

**CHALLENGING HEGEMONY? A PROVINCIAL PERSPECTIVE ON
THE LIMITS OF POLICY CHALLENGE IN THE SOUTH AFRICAN
STATE**

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ABSTRACT

This thesis provides a provincial perspective on the limits of policy challenge within the post-apartheid South African state. This perspective is located in the Eastern Cape Province of South Africa, which is one of the poorest of the nine provinces into which the national territory was divided during the constitutional negotiations prior to the landmark democratic elections of 1994. The empirical foundation for this perspective is an analysis of the process of developing the *Eastern Cape Provincial Growth and Development Plan 2004-2014* (PGDP), which took place in 2002-2004. Starting with a broader theoretical discussion, followed by a brief contextual analysis of the South African economy, the structure of the post-apartheid South African state, and key growth and development policies, the more detailed engagement with the PGDP process is undertaken. Drawing on Jessop's (2008) strategic-relational approach, this thesis argues that the PGDP process arose within a particular spatio-temporal context where new opportunities for policy challenge were possible, but that such challenge had to be negotiated on a strategically selective terrain on which that challenge was neutralised. The PGDP process unfolded as a complex dialectic of agency and a range of path-dependent institutional processes with varying temporal and spatial horizons (cf. Pierson, 2004, 2005) in which no particular outcomes were guaranteed, but in terms of which some outcomes were more likely than others. Although the organisation of state power was expressed in the content of the PGDP, that power had to be understood as fractured across a range of state and non-state institutions, but with the state as the primary site of the contingent organisation of power. The provincial sphere of government faces particular constraints with the South African state, which has implications for its policy scope and the possibilities of policy challenge, even where wider social support is achieved.

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PREFACE

This thesis constituted a personal and intellectual journey during which I came to terms with a policy process in which I had been deeply engaged. I emerged from that process feeling that, in spite of much positive sentiment regarding its outcomes, the process had unfolded in ways that others and I did not see as optimal but in which we had nonetheless been implicated. At a personal level, I needed to make sense of the limits of my own agency and to confront the personal choices I had made. At an intellectual level, I had to come to grips with the state in relation to its social context and find a way of conceptualising the complexities of the policy development process as I had experienced it.

I was encouraged to undertake this journey by Prof Fred Hendricks, who also accompanied me as my supervisor. I would like to thank him for his guidance and patience. I also wish to thank Prof Robert van Niekerk and Prof Kirk Helliker for their advice, and to acknowledge the professional and helpful manner in which my access to the Hansard of the Eastern Cape Legislature was facilitated Mr André Erasmus, Director of Hansard and House Business in the Eastern Cape Provincial Legislature. My thanks also go to the staff of the Eastern Cape Socio-Economic Consultative Council, the Eastern Cape Non-Governmental Coalition, the Congress of South African Trade Unions, the Border-Kei Chamber of Business and the Nelson Mandela Bay Business Chamber for their helpful responses to my enquiries, and to Ms Ruth Longridge for proofreading and for editorial suggestions.

A scholarship from the Andrew W Mellon Foundation allowed me to dedicate some time to full-time study, enabling me to immerse myself in theory and my data.

Finally, my love and thanks go to Catriona, Liam and Aidan for their forbearance and support.

ABBREVIATIONS

ANC	African National Congress
APDP	Automotive Production and Development Programme
ASGISA	Accelerated and Shared Growth Initiative – South Africa
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CODESA	Convention for a Democratic South Africa
COSATU	Congress of South African Trade Unions
DA	Democratic Alliance
DBSA	Development Bank of Southern Africa
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DFID	Department for International Development, United Kingdom
DIMS	District Information Management System
DP	Democratic Party
DTI	Department of Trade and Industry
ECDC	Eastern Cape Development Corporation
ECSECC	Eastern Cape Socio-Economic Consultative Council
EDD	Economic Development Department
EIEC	Economic Investment and Employment Cluster
EPWP	Expanded Public Works Programme
EXCO	Executive Council, Province of the Eastern Cape (Provincial Cabinet)
FHISER	Fort Hare Institute for Social and Economic Research
FF	Freedom Front
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product – Regional
GEAR	Growth, Employment and Redistribution: a Macroeconomic Strategy
GPP	Gross Provincial Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technology
IDP	Integrated Development Plan

IDZ	Industrial Development Zone
IFP	Inkatha Freedom Party
IMT	Interim Management Team
IPAP	Industrial Policy Action Plan
IPSP	Integrated Provincial Support Programme
ISER	Institute of Social and Economic Research, Rhodes University
ISRDP	Integrated Sustainable Rural Development Programme
JIPSA	Joint Initiative for Priority Skills Acquisition
JMT	Joint Management Team
KAP	Key Action Plan
LED	Local Economic Development
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MEC	Member of the Executive Council
MERG	Macroeconomic Research Group
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
NAFCOC	National African Federated Chamber of Commerce and Industry
NALEDI	National Labour and Economic Development Institute
NDP	National Development Plan
NDR	National Democratic Revolution
NEC	National Executive Council
NEDLAC	National Economic Development and Labour Council
NEPAD	New Economic Partnership for African Development
NGO	Non-Governmental Organisation
NGP	New Growth Path
NIPF	National Industrial Policy Framework
NNP	New National Party
NP	National Party
NSDP	National Spatial Development Perspective
NUMSA	National Union of Metalworkers of South Africa

