*, No. R 64, 25 January 2002. Code of Good Practice for employment and conditions of works for Special Public Works Programmes.
- Department of Public Works (2003), The Expanded Public Works Programme (EPWP), Presentation, 14 November 2003.
- Department of Public Works (2004), Presentation to EPWP Conference by Dr Sean Phillips, Director of the EPWP, Midrand, 25 February 2004.
- Department of Social Welfare (2002), *Transforming the Present – Protecting the Future*. Report to the Committee of Inquiry into a Comprehensive System of Social Security for South Africa.
- Dev, S. M. (1995), India's (Maharashtra) Employment Guarantee Scheme: Lessons from Long Experience, in von Braun, J., (ed.), *Employment for poverty reduction and food security*, Washington, D.C. International Food Policy Research Institute, Chapter 5, pp. 108-143.
- Devereux, S. (2000), *Social Safety Nets for Poverty Alleviation in Southern Africa*. Institute of Development Studies.
- Duflo, E. (1999), *The Effects of Old Age Pension on Child Health in South Africa*, MIT, December 1999.
- Everatt, D. (2003), The politics of poverty, *Development update* Vol. 4, No. 3, 2003.
- Guthrie, T. (2003), Analysis of the Child Grant uptake rates as of 1st April 2003, Children's Institute, University of Cape Town, unpublished.
- Hoddinott, J. and Haddad, L. (1995), 'Does Female Income Share Influence Household Expenditures?', *Oxford Bulletin of Economics and Statistics* 57 (1), pp. 77-96.

- Hofmeyr, J. (1985), *Labour Market Participation and Unemployment*, HSRC Investigation into Manpower Issues, Regional Development Study No. 1, Pretoria, Human Sciences Research Council.
- Keswell, M. and Poswell, L. (2002), *How Important is Education for Getting Ahead in South Africa?* CSSR Working Paper No. 22, University of Cape Town.
- Kingdon, G. and Knight, J. (2000), 'Are searching and non-searching unemployment distinct states when unemployment is high', WPS/2000-2, Centre for the Study of African Economies, University of Oxford.
- Klasen, S. (1997), Poverty, inequality and deprivation in South Africa: An Analysis of the 1993 SALDRU survey, *Social Indicators Research* 41, pp. 51-94.
- Klasen, S. and Woolard, I. (1998), Input paper for the 1998 Poverty & Inequality Report.
- KwaZulu Natal Department of Transport (2002), Zibambele publicity brochure.
- Leibbrandt, M. and Woolard, I. (2001), 'Household Incomes, Poverty and Inequality in a Multivariate Framework', in Borat, H., Leibbrandt, M., Maziya, M., van der Berg, S. and Woolard, I., *Fighting Poverty: Labour Markets and Inequality in South Africa*, University of Cape Town Press, pp.130-154.
- Lewis, J. (2001), *Policies to Promote Growth and Employment in South Africa*, Discussion Paper 16, Southern Africa Department, World Bank.
- Roads Agency Limpopo (2003), Gundo Lashu publicity brochure.
- McCord, A. (2002), *Public Works as a Response to Labour Market Failure in South Africa*, SALDRU/CSSR Working Paper No. 19, University of Cape Town.
- McCord, A. (2003), *An Overview of the Performance and Potential of Public Works Programmes in South Africa*, SALDRU/CSSR Working Paper No. 49, University of Cape Town.
- McCord, A. and Borat, H. (2003), Employment and Labour Market Trends, in *Human Resources Development Review 2003*, Human Sciences Research Council, pp.112-141.
- McCord, A. and van Seventer, D. E. (2004), *The Macro-Economic Impact of the Labour Intensification of Infrastructure Provision in South Africa*, DPRU TRIPS and Cornell Conference on African Development and Poverty Reduction, The Macro-Micro Linkage, Somerset West, South Africa, 13-15 October 2004.
- Mangum, S., Mangum, G. and Bowen, J. (1992), *Strategies for Creating Transitional Jobs during Structural Adjustment*, Working Paper Series 947, World Bank, Population and Human Resources Department.
- Mashiri, M. and Mahapa, S. (2002), Social exclusion and rural transport: a road improvement project, in Fernando, P. and Porter, G., (eds.), *Balancing the load: women, gender and transport?*, Zed Books.
- Meth, C. E. (2004a), *What has happened to poverty in South Africa as unemployment has increased?*, School of Development Studies, University of Natal, forthcoming.

