

Are Public Works an alternative to a Basic Income Grant?

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Introduction

This paper asks whether Public Works are a viable alternative to other forms of social protection for the working age poor, such as a Basic Income Grant, particularly in the context of Sub-Saharan Africa, using South Africa as a case study. This question is particularly pertinent given the political preference for public works over social grants in both the North, where it is popularly characterised as ‘workfare’, and also in the South, where similar concerns over dependency lead both influential donors, and in many instances also national governments, to adopt public works based responses to chronic poverty and structural unemployment, over basic income based instruments.

Using South Africa as a case study, and drawing on public works experience throughout East and Southern Africa, this paper explores the potential social protection function of public works, issues relating to the administration and operationalisation of public works in the context of chronic and mass impoverishment and unemployment, and concludes by making a critical analysis of the presentation of public works and basic income grants as alternates, and the cost of this confusion, in terms of the resulting closure of policy space and space for debate on viable social protection options for the working age poor.

The paper first gives a brief and simplified overview of the labour market context in which public works programmes are located in South Africa, and a summary of the policy environment and political preferences which lead to repeated selection of public works as instruments of social protection in the sub-Saharan African region. Next the paper examines the potential social protection function of public works, and the vectors

through which public works programmes might contribute to social protection outcomes, namely the provision of assets, skills development and the wage transfer, before considering critically whether these vectors are likely to have a sustained impact.

Having reviewed these questions and concluded that in the context of a short period of public works employment, the predicted social protection impact is likely to be extremely limited, the paper briefly reviews the scale of public works employment provision in relation to the scale of unemployment, and finds a major mismatch, implying a significant rationing of public works employment among the poor and unemployed. Finally the cost of a public works based social protection instrument for the working age poor is discussed, in terms of both the budgetary implications, and the demands on scarce governmental administrative capacity, both of which are significantly higher than for alternative social protection interventions.

In conclusion the paper finds that public works and basic income grants are not substitutes, and that the inaccurate depiction of PWP as an alternative to a Basic Income Grant in the popular discourse in South Africa risks closing policy space and dampening pressure for social protection for the working age poor. Notwithstanding the implementation of the EPWP in South Africa, there remains a significant policy gap in terms of social protection for this group.

The Labour Market Context and EPWP Design

This paper focuses on the Expanded Public Works Programme (EPWP) currently implemented in South Africa, as an example of public works in Sub Saharan Africa. While the labour market context in South Africa differs in detail from other countries in the region, it shares some significant characteristics, in terms of the structural nature of unemployment, and its concentration among the low and unskilled, who are increasingly surplus to the needs of modernising and liberalising economies. In this context the ‘trickle down’ approach to unemployment and poverty reduction is often invoked, on the basis of the argument that economic growth will lead to a reduction in poverty and unemployment, yet this analysis and the resultant policy dependence on economic growth as the key instrument to address poverty, is widely criticized among academics and policy makers alike, see for example;

‘It is sometimes argued that higher rates of economic growth, of 6% and above, would [...] lead to the reduction of the levels of unemployment in our country. This is part of a proposition about an automatic so-called trickle-down effect that would allegedly impact on the "third world economy" as a result of a stronger "first world economy". None of this is true.’
President Mbeki (2003 State of the Nation address);

In South Africa, it has been argued that with current growth path and policy mix, even with 6% GDP growth for a decade, unemployment among the low and unskilled is likely to remain above 30% (Lewis 2001, Pollin, Epstein, Heintz, & Ndikumana, 2006). Given

this analysis, in this context, large scale employment creation and/or alternative social assistance interventions are required in the medium to long term to address poverty among the working age unemployed. Similar situations prevail in many countries in the region, with rising unemployment and falling demand for low and unskilled workers resulting in chronic unemployment and poverty.