PAC	Pan Africanist Congress of Azania
PGDP	Provincial Growth and Development Plan 2004-2014
PGDS	Provincial Growth and Development Strategy
PGITO	Provincial Government Information Technology Officer
PIDS	Provincial Industrial Development Strategy
PMU	Project Management Unit
PPP	Public Private Partnership
RDP	Reconstruction and Development Programme
RIDS	Regional Industrial Development Strategy
RSA	Republic of South Africa
SACP	South African Communist Party
SDI	Strategic Development Initiative
SMMEs	Small, Medium and Micro Enterprises
TB	Tuberculosis
UNDP	United Nations Development Programme
UPE	Universal Primary Education
URP	Urban Renewal Programme

CHAPTER 1: INTRODUCTION

This thesis provides a provincial perspective on the limits of policy challenge within the post-apartheid South African state. This perspective is located in the Eastern Cape Province of South Africa, which is one of the poorest of the nine provinces into which the national territory was divided during the constitutional negotiations prior to the landmark democratic elections of 1994. This Eastern Cape perspective is grounded in a case study of an integrated provincial growth and development planning process, which not only implicated all components of the provincial sphere of the state but, also, the national and local spheres, organised labour, organised business, and non-governmental organisations. A detailed analysis of this provincial process in the larger context of the strategic selectivities of the post-apartheid South African state and its national growth and development policy-making allows one to gain insight into the organisation of power and the complex dialectic of agency and a range of path-dependent institutional processes.

The process of developing the *Provincial Growth and Development Plan 2004-2014* (PGDP) took place during the period 2002-2004, and consisted of two phases, the first of which was focused on the development of the PGDP Strategy Framework, and the second of which was focused on the development of PGDP programmes. The latter were intended to be the vehicles for the achievement of objectives and targets contained in the PGDP Strategy Framework, and their development followed the completion of that framework. The PGDP process was facilitated by the Eastern Cape Provincial Government, supported by the United Nations Development Programme (UNDP) and the British Government's Department for International Development (DFID). UNDP and DFID funding allowed for the mobilisation of technical support, and the funding agreement between the Provincial Government, the UNDP and the DFID established a governance structure that was aimed at facilitating inputs from stakeholder groups in all aspects of the PGDP. The process and its outcome was publicly supported by representatives of all the "social partners" in the province – these were organised labour (in particular the Congress of South African Trade Unions, known as COSATU), chambers of business, the Eastern Cape Non-Governmental Organisation Coalition, and components of all three spheres of government. The PGDP Strategy Framework included six strategic objectives to guide the Eastern Cape Provincial

Government over the period 2004-2014, and identified the following targets (Province of the Eastern Cape, 2003: 23):

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014.
- To reduce by between 60% and 80% the number of households living below the poverty line by 2014.
- To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.
- To establish food self-sufficiency in the Province by 2014.
- To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education.
- To improve the literacy rate in the Province by 50% by 2014.
- To eliminate gender disparity in education and employment by 2014.
- To reduce by two-thirds the under-five mortality rate by 2014.
- To reduce by three-quarters the maternal mortality rate by 2014.
- To halt and begin to reverse the spread of HIV/AIDS by 2014.
- To halt and begin to reverse the spread of tuberculosis by 2014.
- To provide clean water to all in the Province by 2014.
- To eliminate sanitation problems by 2014.

It was clear by 2007 that the PGDP was unlikely to meet many of its targets. The review of the PGDP in 2007-2008 by the Office of the Premier of the Eastern Cape, supported by the Eastern Cape Socio-Economic Consultative Council (ECSECC), which is one of its public entities, showed clear difficulties in meeting the PGDP targets, and, while generally reaffirming the PGDP strategic objectives, critiqued a number of the PGDP programmes (Office of the Premier of the Eastern Cape, 2009).

This review found that although, by 2007, the GDP-R (regional gross domestic product) growth rate had risen from 4% in 2004 to 5.3%, this growth had not been associated with significant employment creation or reductions in the level of income poverty and other measures of socio-economic deprivation (Office of the Premier of the Eastern Cape, 2009). In 2007, the expanded rate of unemployment in the Eastern Cape stood at 53% and more than two-thirds of the total Eastern Cape population had an income of R800 or less per month¹ – an estimated R7.9 billion would have been required in that year to bring all of

¹ R800 a month was the poverty line figure used by the Eastern Cape Socio-Economic Consultative Council (ECSECC) in 2002 (Edwards, 2003), and was also used in the review of the PGDP in 2007/08 (Office of the Premier of the Eastern Cape, 2009).

these people above the R800 per month line. Income inequality, as measured by the Gini coefficient, had increased between 2000 and 2004, and was still at the 2004 level in 2007.

In 2007, health indicators pointed to persisting, even worsening, health outcomes for the people of the Eastern Cape (Office of the Premier of the Eastern Cape, 2009). Although slight improvement in access to water and sanitation had been observed, attainment of the PGDP targets for water and sanitation by 2014 would be a significant challenge. Education outcomes were also not what had been targeted. The proportion of the population aged 15 years and older with no education was still a very long way off the PGDP target, just over half of those who entered primary school proceeded to the first exit point in a secondary education, and the literacy rate stood at 64%, up from 60.4% in 2004.