- Meth, C. E. (2004b), *Half Measures: The ANC's Unemployment and Poverty Reduction Targets*, forthcoming.
- Moller, V. (1992), *Quality of Life in Unemployment: A Survey Evaluation of Black Township Dwellers*, Pretoria, Human Sciences Research Council.
- Muller, C. (2003), *Investigating South Africa's Informal Sector: Measurement, Participation, and Earnings*, Masters Thesis, University of Natal, Durban.
- Nattrass, N. (2000), 'The Debate about Unemployment in the 1990s', *Journal for Studies in Economics and Econometrics* 24 (3), pp. 73-90.
- Nattrass, N. and Seekings, J. (2001), 'Two Nations'? Race and Economic Inequality in South Africa Today', Daedalus, *Journal of the American Academy of Arts and Sciences*, Winter 2001, pp. 45-70.
- Pellissery, S (Forthcoming, 2005). *The effects of process deficits of anti-poverty programmes on the chronic poor*. Proceedings of the conference on Social Protection for Chronic Poverty, Institute for Development Policy and Management, University of Manchester 23-24, February, 2005
- Phillips, S., Pintusewitz, C. and McCutcheon, R. (1995), *Choice of Techniques Analysis*, Regional Seminar of Labour-based Roadworks, University of the Witwatersrand, Johannesburg, South Africa, 16-20 January 1995.
- PCAS (2003), *Towards a Ten Year Review: Synthesis Report on Implementation of Government Programmes*, Policy Co-ordination and Advisory Services (PCAS), The Presidency.
- Posel, D. and Casale, D. (2003), 'What has been happening to International Labour Migration in South Africa, 1993-1999?', *The South African Journal of Economics*, Vol. 71:3, September 2003.
- Posel, D., Fairburn, J. and Lund, F. (2004), *Labour Migration and Households: A Reconsideration of the Effects of the Social Pension on Labour Supply in South Africa*. Paper presented at the Ninth Annual Conference on Econometric Modelling for Africa. University of Cape Town, 30 June to 2 July 2004.
- Potgieter, J. F. (2003), *The Household Subsistence Level in the Major Urban Centres of the Republic of South Africa*, September 2003. Health and Development Research Institute, Faculty of Health Sciences, University of Port Elizabeth, Report no 6/2003.
- Ravallion, M. and Datt, G. (1995), Is Targeting Through a Work Requirement Efficient? Some Evidence for Rural India, in van de Walle, D. and Nead, K., (eds.), *Public Spending and the Poor, Theory and Evidence*, Johns Hopkins, pp. 413-444.
- Samson, M. (2002), The Social, Economic and Fiscal Impact of Comprehensive Social Security Reform for South Africa, *Social Dynamics* 28:2 (2002), pp. 69-97.
- Samson, M., Lee, U., MacQuene, K., van Niekerk, I. and Gandhi, V. (2003), *The Social and Economic Impact of Social Assistance Grants*, Interim Report, Commissioned by the Directorate: Finance and Economics, Department of Social Development, 31 August 2003.
- Sen, A. (1993), Capacity and Well-Being, in Nussbaum, M. and Sen, A., (eds.), *The Quality of Life*, Oxford University Press, pp.30-53.

- South African Reserve Bank (2004), *Quarterly Bulletin*, June 2004.
- Statistics SA (2002), Labour force survey, September 2002, Statistical release, P0210.
- Statistics SA (2003a), Labour force survey, March 2003 (Data)
- Statistics SA (2003b), Labour force survey, March 2003 Statistical release, P0210.
- Statistics SA (2003c), The Pocket Census 2001.
- Statistics SA (2004), Labour force survey, September 2003
- Todes, A. (2001) South African Urbanisation Dynamics and the Normalisation Thesis. *Urban Forum*. 12(1), pp. 1-26.
- Van de Walle, D. (1998), 'Assessing the welfare impacts of public spending ', *World Development*, March 1998, pp.365-379.
- Whiteford, A. and van Seventer, D. E. (2000), 'South Africa's Changing Income Distribution in the 1990s ', *Studies in Economics and Econometrics*, November 2000, 24(3), pp.7-30.
- Woolard, I. and Leibbrandt, M. (2001), 'Measuring Poverty in South Africa', in Borat, H., Leibbrandt, M., Maziya, M., van der Berg, S. and Woolard, I., *Fighting Poverty: Labour Markets and Inequality in South Africa*, University of Cape Town Press, pp. 41-73.
- World Bank (2004) Poverty Nets Web Site, <http://www.worldbank.org/poverty/safety/pworks>