In response, many countries in the region have adopted public works programmes to complement falling and inadequate demand for low and un-skilled workers. For the purpose of this paper, public works programmes are defined as all activities which entail the payment of a wage by the state in return for the provision of labour, in order to i) enhance employment and ii) produce an asset, with the overall objective of promoting social protection. Public works programmes offer either food or cash in return for physical labour, and are known as either Food for Work (FFW) or Cash for Work (CFW) depending on the commodity forming the wage. Food for Work was particularly popular in the post-war period largely due to the major grain transfers available from the US, but in recent decades, Cash for Work has been the preferred option where possible, as it offers a more responsive and flexible option for recipients, which can be used to meet a range of household needs directly, rather than requiring a process of household level monetization. The relative merits of each will not be discussed in this paper, which will focus on cash based programmes, which may be considered a particular form of conditional grant, with the transfer being given in return for the satisfactory completion of the work requirement. This paper will also focus primarily on programmes offering temporary and once-off employment, as in the South African EPWP, which is representative of the majority of public works programmes in the region (in contrast with the Maharashtra employment Guarantee Scheme (MEGS) in India, which offers repeated access to employment for the unemployed).

The Policy Environment and Political Preferences

From a wide range of possible social protection options, public works are experiencing continued popularity and policy prominence, being widely implemented throughout Asia, Latin America and Africa, often with funding from international donor agencies, including the World Bank, DFID and the ILO. The reason for this popularity is that they offer the opportunity to providing employment while also creating assets, providing a welfare transfer which also represents a tangible economic investment. The efficacy such programmes in situations of chronic poverty and structural unemployment is challenged in a growing body of literature from a range of critical commentators, but they continue to be implemented nevertheless.

The reasons for this continued popularity among both donors and governments which can be characterized into four main themes; i) they are consistent with the dominant development ideology which eschews ‘dependency’ and the perceived ‘welfarism’ of direct transfers, ii) they involve the production of assets, avoiding the perceived trade-off between productive investment, and expenditure on welfare, iii) in the popular political discourse they are perceived as creating ‘jobs’ rather than offering welfare, and iv) they are perceived to offer the benefit of self-targeting by the poor, by means of a low wage

rate, rendering alternative targeting mechanisms unnecessary. These reasons will not be explored in detail in this paper, suffice it to argue that these are the major factors influencing policy choice over alternative instruments, and informing the selection of public works as the policy instrument of choice in situations of chronic, as well as acute poverty. The assumptions underlying these factors are not however necessarily robust, (for a full discussion see McCord 2005b).

In the context of acute labour market crises (eg in the aftermath of natural disasters or economic shocks) public works may be an appropriate intervention, as argued by Subbarao,

‘public works have been an important countercyclical intervention in industrial and developing countries’ (Subbarao, Bonnerjee, Braithwaite, Carvalho, Ezemenari, Graham, and Thompson 1997, p.67).

However, in the context of chronic poverty and structural unemployment, which is neither cyclical nor transient, it is not apparent that a public works intervention will have a significant or sustained social protection impact;

‘public works are essentially a temporary safety net and should never be used as a permanent escape route from poverty’ (ibid, p.168).

Yet despite these insights, which are widely reflected throughout the donor literature, public works programmes are repeatedly implemented with the objective of providing social protection to populations experiencing structural unemployment and chronic poverty. This is done with support from donors, who anticipate sustained improvements in livelihoods and poverty reduction as the outcome of their interventions,¹ despite the fact that the literature argues that the effective sphere of public works is temporary crises, functioning to enable consumption smoothing, rather than the provision of ‘transformative’ social protection which would at best move beneficiaries out of poverty, and at least reduce their vulnerability to risk.

Ideological concerns: the Work Ethic and Dependency

Arguably, the fundamental reason for the popularity of public works programmes is their consistency with the dominant development and social protection ideology.² In general the work requirement is considered positive from an ideological perspective in terms of promoting the work ethic, and reducing ‘dependency’. The work requirement is consistent with an assumption that the work ethic may be absent among those in poverty, and a belief in the intrinsic benefit of having the poor work in return for social protection to prevent ‘laziness’ resulting from social assistance. This assertion is problematic for a number of reasons, not least the extremely low value transfers frequently made under

¹ An example is one short term DFID supported public works programme in Malawi which has as its goal ‘enhanced livelihoods for poor people in Malawi’, (DFID 2004).