My own recent calculations in relation to the labour market confirmed this picture of a provincial population in deep distress. Comparison of individual earnings figures in 2001 and 2011, calculated using data from Census 2001 and Census 2011², showed that, although some improvement took place between 2001 (three years before the start of the PGDP implementation period) and 2011, the people of the Eastern Cape still faced significant hardships. In 2011, 64% of population of working age in the Eastern Cape had an income of R800 or less per month, compared to 26% of those who were employed. Although an improvement from the situation in 2001, the challenge was still enormous in 2011. In current terms, the poverty line of R800 a month is considerably lower than the minimum wages for domestic workers, farm workers, forestry workers, and security guards in the wholesale and retail sector, but higher than the minimum living level of R524 per person per month in 2010 terms used by the National Planning Commission in its Diagnostic Review (Reynolds, 2013), which one could argue is unrealistically low.

In 2011, the expanded unemployment rate for the Eastern Cape stood at 47% (922,225 people), rising to the high fifties in those districts that incorporated parts of the former

² Census data were accessed using the SuperWEB interactive tools on the Statistics South Africa website (www.statssa.gov.za). Unemployment figures were calculated using the expanded definition of employment, i.e. including discouraged work seekers. Posel, Casale & Vermaak (2013) and Lloyd & Leibbrandt (2013) show that there are many similarities between people who report actively looking for work and the “discouraged work-seekers” (or non-searching unemployed), that there are differences between the non-searching unemployed and those that are not economically active, and that those who are unemployed and not actively looking for work are, in fact, involuntarily unemployed. A fuller summary of these studies can be found in Reynolds (2013).

Bantustans³ of the Ciskei and the Transkei, and to 65% in tribal or traditional areas, which referred to the bulk of the former Bantustans (Reynolds, 2013). In 2011, 16% of Eastern Cape households had no income, more than half had a monthly income that was less than the minimum living level – established for a household of four by both the National Planning Commission and the National Labour and Economic Development Institute (NALEDI) – and almost three quarters of Eastern Cape households had a monthly household income below the supplemented living level⁴ for a family of four calculated by NALEDI (Reynolds, 2013).

The questions that arise are why so little progress was made in meeting the PGDP targets by 2007, and why unemployment and income figures were still so poor in 2011. In the Executive Summary of the report on the 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009), four key reasons for this lack of progress were identified. Firstly, national policy fragmentation, particularly in the absence of a long-term national development strategy, had made intergovernmental coordination difficult. Secondly, lack of funding and technical resources had retarded progress. Thirdly, public sector implementation capacity had not been sufficient. Fourthly, the PGDP had not been championed effectively by the political leadership of the province. Although the PGDP review had critiqued the design of particular PGDP programmes, these four highlighted reasons suggested that the PGDP had suffered from poor implementation, and that the reasons for this were multi-faceted. The PGDP review made recommendations to strengthen the PGDP and to improve implementation, but the strategic focus of the PGDP was confirmed.

However, for me, as someone who was closely associated with the development but not the implementation of the PGDP, something deeper at work had become manifest during the development of the PGDP. There were questions to be asked about how the PGDP process had shifted from an initial strong discursive challenge to the status quo to the reaffirmation of public expenditure that not only contradicted the earlier challenge, but made

³ Under apartheid, black people in the Eastern Cape were violently relocated to two Bantustans, which later became “independent homelands”. Here they were subjected to tribal and Bantustan administrative rule, and supplied their labour to the mines, farms and manufacturing concerns elsewhere. Migration to urban areas was strictly controlled, and the Bantustans served as key sites of labour reproduction. At the end of apartheid, the Transkei and Ciskei contained the greatest proportion of the Eastern Cape population, and the highest levels of poverty.

⁴ The calculation of the minimum living level was based on basic nutritional requirements only, whereas the supplemented living level included non-food items, such as school fees.

achievement of the PGDP targets unlikely. There were further questions about the particular context within which the PGDP process had arisen and unfolded and whether different discursive and resourcing outcomes could have been possible within that context. Although I had little doubt that the implementation challenges described in the 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009) were real, I felt that the PGDP illustrated something about the state and state policy – in general and in the particular South African context – that placed limits on the possibilities for policy challenge, resourcing and implementation. The writing of this thesis constituted an attempt to explore these limits.

In this introductory chapter, I start by outlining my research questions and methods, followed by a brief overview of my own role in the process, acknowledging both the benefits of immersion and the methodological challenges arising from it. I then provide an overview of the structure of the thesis.

Research questions and methods

The main goal of my research was to examine the form and content of state action in the run-up and during the development of the PGDP, including the formation and reproduction of consensus on the trajectory of growth and development to be pursued in the Eastern Cape Province. In the process, the following sub-questions were posed:

- How did the processes of planning and resourcing unfold, what were the opportunities and contradictions that emerged, and how were these negotiated?
- What were the analytical possibilities that were explored in framing the PGDP, how did those possibilities link with the development, selection and resourcing of policy options, and how did the PGDP process articulate with approaches to growth and development deployed within the national sphere of government?
- How did international agencies and technical specialists interface with the process?
- How was compacting between the social partners in support of the PGDP achieved, what was the form of this compacting, and how was political oversight exercised?

- What are the implications of an analysis of the planning process and critical reflection on its implementation for how we think about state power and the state policy?

Answering these questions required a detailed analysis of the policy *process* rather than simply an evaluation of policy content. Although my immersion in the PGDP process could prove useful in answering these questions, my own agency in the process and the unreliability of memory after a period of eight years gave rise to a number of methodological concerns, including questions regarding the reliability of my own account. Thus the very advantage of immersion in a process that would otherwise be difficult to unpack in all its complexity was also a disadvantage in that my account could end up being partial or could degenerate into a narrative about my individual agency.