Appendices

Annex 1: PWP worker education levels, with modal education level shaded

	<i>Gundo Lashu</i> %	<i>Zimbabwe</i> %
No Education	6.2	31.1
Grades 1-4	5.1	27.9
Grade 5-7	19.9	22.6
Grade 8-10	35.6	15.3
Grade 11-12/Diploma without matric	31.8	3.2
Greater than 12 NTC I/Diploma with matric	1.5	0
Total	337	412

Annex 2: PWP worker education levels by sex, with modal public worker educational attainment shaded

	<i>Gundo Lashu</i>		<i>Zimbabwe</i>	
	Male	Female	Male	Female
	%		%	
No Education	3.7	8.6	41.4	30.3
Grades 1-4	8.7	1.8	17.3	28.7
Grade 5-7	15.4	23.6	24.1	22.4
Grade 8-10	38.3	33.4	13.8	15.4
Grade 11-12/ Diploma without matric	32.1	31.6	3.5	3.1
Greater than 12 NTC I/Diploma with matric	1.8	1.2	0	0

Annex 3: Modal PWP worker education levels by sex and age

<i>Age</i>	<i>Gundo Lashu</i>	<i>Zimbabwe</i>	<i>Gundo Lashu</i>	<i>Zimbabwe</i>
	<i>Male</i>	<i>Male</i>	<i>Female</i>	<i>Female</i>
	<i>Grade</i>	<i>Grade</i>	<i>Grade</i>	<i>Grade</i>
Under 20	8	-	-	-
20-29	12	-	12	8
30-39	11	7	12	0
40-49	8	0	8	0
50-59	1 and 2	0	0	0
60-69	-	-	0	0

- Denotes insufficient data.

Annex 4: Provincial rural modal education attainment

Limpopo Rural Modal Education Attainment

	<i>Male Non-urban</i>	<i>PWP Worker</i>	<i>Female Non-urban</i>	<i>PWP Worker</i>
	Grade			
Age 20-29	12	12	12	12
Age 30-39	12	11	12	12
Age 40-49	0	8	0	8
Age 50-59	0	1 & 2	0	0
Age 60-69	0	-	0	0

- Denotes no data available.

Source: Own calculations and Stats SA (2003a).

KwaZulu Natal Rural Modal Education Attainment

	<i>Male Non-urban</i>	<i>PWP Worker</i>	<i>Female Non-urban</i>	<i>PWP Worker</i>
	Grade			
Age 20-29	12	-	12	8
Age 30-39	12	7	12	0
Age 40-49	0	0	0	0
Age 50-59	0	0	0	0
Age 60-69	0	7	0	0

- Denotes no data available.

Source: Own calculations and Stats SA 2003a.

Annex 5: Literacy among PWP workers (disaggregated by age and sex)

<i>Age</i>	<i>Percentage Literate</i>			
	<i>Gundo Lashu</i>	<i>Zibambele</i>	<i>Gundo Lashu</i>	<i>Zibambele</i>
	<i>Male</i>	<i>Male</i>	<i>Female</i>	<i>Female</i>
Under 20	100	100 (n=1)	100 (n=1)	--
20-29	100	100	100	91
30-39	96	67	98	85
40-49	83	14	83	66
50-59	63	14	56	47
60-69	100 (n=1)	0 (n=2)	0 (n=2)	42

- Denotes no data available.

Annex 6: Main monthly worker income, rural Limpopo and KwaZulu Natal (PWP wage shaded)

<i>Wage Category</i>	<i>Rural Limpopo</i>		<i>Rural KwaZulu Natal</i>	
	<i>% of workers</i>	<i>Cum %</i>	<i>% of workers</i>	<i>Cum %</i>
None	4	4	5	5
R1 - R200	13	17	8	13
R201 - R500	33	50	30	44
R501 – R1 000	18	68	28	71
R1 001 - R1 500	6	73	10	81
R1 501 - R2 500	8	82	8	89
R2 501 - R3 500	5	87	3	92
R3 501 - R4 500	4	91	3	95
R4 501 - R6 000	5	96	3	98
R6 001 - R8 000	3	99	1	99
R8 001 - R11 000	1	100	1	99
R11 001 - R16 000	0	100	1	100
R16001 -R30 000	0	100	0	100
R30001 +	0	100	0	100

Source: LFS March 2003 Data Set.