² See Culpitt (1999) for a full discussion of the neo-liberal theoretical basis of the dominant social protection ideology.

public works programmes³ (although not the South African EPWP, which offers wages competitive with both the informal and formal sectors). Likewise public works programmes are consistent with the dominant development ideology which eschews the perceived ‘dependency’ effect of direct transfers. Within this discourse it has been asserted that public works represent a significantly different intervention from direct transfers in terms of their dependency effect, although this is a highly contested issue, and both the concept of dependency itself, and the differential dependency impact of public works compared to other interventions has been challenged.⁴

As a consequence of the ideological popularity of public works, they have come to play a central role in the social protection debate throughout Africa, and dominate assistance to the working age poor. The Ethiopian Employment Generation Scheme (EGS), is the largest such programme in the region in terms of numbers employed, providing employment for an average of 5 million workers each year over the last ten years and in South Africa public works form the primary social protection instrument for the working age poor. This preference for public works based social protection systems throughout the region is matched by significant levels of donor and government spending; the new Ethiopian national public works programme (Productive Safety Nets Programme, or PSNP) has an annual budget of \$200 million, funded primarily by multilateral donors. Even localised donor funded public works projects in the region have large scale budget allocations, with the USAID Improving Livelihoods through Food Security (I-LIFE) programme in Malawi having a budget of \$10 million over 5 years, and the EU Income Generating Public Works Programme (IGPWP) in the same country having similar budget of \$12.5 million over 5 years.

The Social Protection Function of Public Works

Having established the prevalence of public works programmes in the region, it is useful to explore how public works can contribute to the social protection, and the vectors through which they can impact on welfare, if their viability as alternatives to social protection through a Basic Income Grant is to be reviewed.

Social protection may be defined as a response to vulnerability, which is the result of exposure to shocks or negative processes, mediated by a household’s ability to withstand those shocks. (Devereux and Sabates-Wheeler 2005 (IDS)). Social protection is the attempt to promote the protection and accumulation of assets in order to reduce vulnerability. Within the World Bank the concept is discussed under the name of ‘Social

³ It is interesting to note that the concept of ‘benefit scroungers’ implied by this concern has spread along with the ideology of dependency from developed to developing economies, despite the fact that the value of many public works transfers still leave participating households well below the poverty line, rendering the concept of such a transfer engendering laziness if not accompanied by a work requirement somewhat puzzling. For example gross public works wage in South Africa vary between R350 and R600 per month (approximately £30-£55), leaving over 90% of participating households below the poverty line (McCord 2004a) and in Malawi the World Bank and DFID funded Social Action Fund public works programme offers remuneration of MK792 per month (approximately £4), again leaving participating households well below the poverty line (McCord 2004b).

⁴ See Meth 2004 for an overview of this debate, with particular reference to public works.

Risk Management’ which is characterized as having three levels, risk reduction, risk mitigation and risk coping. This can usefully be set aside the social protection typology developed by the IDS, which also presents three tiers of social protection interventions, promotive/transformative, preventive and protective, a fuzzy set of terms, the first two combining to offer ‘springboards’ out of poverty, and the latter two ‘safety nets’. This terminology can be applied to public works, in order to locate them in the prevailing social protection typology, see figure 1.

Figure 1: A Conceptual Framework for the Social Protection Function of Public Works

World Bank SRM	IDS Terminology		Public Works Intervention	
Risk Reduction	Springboards	Promotive/ transformative (Social transformation)	Productive assets	Wage transfer, meaningful assets (& training skills transfer)
Risk Mitigation		Preventive (Insurance mechanism)	Sustained employment/ employment guarantee at times of need	Wage transfer
Risk Coping	Safety nets	Protective (Social assistance)	Short term employment	Wage transfer

Derived from Devereux and Sabates-Wheeler (2004).

Public works have the potential to offer ‘protective’ social protection/risk coping by providing short term wage transfers in response to a crisis, ‘preventive’ social protection/risk mitigation through the provision of guaranteed wage transfers at times of need, and ‘transformative’ social protection/risk reduction, (a movement out of poverty) through a sustained wage transfer, skills development and the creation of productive assets. Many public works programmes in sub-Saharan Africa have a sustained improvement in livelihoods as their objective (risk reduction or promotive/transformative social protection). However, in order to achieve this there is a need to acquire the ‘minimum or threshold asset bundle that enables future accumulation’ (Carter, 2004). Carter and May argue that unless the poor can accumulate sufficient resources to pass this critical asset threshold, they are very likely to fall back into poverty (Carter and May 2001), and hence the critical question for public works programmes, in terms of their viability in achieving sustained social protection outcomes is whether they enable this transition to take place.