To overcome this dilemma, I immersed myself in the process yet again, but this time through the medium of documents produced during and about the process. I reviewed the detailed report on the first phase of the process (the phase focused on the development of the PGDP Strategy Framework), which included all eight drafts of the Strategy Framework, as well as reports and minutes of meetings, specialist study reports, and other related documents – the phase one report had been formally submitted to the UNDP, DFID and the Eastern Cape Provincial Government (PGDP Project Management Unit, 2003a). I also reviewed my own files on the process and contacted the following organisations for access to their written records of the process: ECSECC, the Eastern Cape Non-Governmental Organisation (NGO) Coalition, COSATU, the Border-Kei Chamber of Business, the Port Elizabeth Chamber of Commerce and Industry (now called the Nelson Mandela Bay Business Chamber) and the National African Federated Chamber of Commerce and Industry in the Eastern Cape. Of these, only ECSECC could supply me with such records, in the form of the electronic files left behind by the PGDP Project Management Unit (PMU) and the files ECSECC itself created during the PGDP process and during the 2007-2008 review of the PGDP. These written records served as sources and reference points for a detailed description of process and critical choices, animated by my own memory while simultaneously corroborating my recollections and observations. This detailed process

description was required for a concrete-specific analysis in which the PGDP process was considered within a wider spatio-temporal context.

I also obtained copies of the Hansard of the Eastern Cape Provincial Legislature for the period 2002-2011 from the Director of Hansard and House Business. In my research, I focused on the period 2002-2004, when the PGDP was developed.

I found reconstruction of Phase Two of the process – the phase focused on the development of PGDP programmes – particularly difficult, given that records of meetings had been less diligently kept and organised, and that I was less intensively involved in that phase than in the first phase; my own agency and immersion in decision-making processes becoming increasingly diluted as the planning process moved closer to its conclusion.

Documentation developed during the heat of the process, including minutes of meetings between the Director-General in the Office of the Premier of the Eastern Cape (the most senior civil servant in the provincial administration, and often referred to as the Provincial Director-General or the Director-General of the Eastern Cape) and the PGDP PMU, included observations about and insights into government processes, strategic options, process management and policy decisions. A review of the Hansard of the Eastern Cape Provincial Legislature for the period 2002-2004 provided further insights that also linked back to national political processes.

The content of specialist studies, reports on discussions during key meetings, and drafts of the PGDP Strategy Framework and programme documentation were analysed for evidence of continuities and discontinuities. In the case of the Strategy Framework, this took the form of electronic comparisons of the texts of successive drafts. Discontinuities were considered within the time sequence of meetings, specialist inputs, and political processes, and evidence was sought for linkages between these, also drawing on published analyses of the South African state and related documents. Where my own memory was implicated, I attempted to make this visible.

My analysis encompassed both phases of the PGDP process (the first phase focused on the development of the PGDP Strategy Framework and the second phase focused on the development of PGDP programmes), but I located that analysis within a larger spatio-

temporal context. I considered the particular possibilities and challenges associated with each phase and how those were negotiated.

The 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009) and interviews conducted with key representatives of COSATU, chambers of business, and the Eastern Cape NGO Coalition in pursuit of documentation on the PGDP process showed the extent to which the partnership that had been agreed to during the PGDP process was tested, and the extent to which the content of the Strategy Framework content remained the focus of consensus and the rallying point for critique.

In general, my review of the written records of the PGDP process was used to substantiate my observations about the planning process, particularly the dynamics of the development, selection and resourcing of policy options.

My analyses of policies, plans and political processes in the run-up and immediately subsequent to the PGDP process sought to explore continuities and discontinuities between those policies and plans and the PGDP. This analysis encompassed both the national and provincial spheres of government, and was complemented by a broader analysis of the South African and Eastern Cape political economy.

All interviews honoured the principle of informed consent and the anonymity of interviewees was guaranteed.

My role in the PGDP process

I started working on the Provincial Growth and Development Plan (PGDP) during 2002, when I was completing my Masters thesis (Reynolds, 2003). During my work on that thesis, I had reviewed development policy and planning within the three spheres of government in South Africa, using a local municipality as a lens through which to view economic development planning. This was the Mbashe Local Municipality, located in the former Transkei in the Eastern Cape Province. In that thesis, I argued that national fiscal policy, a market-led approach to service provision and economic development, and limited synchronisation of the planning cycles of the three spheres of government left little scope

for endogenous local economic development, despite legislative and policy pronouncements in favour of the latter. In this situation, social and economic marginalisation was effectively reproduced.

During my engagement with policy and planning in the Eastern Cape Province in preparation of my Masters thesis, I examined the first *Provincial Growth and Development Strategy* and reflected on the initial steps towards the development of the PGDP, the planning process that eventually, many years later, was to become the focus of my current thesis.

I worked as a member of the PGDP PMU (which was funded by the UNDP, but reported to the Provincial Director-General) from October 2002 to November 2003, first to provide content support (until end February 2003), and then with the title of Monitoring and Evaluation Specialist. I worked closely with Dr Chris Edwards (an economist with considerable international experience, retired from the University of East Anglia), who was appointed as the principal author of the Strategy Framework for Growth and Development. I was listed as co-writer, with Edwards, of the first draft of that strategy framework document, and as coordinator/convenor of specialist support in the second, third and fourth drafts⁵. I also supported him in his work on his *Baseline and Constraints Paper* (Edwards, 2003), which set the scene for the proposal of strategic options for growth and development. After the end of Edwards' contract, I continued working on further drafts of the Strategy Framework and making presentations on it when required.