Annex 7: Participation and unemployment rates

<i>Zimbabwe Household Workers</i>			<i>Gundo Lashu Household Workers</i>			
	<i>All workers</i>	<i>Excl pwp</i>	<i>All workers</i>	<i>Excl all pwp</i>	<i>Excl current pwp</i>	<i>Former pwp</i>
Potentially Economically Active	1500	1105	911	600	782	182
Unemployed & seeking work	413	411	304	181	304	123
Unemployed & not seeking work	26	26	5	3	5	2
Working	490	99	261	98	132	34
Participation rate	62%	49%	63%	47%	56%	87%
Unemployment rate						
- Narrow	46%	81%	54%	65%	70%	78%
- Broad	47%	82%	54%	65%	70%	79%
Work response rate	87%	83%	80%	74%	77%	89%

Annex 8: Work forgone by gender

Gundo Lashu <i>Category of Work Forgone</i>	<i>% of respondents who reported reduced activity in each category of work*</i>	
	<i>Male</i>	<i>Female</i>
Regular wage	4.4	7.1
Casual wage labour	27.4	5.9
Subsistence	6.7	13.1
Non-farm	8.0	17.2
Household domestic work	16.9	50.3

* (Does not add up to 100% as more than one area of reduced activity was permitted).

Zimbabwe <i>Category of Work Forgone</i>	<i>% of respondents who reported reduced activity in each category of work*</i>	
	<i>Male</i>	<i>Female</i>
Regular wage	0	0
Casual wage labour	16.7	24.5
Subsistence	20.8	21.0
Non-farm	8.3	14.2
Household domestic work	12.5	25.9

* (Does not add up to 100% as more than one area of reduced activity was permitted).

Annex 9: 'Non-principal' use of PWP income

<i>Other uses of income</i>	<i>Gundo Lashu</i>	<i>Zimbabwe</i>
	<i>% of households who answered yes</i>	
Clothing	62	82
Education	37	83
Agricultural inputs	6	31
Debts	39	49
Material assets	28	24
Transport	44	54
Job search	24	21
Invest in income-generation	6	8
Burial societies	42	13
Improve accommodation	22	12
Other	2	4

Annex 10: Impact of PWP income on nutrition

Frequency of adults not eating for a day

<i>Frequency of adults not eating for a whole day (% of households who report this behaviour)</i>		<i>Before</i>	<i>After</i>
Current Gundo Lashu	Most of the time	9	8
	Never	57	79
Former Gundo Lashu	Most of the time	14	9
	Never	71	76
Zimbabwe	Most of the time	40	1
	Never	15	85

Frequency of reducing children's meals

<i>Frequency of reducing the size of children's meals (% of households who report this behaviour)</i>		<i>Before</i>	<i>After</i>
Current Gundo Lashu	Most of the time	9	6
	Never	63	80
Former Gundo Lashu	Most of the time	15	8
	Never	72	78
Zimbabwe	Most of the time	34	1
	Never	13	77

Annex 11: Post-Survey Focus Group participants

Zibambele (April 2004)

Eshowe Region

Tholiwe Zanaló, Jabu Mbatha, Tholakele Ncube, Beslina Mtshali, Gumbu Nsele, Sbongile Buthelezi, Hlengiwe Mhlongo, Thengwephi Zuma, Ntombikayise Gumede, Dudu Mthembu and Goodness Mkhwanazi.

Mapumulo Region

Janet Mthimkhulu, Thandeka Cele, Velaphi Mcanyana, Khombisile Mcanyana, Princess Dladla, Sbongile Mcanyana, Lucky Mcanyana, Carol Ngobese, Phendukile Dladla and Khathazile Mathonsi.

Gundo Lashu (December 2003)

Moshate, Mankweng Cluster

Johannes Ramalema, Theophilus Mphoka, Eliah Malahlela, Carol Madia, Louisa Phoshoka, Elizabeth Mamabolo, Suzan Mamabolo, Lydia Maredi, Piet Malebati, Maria Makwela, Regineth Malemela, Piet Malebati, Griefiths Mogoboya and Welminah Magoba.

Thabakgone, Mankweng Cluster

Solomon Mamabolo, Akila Thema, Suzan Thema, Johanna Mamabolo, Betty Matlakala, Louisa Mamabolo, Euphodia Mamabolo, Lazarus Rabodiba, Ollen Mamabolo, Johannes Mpllope, Maria Mamabolo, Maria Sekgobela, Florinah Mamabolo, Marry Matlajoane, Grace Marokane, Rebone Seenabe, Magdeline Mogashwa, Rosinah Moagi and Piet Maila.