The Vectors through Which Public Works Can Offer a Social Protection Function

The social protection function of public works can potentially operate through three vectors; productive benefits arising from the assets created, labour market benefits arising from skills development gained during employment, and the wage transfer. Each of these is briefly discussed below.

Asset Creation

The creation of assets is generally included as a key rationale for the selection of public works interventions over alternative social assistance measures, as public works programmes avoid the perceived trade-off between ‘productive’ investment in infrastructure, and ‘consumption’ expenditure on welfare. Public works offer the potential to kill two birds with one stone, combining social assistance and asset creation, as Smith recommends in relation to Malawi;

‘as far as possible safety nets in Malawi need to be productivity-enhancing (for example in the form of public works [...]), rather than pure transfers – [...] to maximize long-term income growth among the poor’ (Smith 2001, p.13)
(emphasis added)

However, the beneficial economic and developmental value of the assets created through public works, and their ability to provide ‘long-term income growth among the poor’ tends to be assumed rather than empirically established. In many countries in the region, including South Africa and Malawi, there is little evidence of a positive economic or livelihoods impact arising as the result of public works assets, (or for that matter evidence to the contrary), since data is not gathered on this aspect of public works programmes, despite this being an intrinsic component of programme objectives, and the main vector through which sustained social protection benefits are frequently anticipated. The objective of one DFID-funded public works programme in Malawi offering short term employment, was ‘to contribute to a *sustained improvement in the livelihoods of the poor*’ (DFID 2003) – a typical public works programme objective. Since the programme offered only temporary employment, the wage transfer was unlikely to function as a safety net or instrument for sustained livelihoods improvement, and hence the potential of the programme to achieve the anticipated outcomes is dependent on the ability of the assets created to deliver significant medium to long term benefits to participants. However the impact of the assets created was not evaluated, primarily due to the implicit and unsubstantiated assumption that the creation of assets such as roads or community structures, would *de facto* offer significant and sustained benefits, either to participants, or the broader community. Research from Ethiopia and Malawi, among other countries, indicates that in many instances the assets created do not offer direct (or indirect) benefit to poor communities or those participating in the public works programme, and issues of ownership, maintenance, quality and appropriateness, as well as the strategic developmental and economic significance of the asset created, often undermine any potential medium to long benefits which the asset could potentially have offered. Frequently it is labour absorption, rather than developmental thinking which lead to the selection of a particular asset for public works programme construction.

Subbarao and Smith noted this problem with public works programmes in Ethiopia, observing that;

‘Workfare programs are not integrated with activities at various levels of government [...] because there has been no integration of aid-funded projects with the broader developmental activity [...] the program suffered from [...] low productivity (did not lead to assets of the type found in India’s Maharashtra employment Guarantee Scheme). The program is driven by the consideration of labor use [...] rather than the creation of assets consistent with regional (community) needs and priorities [...]. As a result [the] aim to use food aid as a “dual purpose instrument of relief and development” did not materialize’. (Subbarao and Smith 2003, pp.21-22).

Skills Development and Labour Market Enhancement

If the asset created under public works is frequently more of a ‘white elephant’ than a tangible economic benefit to those who created it, the role of skills development may be of greater importance in terms of a sustainable livelihoods benefit. This is one of the key ideas behind the workfare concept (see Handler 2004), and is central to many public works programmes, including the EPWP in South Africa.

The EPWP is designed to ‘provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities’ while at the same time equipping participants ‘*with a modicum of training and work experience, which should enhance their ability to earn a living in the future*’ (Growth and Development Summit Agreement, June 2003 (emphasis added)). However, the great majority of EPWP participants will receive only basic on-the-job and ‘lifeskills’ training, rather than vocational training, skills upgrading, or training in aspects of entrepreneurship which could potentially improve their labour market prospects. The content of ‘lifeskills’ training is not consistent within the EPWP, but typically includes information on HIV/AIDS, and sometimes also advice on accessing labour market opportunities. This responds in part to the argument that access to labour market information and networks is as a key determinant of labour market performance (see for example Natrass 2000), but since unemployment is primarily structural, rather than frictional, this may offer little real labour market benefit.