I participated in all meetings of the PGDP Reference Group and PGDP Working Groups⁶ during the process of developing the PGDP Strategy Framework, and commissioned all specialist studies undertaken during that time. I wrote the official reports on the contents of discussions in those meetings. I also participated in the inception workshop through which the PGDP process was launched, as well as subsequent workshops and meetings with municipalities, non-governmental organisations, organised labour and chambers of business. I wrote the official report on Phase 1 of the PGDP process, which was submitted to

⁵ Edwards' own designation changed to from "Principal Writer" in the first and second drafts of the Strategy Framework, to "Principal Economic Advisor" in the third and fourth drafts, after which all acknowledgements of authorship or contributions were removed from the document.

⁶ These were the participatory structures established for the PGDP process, as explained in chapter four.

the UNDP and DFID, as the funders of the process, and to the Eastern Cape Provincial Government.

During Phase 2 of the PGDP process – which was focused on the development of PGDP programmes – I participated in the process of identifying programme priorities and had sporadic involvement in programme development activities as my work increasingly focused on the development of a monitoring and evaluation framework, also done through a participatory process. At the end of November 2003, when my contract as a member of the PGDP PMU ended, I handed over my responsibilities to the Monitoring and Evaluation Expert in ECSECC.

I was contracted in again, during March 2004, to work as one of a team of consultants appointed to draft the content of PGDP programmes already identified, working with identified officials and staff members of ECSECC and the PGDP PMU. I was again contracted to work on the final PGDP programme package, and to write up an initial monitoring and evaluation system to be included in the *Eastern Cape Provincial Growth and Development Plan 2004-2014* (Eastern Cape Provincial Government, 2004a), which was the full PGDP document, containing the PGDP Strategy Framework – as previously released – plus the PGDP programmes, plus a number of other components. I was also asked to support the editing of the full PGDP document just days before its formal launch by the Premier of the Eastern Cape.

This immersion in the PGDP process gave me invaluable first-hand exposure to the complex interactions between the state, civil society, technical experts and donor organisations, and to the ways in which analytical content was shaped and state resources mobilised through these interactions. This exposure provided insights into the effects of structure and agency, but presented methodological challenges associated with my own agency in a process which was, almost eight years later, to become the focus of my own critical analysis.

Reflecting on my own role in the PGDP process during the course of writing this thesis, I came to question not only the value of a contribution like mine, but also the scope for integrated provincial planning for growth and development in South Africa. Although dedicating much effort to the PGDP process and encouraging representatives of participating organisations to invest themselves in it, my and their engagement was shaped

by wider forces that I did not fully understand at the time. I believed my own agency would have much more of an impact than it actually did and that my efforts to meet process deadlines would safeguard the earlier contributions of process participants, but came to question my own role in lending credibility to a process that diverged increasingly from its planned trajectory. I also came to question the possibilities of such a trajectory given my own deepening understanding – in general terms and in the South African context – of the state and the development of state policy.

Main argument and structure of the thesis

In the chapters that follow, I begin with a broader theoretical discussion, after which I provide a brief contextual analysis of the South African economy, the structure of the post-apartheid South African state, and key growth and development policies. These broad analyses set the scene for detailed engagement with the PGDP process. Drawing on Jessop's (2008) strategic-relational approach, I argue that the PGDP process arose within a particular spatio-temporal context where new opportunities for policy challenge were possible, but that such challenge had to be negotiated on a strategically selective terrain on which that challenge was neutralised. The PGDP process unfolded as a complex dialectic of agency and a range of path-dependent institutional processes with varying temporal and spatial horizons (cf. Pierson, 2004, 2005) in which no particular outcomes were guaranteed, but in terms of which some outcomes were more likely than others. Although the organisation of state power was expressed in the content of the PGDP, that power had to be understood as fractured across a range of state and non-state institutions, but with the state as the primary site of the contingent organisation of power. The provincial sphere of government faces particular constraints with the South African state, which has implications for its policy scope and the possibilities of policy challenge, even where wider social support is achieved.

In the second chapter of this thesis, I engage with theoretical perspectives on the state and state policy to show how the state should be viewed not as a monolithic entity that is captured and then utilised for instrumentally defined ends, but rather as a complex ensemble of institutional arrangements in many ways at odds with itself. It is within the

strategic selectivities of the state that the possibilities of agency can be found, and that state policy is developed.

In the third chapter, I give an account of the spatio-temporal context within which the PGDP process should be viewed. I examine the structure of the South African economy, before describing key aspects of the structure of the post-apartheid South African state, including the formal state structures established in 1994 and the state-society dynamic after 1994. I also examine key growth and development policies that have a bearing on my analysis of the PGDP process. I show how the Constitution – which was the key expression of the political settlement that made possible the transition to a post-apartheid constitutional democracy – limited legal possibilities for radical restructuring of South African social relations, while establishing the strategic constraints and possibilities for the organisation of power. My analysis of the state and society post-1994 demonstrates the historical window in which a potential challenge to hegemony was possible, and how that window was closed. My brief overview of key growth and development policies, including the belated rise of active industrial policy, illustrates not only the form, selectivities and effects of the exercise of state power, but also sets the scene for the detailed examination of the Eastern Cape PGDP process.