Tshware, Mankweng Cluster

Ephraim Zwane, Samuel Rasekgakga, Stephen Mafokwane, Jonas Bopape, William Malemela, Jeremia Kgopa, Sefura Mamabolo, Eliot Mathiba, Elias Maake, Akas Bopape, Timothy Mehlape, Francinah Thema, Regina Masetla, Johanna Sehlapelo, Sophie Masetla and Francinah Modiba

Mashite and Malehlage, Sekhukhune Cluster

Mphahlele J, Hlokwa R, Polae R, Mmowa O, Makgati M, Ntsoane G, Rachoene A, Ntsoane R, Mankoe M, Mathabatha T, Molaba M, Makgati E, Mathabatha R, Makgati J, Malapane S and Makgati M.

The Centre for Social Science Research

Working Paper Series

RECENT TITLES

- Alemika, E. 2004. *Legitimacy, Rule of Law and Violent Conflicts in Africa*. CSSR Working Paper No. 70.
- Coetzee, C. Nattrass, N. 2004. *Living on AIDS Treatment: A Socio-Economic Profile of Africans Receiving Antiretroviral Therapy in Khayelitsha*, Cape Town. CSSR Working Paper No. 71.
- Mozaffar, S. 2004. *How context mediates the effects of electoral institutions on the structure of party systems in Africa's emerging democracies*. Cape Town. CSSR Working Paper No. 72.
- Ndegwa, D. Horner, D. Esau, F. 2004. *The links between migration, poverty and health: Evidence from Khayelitsha and Mitchell's Plain*. Cape Town. CSSR Working Paper No. 73.
- Maughan Brown, B. 2004. *Measuring HIV/AIDS stigma*. Cape Town. CSSR Working Paper No. 74.
- Seekings, J. with Leibbrandt, M. Nattrass, N. 2004. *Income inequality after apartheid*. Cape Town. CSSR Working Paper No. 75.
- Seekings, J. Nattrass, N. 2004. *The Post-Apartheid distributional regime*. Cape Town. CSSR Working Paper No. 76.
- Alemika, E. 2004. *Corruption, governance performance and political trust in Nigeria*. Cape Town. CSSR Working Paper No. 77.
- Burns, J. 2004. *Race and trust in post-apartheid South Africa*. Cape Town. CSSR Working Paper No. 78.

The Centre for Social Science Research

The CSSR is an umbrella organisation comprising five units:

The Aids and Society Research Unit (ASRU) supports quantitative and qualitative research into the social and economic impact of the HIV pandemic in Southern Africa. Focus areas include: the economics of reducing mother to child transmission of HIV, the impact of HIV on firms and households; and psychological aspects of HIV infection and prevention. ASRU operates an outreach programme in Khayelitsha (the Memory Box Project) which provides training and counselling for HIV positive people

The Data First Resource Unit ('Data First') provides training and resources for research. Its main functions are: 1) to provide access to digital data resources and specialised published material; 2) to facilitate the collection, exchange and use of data sets on a collaborative basis; 3) to provide basic and advanced training in data analysis; 4) the ongoing development of a web site to disseminate data and research output.

The Democracy in Africa Research Unit (DARU) supports students and scholars who conduct systematic research in the following three areas: 1) public opinion and political culture in Africa and its role in democratisation and consolidation; 2) elections and voting in Africa; and 3) the impact of the HIV/AIDS pandemic on democratisation in Southern Africa. DARU has developed close working relationships with projects such as the Afrobarometer (a cross national survey of public opinion in fifteen African countries), the Comparative National Elections Project, and the Health Economics and AIDS Research Unit at the University of Natal.

The Social Surveys Unit (SSU) promotes critical analysis of the methodology, ethics and results of South African social science research. One core activity is the Cape Area Panel Study of young adults in Cape Town. This study follows 4800 young people as they move from school into the labour market and adulthood. The SSU is also planning a survey for 2004 on aspects of social capital, crime, and attitudes toward inequality.

The Southern Africa Labour and Development Research Unit (SALDRU) was established in 1975 as part of the School of Economics and joined the CSSR in 2002. SALDRU conducted the first national household survey in 1993 (the Project for Statistics on Living Standards and Development). More recently, SALDRU ran the Langeberg Integrated Family survey (1999) and the Khayelitsha/Mitchell's Plain Survey (2000). Current projects include research on public works programmes, poverty and inequality.