The rationale for the lack of focus on skills training is the fact that

‘the nature of the labour intensive construction industry is such that [...] employment opportunities for labourers typically last only 4 to 6 months. [...], this entitles labourers to only 8 to 12 days of paid training. *This is not sufficient to train unskilled labourers to become artisans.* It has therefore been agreed with the DOL to create a generic 10 to 14 day training course that will consist of accredited unit standards on: General Life skills, awareness of HIV and AIDS, and labour markets and the world of work.’

(Infrastructure Sector Plan for the EPWP, 2005)

It is not clear that this training will have a significant positive or sustained impact on livelihoods, particularly since the main constraint to employment is net lack of demand for low-skilled labour. It has been recognized in the South African policy discourse that public works employment without skills development will not have a sustained beneficial impact see for example EPWP documentation citing the 2004 Growth and Development Summit;

‘...job creation without skills development, upgrading and training, does not lend itself to sustainable employment and will have no long-term economic impact on the lives of the unemployed...’ EPWP 2004

However, this statement is in tension with expectations aroused elsewhere in the EPWP documentation and associated policy rhetoric, as discussed above, which suggest that workers will receive training, *‘which should enhance their ability to earn a living in the future’* thereby promoting the social transformation and risk reduction ‘springboard’ outcome. For 97% of participants the training component of the EPWP is likely to be restricted to lifeskills, (McCord 2006?) and to be of extremely limited value in terms of labour market performance, since it does not render participants’ labour market characteristics different from those of the mass of unemployed low skilled work seekers. Where the exit scenarios of EPWP ‘graduates’ have been studied, most have returned to the same unemployment or casual employment situation which they experienced prior to programme participation, rather than moving to a more stable or positive employment profile, and had low expectations in terms of post EPWP employment opportunities. Interestingly, it is not just in terms of formal employment that no significant changes in labour market performance were noted. After exiting the EPWP, no significant increases in self-employment were evident either, with participants stating that lack of training/skills, and limited capital accumulation as the main reasons.

The limitations in the skills development component of public works are typical throughout the Sub-Saharan Africa region, where programmes tend to focus on the primary benefit of a wage transfer, rather than skills development among participants.

Wage

Given the limitations on the likelihood of either the assets created or skills training to confer significant social protection benefits, in public works programmes generally, and the EPWP in particular, the wage becomes the critical vector through which social protection benefits could potentially be acquired through public works. However, the ability of the wage to perform this function is contingent on i) the level of the wage and ii) the duration of employment, as it is the potential to accumulate which is of central importance in terms of a sustained social protection outcome.

A public works wage is necessarily set low, in order to conform with the principle of ‘less eligibility’, to prevent labour market distortion and promote self-selection of the poor into the programme. However, a wage set at an extremely low level in order to prevent excess demand for public works employment, may be contrary to the social protection objectives which were the initial rationale for programme implementation. This analysis is particularly relevant in a segmented labour market where the prevailing wage in the most poorly paid sector is extremely low, as in the ganyu (informal agricultural contract labour) system in Malawi, where the daily wage is approximately MK33/day (£0.16). This wage was used to guide remuneration in the World Bank and DFID funded Social Action Fund public works programme, resulting in a wage far below that required to meet even basic household subsistence needs. Replicating this wage level in a public works programme is problematic, since it is unlikely to have a significant impact on chronic poverty (McCord 2004b), and creates a tension within a programme with the objective of promoting social protection.

In the South African context, the EPWP wage is negotiated on a case by case basis at marginally below on the basis of the minimum wage, (with the reduction justified on the basis of the training benefits accruing to participants, a reduction which might be questioned given the content of the training outlined above), and tends to fall between R30 and R50 per day (US\$4-7), resulting in a wage of between R600 and R1100 (US\$80-160) per month, significantly above the Malawi wage. However, it is the interplay between the wage rate and the duration of employment which will dictate likely social protection outcomes, and Dev (1995) argues that a regular and predictable low income may have greater benefits for a recipient household, than a higher erratic income. The mean duration of EPWP employment is only four months, and participation tends to be once-off, rendering the total cash transfer received by participants extremely limited, and functioning more as a wage shock, without the attendant consumption smoothing potential of a sustained transfer. In this way the public works wage transfer is unlikely to generate any sustained social protection benefits for participants.