In the fourth chapter, I provide an overview of the PGDP process itself, as a broad guide to the more detailed examination presented in chapters five to eight. This chapter includes a review of the roles of the UNDP and the DFID in the planning process, an overview of institutional and management arrangements, a description of key milestones in the process (including a timeline of the sequence of key participatory meetings, specialist studies, approval meetings, and launch dates), a listing of specialist studies, an overview of efforts to mainstream what were referred to as cross-cutting issues, and a brief description of communication in support of the planning process.

In the fifth chapter, I examine the Eastern Cape Provincial Government's political priorities during the period 2002-2004, starting with the national government priorities of 2002, as described by President Thabo Mbeki in his State of the Nation address at the opening of Parliament, and then looking at the priorities of the provincial political leadership in the immediate run-up to the PGDP process, during 2003, and into 2004, when national elections

were held and the *Provincial Growth and Development Plan 2004-2014* (Eastern Cape Provincial Government, 2004a) was launched. I link these priorities to the broader context provided in chapter two and to the PGDP process.

In the sixth and seventh chapters, I examine the development of the PGDP Strategy Framework in Phase 1 of the PGDP process. Chapter six is focused on preparations for the writing of the first draft of the Strategy Framework, including the Inception Workshop, initial meetings of the PGDP Working Groups, a district municipal workshop, and the *Baseline and Constraints Paper*. Chapter seven is focused on the development of the content of the Strategy Framework over eight drafts, including the wording of the PGDP Strategic Objectives and the definition of the PGDP targets. I examine the shaping of discursive content in process, requiring engagement with meetings and the details of textual change.

In the eighth chapter, I examine the development of the PGDP programmes in Phase 2 of the PGDP process and associated preparation for implementation, highlighting the challenges encountered in translating strategy into resource allocations, and showing the particular path-dependent processes in terms of which this phase was negotiated. Bureaucratic processes came to the fore more strongly in Phase 2 than in Phase 1 of the PGDP process, and the dominance of the government budgeting process was made manifest in this phase. I examine the forms that agency took during this phase, and consider the effects of timing.

In chapter nine, I conclude the thesis with a reflection on the whole PGDP process and its implications for how we view the South African state and the scope for provincial policy.

CHAPTER 2: The state and state policy – a theoretical perspective

As shown in the previous chapter, the adoption of the PGDP as the overarching policy framework of the Eastern Cape Provincial Government did not lead to the achievement of many of its objectives. It was not just that the PGDP was not implemented as planned, which would not be particularly surprising, given the complex links between planning and implementation. What concerned me was the scale of underachievement, particularly by a provincial government under the executive control of a former liberation movement, the ANC, in partnership with the SACP and COSATU. What was needed was an understanding of the way in which the promise of the PGDP had been hollowed out not just during implementation, but during the process of its development. What was at issue was the way in which this policy development process had unfolded, and what it showed about the limits of policy challenge within the South African state.

In this chapter, I engage with theoretical perspectives on the state that consider the state not as a unified agent, but as the primary terrain on which power is contested and organised. This terrain is not a *tabula rasa*, however, but is located within a particular social and historical context that has implications for the strategic possibilities for the exercise of power. The ways in which power is exercised and organised also shape social relations and the strategic selectivities in terms of which power can be organised in future. For me, this perspective is most coherently expressed in Jessop's (2008) strategic-relational approach, which "starts from the proposition that the state is a social relation" (Jessop, 2008: 1). This approach is valuable not only because it provides an abstract explanatory framework for ways in which power is exercised and organised, but because it is oriented towards concrete-specific analyses of the shifting boundaries between the state and society, of the relationship between state power and power exercised at a distance from the state, and of the links between social relations and state forms.

I consider policy as the discursive form in which the organisation of state power is expressed. Considered at the level of discourse, policy is linked not only to other policies, but also to a range of views of the world, and all of these (other policies and views of the world) arise in social contexts and affect those contexts. But, as Pierson (2005) argues,

policy is more than just a moment of choice or the outcome of rational selection by strategic actors. Although agency does shape policy content, it is exercised on a strategically selective terrain, i.e. it operates in terms of strategic possibilities and constraints (Jessop, 2008), or, put differently, it operates in institutional settings that are located in time and are subject to path-dependent processes (Pierson, 2004). This means that although the content of policies reflect, at a discursive level, the organisation of power, power is not uniformly distributed through the state, and is exercised within a field of power where it can be countered and has unintended or unanticipated consequences. The material outcomes of policy emerge from the exercise of power in relation to the strategic selectivities of the state, and policy development and implementation alter the strategic possibilities for future policy and state action.

This means that, in the context of this thesis, the PGDP has to be considered not only in relation to other key policies of relevance to the content of the PGDP, but also to the particular form of the South African state in its social and historical context. Analysis of the PGDP process within this larger context allows one to avoid the dangers of snapshot perspectives (cf. Pierson, 2005), and to understand the particular materiality of the outcomes of the development and implementation of the PGDP. Although I pay detailed attention to the process of development of the PGDP, I do this with knowledge of its outcomes and in relation to the socio-historical context within which the process arose and in which implementation occurred. This chapter provides a theoretical grounding for that analysis, which, in chapter 3, includes consideration of the structure of the post-apartheid South African state, of the shifting boundaries between the state, as “a distinct ensemble of institutions and organisations whose socially accepted function is to define and enforce collectively binding decisions on a given population in the name of their ‘common interest’ or ‘general will’” (Jessop, 2008: 9), and society, and of key state policies.

Following further elaboration of a theoretical approach to the state and state power in the next section of this chapter, I consider the implications of that approach for how we think about state policy, including the place of economic theory and specialists in economic theory. Neo-classical orthodoxy was deployed in subtle ways during the PGDP process, not as part of some conspiracy, but as a discourse far more deeply formative of the way key decision-makers thought about economic possibilities. I also consider the promise and limits

of Keynesianism, not just as a possible alternative to neo-classical orthodoxy or as an historical phenomenon, but as an alternative discursive framing of possibilities for state action in relation to the economy that was invoked just before 1994 and during the PGDP process. The discursive framing of possibility has direct bearing on the content of policies around which consensus is established, and on the more fundamental consent to capitalist social relations. Consideration of these terms prepares me for engagement with the PGDP process as an attempt at social compacting, as an illustration of the forms and limitations of policy consensus, as a discursive framework for the organisation of power, and as an illustration of the complex dialectic of agency and the strategic selectivities of the state.

The state and state power

In chapter one, I provided evidence of continued poverty, unemployment and inequality in the Eastern Cape, despite the PGDP and more than a decade since the transition to a constitutional democracy, and despite the ANC winning substantial majorities in all post-apartheid elections. This situation raises questions about the nature of state power and the links between the actions of the state and the economy. Such questions take on particular force when one considers the historical links between the territory now called the Eastern Cape and the development of South African capitalism, as explored in chapter three.

Although one can have better or worse kinds or varieties of capitalism (cf. Esping-Andersen, 1990; Padayachee, 2013a), inequality is fundamental to capitalist relations of production, which are built on exploitation. In modern capitalism, increasing numbers of people are cast to the periphery of economic activity with little hope of formal employment or access to the means of production, and capital assumes ever more complicated forms (cf. Harvey, 2010). Ultimately, those in employment and those in what might be called the surplus population are linked in relation to the nexus of exploitation, as argued by Alexander, Ceruti, Motseke, Phadi & Wale (2013) in their study of class in Soweto, South Africa's largest township. They describe the employed, the underemployed and the unemployed in Soweto as constituting a differentiated proletarian unity, portions of which mobilise in terms of particular means and ends (e.g. strikes aimed at changing conditions of work, or barricades aimed at effecting

changes in basic service provision), but remaining in relationships of mutual dependence and shared benefit from victories in struggle and shared loss in defeat.

Key to understanding capitalist social formations and the capitalist state is viewing class in relational terms (cf. Wright, 1985 & 1997; Przeworski, 1985). Classes are not the only groupings into which people are organised or even potentially organised, but describe the ways in which people are organised in relation to the nexus of exploitation at the core of capitalism. Social groups, including classes, are organised, disorganised and reorganised on an on-going basis, and the dynamic of their relationships with each other, i.e. the struggle between them, is a key social dynamic at the core of any given social formation. Under capitalism, where market relations encroach on an increasing range of areas of human interaction, the understanding of class relations, in complex relation to other forms of group organisation, take on a key importance. For Przeworski (1985: 71), “class formation is an effect of the totality of struggles in which multiple historical actors attempt to organize the same people as class members, as members of collectivities defined in other terms [e.g. Catholics, French-speakers, Southerners, etc.], sometimes simply as members of the ‘society’”.

It is when considering the domains in which class struggles are played out, and considering the state as primary amongst those domains, that the link between the state and the economy becomes clearer. The state is not an autonomous domain or a unified agent that intervenes in the economy but, rather, the primary domain in which social relations of production are shaped. Poulantzas (1978: 128-129) expressed this as follows: “The (capitalist) State should not be regarded as an intrinsic entity: like ‘capital’ [capitalism], *it is rather a relationship of forces, or more precisely the material condensation of such a relationship among classes and class fractions, such as this is expressed within the State in a necessarily specific form* [emphasis in the original]”.

Poulantzas (1978:36), just like Gramsci (2007: 75, 310), sometimes drew the boundaries of the state so widely that aspects of what is often called civil society (e.g. the church) were included within its ambit, but it makes for greater analytical clarity to consider class and other social struggles within the domain of the state and at a distance from the state – or

within political society and civil society – while acknowledging the interactions between these domains (cf. Therborn, 1978; Jessop, 2008).

However, a view of class relations (or social relations more broadly) as condensed in the state, but of the state as one amongst a number of domains within which class or other social struggles occur, constitutes a paradox. Jessop (2008: 7) expresses this as follows:

On the one hand, it [the state] is just one institutional ensemble among others within a social formation; on the other, it is peculiarly charged with overall responsibility for maintaining the cohesion of the social formation of which it is merely a part. Its paradoxical position as both part and whole of society means that it is continually called upon by diverse social forces to resolve society's problems and is equally doomed to generate 'state failure' since many of society's problems lie well beyond its control and may even be aggravated by attempted intervention.

The particular complexities of the relationship between the South African state and other institutional ensembles, civil society in particular, are explored further in chapter 3.

The concentration of class relations in the state does not mean that class relations are visible in the structure or personnel of the state. It also does not mean that there is some grand conspiracy in terms of which deals are made that are to the benefit of particular classes; although influence by social groups is sought and gained, the process of organisation of social relations is far more subtle than that. For one, class domination is hidden; in the words of Poulantzas (1976: 188):

The capitalist state presents this peculiar feature, that nowhere in its actual institutions does strictly political domination take the form of a political relation between the dominant classes and the dominated classes. In its institutions everything takes place as if the class struggle did not exist.