In order to have a greater social protection benefit, which would be sustained beyond the brief period of public works employment, some degree of accumulation would be needed, in order to attain and cross the ‘asset threshold’ outlined above, which would require a more sustained period of employment or repeated access to employment, and/or a higher wage level. Such sustained access is provided under the Maharashtra Employment Guarantee Scheme, where 100 days of employment is guaranteed per annum (Dev 1995), and anticipated in the Ethiopian PSNP, where repeated, rather than once off access to employment programmes during the lean season is anticipated for the poorest over a number of years.

While access to adequate wage income through sufficient wage levels and sustained or repeated access is the critical determinant of a public works programme’s potential to confer social protection benefits, income alone is not sufficient to ensure the accumulation required. In addition to sustained employment, there is a need to actively support saving, investment, income generating activities and self employment among

public works participants, since income alone may not necessarily be translated into sustained income flows or asset accumulation.

Public Works and Sustained Social Protection Benefits

Given the wide range of potential public works programme design options, it is not useful to dismiss all public works interventions in terms of their ability to confer social protection. However, this paper is primarily concerned with programmes offering short term employment in isolation from other developmental initiatives, which is the form of public works programme dominant in sub-Saharan Africa, including South Africa. The literature suggests that while such programmes are able to promote short term consumption smoothing, enabling participants to move out of poverty temporarily while directly employed, they are unlikely to impact significantly or in any sustained way on livelihoods, or risk vulnerability. It is critical to recognise these limitations to the social protection impact of public works programmes which offer short term employment in the region, and that neither the asset, the work experience, nor the wage benefits of these programmes are sufficient to ensure any significant degree of sustained social protection, similar to that which would be offered by a regular cash transfer in the form of a grant.

The literature is broadly consistent on the key considerations which should be taken into account if public works are to have a more significant social protection potential, in terms of sustained public works employment, the integration of public works programmes with other developmental initiatives, linkages with micro-finance, and micro-enterprise activities, creation of assets which directly impact on reducing vulnerability and promoting livelihoods, flexible or piece based employment, enabling participants to combine public works employment with other responsibilities and income earning opportunities, higher wages, and poverty targeting measures. However, these considerations are not generally included in programme design in the region, and if they were would impose a significantly greater fiscal and administrative burden than simple exclusively employment-oriented programmes.

The Scale of Public Works Compared to the Scale of Unemployment

In addition to questioning the vectors through which public works employment might offer social protection benefits, it is also critical to review the scale of such initiatives, if any meaningful comparison with alternatives such as income grants is to be made. This is a fundamental but critical issue which is frequently overlooked in the public works debate.

Currently unemployment in South Africa stands at 4.2 or 8.1 million depending on the definition adopted, narrow or broad (Stats SA 2005). In relation to the scale of unemployment, the EPWP targets of 200,000 temporary jobs per annum are extremely

modest⁵ and if fully implemented, the EPWP would absorb only 2-5% of the unemployed. Similarly in Malawi a range of public works programmes provide temporary employment for approximately 220,000 workers per annum, an estimated 4% of the labour force (Chirwa et al 2004). While not all the unemployed are in poverty, most households in poverty are experiencing extremely high levels of unemployment, and public works programmes typically reach only a small fraction of this population, providing a very inadequate response to the problem of the working age poor unemployed, and a highly rationed and often geographically skewed, source of income, which may not necessarily be well targeted to the poorest (see for example Barret and Clay 2003) who argue that the anticipated self-targeting function of the public works wage may not necessarily be applicable in the context of imperfect and highly segmented labour markets). The implication of these arguments is that the utilisation of small scale public works programmes as a national social protection instrument is highly problematic in the context of mass unemployment, as in South Africa.

The Fiscal and Administrative Cost of Public Works

The limited net transfer value of public works employment, the limited impacts of training and asset creation, and the small scale of most public works programmes, all serve to undermine the potential of the public works to act as an alternative to a basic income transfer. There is however also a strong fiscal case to be made for arguing that the two instruments should not be considered as substitutes, as public works are a costly way of delivering social protection transfers, with the wage component of the public works budget comprising between 30 to 60% of total programme cost (Subbarao et al 1997), with the remainder comprising material and management costs. As a result, the net cost of \$1 transferred through PWP significantly higher than alternative social protection instruments; it has been calculated that in Malawi it costs \$13.9 to transfer \$1 to the poorest through public works, compared to \$1.73 through cash transfers (Smith 2001). This has also been acknowledged by the World Bank, who argue that;

‘Workfare programs are not necessarily an inexpensive way of delivering benefits to poor people’ (World Bank 2001, p.155)

The public works premium must be offset against value of assets created, and may be positive and acceptable if the value of assets created is significant, they are strategically selected and are constructed to an adequate specification. However, unless the assets are of economic value in terms of promoting livelihood improvements (direct or indirect), then any public works cost premium is hard to justify. If, as argued above, the assets created tend to be of the ‘white elephant’ variety, and the only benefit of the construction process is in the form of the wage transferred, this premium may be considered as an additional delivery cost resulting from the selection of public works over alternative

⁵ EPWP jobs are not cumulative. The EPWP target of ‘one million jobs’ is based on the creation of 200,000 temporary work opportunities each year, rather than a year on year increase in employment of 200,000 jobs.

instruments of social protection. In the context of scarce financial resources this question deserves critical consideration.

The relatively high demands on scarce government administrative capacity resulting from a public works, rather than a grant based response to social protection for the working age unemployed poor, is also a resourcing issue which is critical yet frequently overlooked. The institutional demands (and costs) of public works programme implementation, are, by definition, significantly greater than those implied by a basic income (targeting, employment, asset selection, asset design and construction, procurement etc). As a result public works tend to be implemented either i) through parallel (and frequently donor funded) institutions external to the regular organs of the state (eg the Social Action Fund (MASAF) implementing public works programmes in Malawi), with attendant institutional problems, ii) through the private sector, with attendant incentive and accountability problems in terms of targeting the poor and ensuring the social protection component of a programme, iii) by adding to the workload of local government, with a the attendant capacity problems, or some combination of the three, frequently resulting in poor upward and downward accountability, high cost, and as a result poor performance, particularly in terms of social protection outcomes.

Are Public Works and a Basic Income Grant Substitutes?

Having reviewed the potential for public works to confer social protection benefits, and also briefly considered the scale and cost of short term public works programmes as implemented in many Sub-Saharan African countries, using South Africa and Malawi as examples, it is difficult to conclude that the two instruments may be considered as substitutes. The duration and net transfer value of short term public works employment is too limited to offer any form of sustained benefit, compared to the ongoing benefit provided through a basic income grant programme. The scale of public works programmes tends to be extremely limited and accessibility problematic, resulting in a highly rationed source of income, compared to universal inclusion under a grant programme, and the administrative and financial costs are high.

The ILO is forthright in its criticism of public works, confirming the critique set out in this paper;

‘In sum, public works have long appealed to those concerned with poverty and unemployment. They are frequently used in developing countries, and are often presented as the means of creating public infrastructure, generating jobs and ‘targeting’ the poor. Unfortunately there are reasons for skepticism about the wilder positive claims made for public works. One is that that they use up a lot of scarce resources, and result in low productivity work being done. Another is that they are not very good at ‘targeting’. The poorest and most insecure are likely to be at the end of the queue for these casual jobs. [...] And perhaps above all, they have to be massive schemes if they are to have much effect on the incidence of poverty and economic insecurity.’ (ILO 2004, p.372).

Conclusion and Recommendations

Short term public works provide a one-off social assistance intervention, which may function well in terms of consumption smoothing in the context of cyclical labour market crises. However, they are unlikely to succeed in achieving social protection objectives in the context of mass structural unemployment. The public works approach tends to offer only palliative inputs of limited significance, rather than facilitating the accumulation of productive assets required for transformative social protection and risk reduction.

A package comprising social grants for categories of the deserving poor (children, the aged, the disabled etc) together with public works for the working age unemployed poor, as currently offered in South Africa, is not able to offer comprehensive or systemic social protection. Despite the implementation of the EPWP, there is a significant social protection gap in terms of working age poor unemployed. The depiction of the EPWP as an alternative to BIG in the popular discourse is a fallacy, and risks closing policy space for meaningful discussion of the problem of the working age poor, and dampening pressure for new policy initiatives for this group. This paper has attempted to illustrate, in brief, by drawing on a range of earlier papers, the critical need for an alternative instrument to provide social protection for the working age poor unemployed.

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