This is particularly apparent in the liberal democratic state form, which is structured in terms of formal legal equality, which mirrors the apparent equality of market relations, and outcomes appear to be the result of multiple individual transactions, just like in market relations. What attracts people to participate in democratic processes is the promise of

indeterminate outcomes, which holds out the possibility that participation could result in outcomes that are beneficial to those who participate (cf. Przeworski, 1985).

However, even if one accepts that the state is a social relation, that it is the primary site for the organisation of power, that it is charged with the maintenance of the cohesion of the social formation, and that, in its democratic form, the state holds the promise of realisation of diverse outcomes, how are capitalist social relations reproduced, and can power be organised in such a way that relations of production are radically changed, for example to socialism? The notion of the National Democratic Revolution (NDR), which has been a key component of the ideology that has bound the Tripartite Alliance together (cf. Wolpe, 1988), and has been a key discourse supporting ANC hegemony (cf. Hart, 2013), promised that South African social relations would be changed radically through a two-stage revolution through which state power would first be won by the Alliance, followed by the establishment of socialism via democratic means. The second stage of the revolution, the transition to socialism, has continually been deferred to the future and, as Wolpe (1988) pointed out, was not universally accepted by all in the ANC even during the anti-apartheid struggle. Has the delay in the radical transformation of South African social relations been a matter of limited political will? Even if radical transformation was to be delayed as per the NDR thesis, why has neoliberalism taken such a strong hold in South Africa? These questions are explored further in chapter three, in the context of the analysis in this chapter.

Explanations relating on the operation of a power bloc under the hegemony of the dominant class are not entirely satisfactory, particularly if, in the state, “everything takes place as if the class struggle does not exist” (Poulantzas, 1976: 188). To accept the notion of a power bloc without relying on the existence of conspiracies or deals, one has to view the power bloc as depicting the particular configuration of classes and class fractions that have come to dominate a social formation at a particular point in time. Unlike the notion of a ruling bloc (cf. Hart, 2013), which is more tangibly an alliance of organisations that more or less successfully maintains executive control of the state apparatus⁷ or a particular faction

⁷ The term “state apparatus” is used as a collective term for a system of state apparatuses (or structured processes) which could have different class characteristics in particular conjunctures, could conflict with and within each other (e.g. the organisation of social services or state planning could conflict with established bureaucratic processes within particular state apparatuses), could combine various (potentially conflicting) modalities of domination and execution, and are located within larger societal processes (Therborn, 1978). Therborn (1978: 41) distinguishes four types of state apparatus, which are not always neatly differentiated from each other and are often characterised by a number of structured processes; the

of the ruling party (e.g. Hart's references to the Mbeki ruling bloc), a power bloc is inferred rather than tangibly identified. But how is the existence of a power bloc inferred, and, even if we can answer that question, do we need to refer to the existence of a power bloc to explain how social relations are reproduced?

For Therborn (1978), investigation of state policies is the means by which the relations between class forces can be inferred. The class character of state policies "may be seen in their direct effects upon the forces and relations of production, upon the ideological superstructure and upon the state apparatus" (Therborn, 1978: 34), and identification of the class character of state policies, in turn, allows one to infer the ways in which state power has been organised.

This is quite a different conception to the one offered by rational choice theory (cf. Pierson, 2004 & 2005), in terms of which the content of state policies is viewed as the outcome of the rational actions of many individuals, representing an equilibrium much like what neo-classical economic theory would predict for market relations (cf. Fine, 1980 & 2001). Rational choice theory focuses on the surface appearances of state activity, and ignores the more persistent outcomes of state activities that survive beyond particular individuals, or groupings of individuals, and might go against their "interests", assuming those can be defined (Pierson, 2004 & 2005).

Unlike what might be predicted in some rational choice accounts, the state is not a blank terrain or domain in which power can be exercised without constraint. Particular states arise in particular socio-temporal contexts, which affect the strategic possibilities for the exercise of state power (Jessop, 2008). State apparatuses also present strategic opportunities and constraints tied to the previous exercise of state power (e.g. existing policies, procedures, institutional configurations, and personnel). These strategic opportunities and constraints are what Jessop (2008) refers to as strategic selectivities, and it is within his strategic-relational approach that the dialectic relationship between strategic selectivities and agency is clarified (also see Lukács, 2002, on the unfolding of history in terms of a dialectical relationship between the subjective and the objective).

governmental apparatus, the administration, the judiciary, and the repressive apparatus. Jessop (2008) further divides the state apparatus(es) into branches.

Incorporated in Jessop's (2008) strategic-relational approach is what authors such as Pierson (2004) refer to as path dependency. Pierson (2004), proceeding from a different theoretical foundation to Jessop's, argues that the development of institutions over time is a process of uncertain outcomes in which the sequence and timing of events have effects on present and future development possibilities, in which capacities and systems develop and become the modalities through which future institutional actions occur, and in which some events might have long-term consequences that are not necessarily predictable at their occurrence. Although he has sympathies for both rational choice theory and historical institutionalism, he identifies shortages in both approaches and argues that they could complement each other. Pierson's (2004) approach is not so much concerned with explaining particular social outcomes – e.g. the reproduction of capitalist social relations – as challenging notions of rational institutional design, analyses of institutional outcomes based on the choices of individual actors (without denying the place of agency), and exaggeration of institutional plasticity.

In contrast to an approach such as Pierson's (2004 & 2005), the strategic-relational approach is directly concerned with understanding the state both as a particular institutional ensemble and as the primary domain for the organisation of power. It is the strategic relational approach that allowed me to think through the ways in which the exercise of power during the PGDP process was shaped by strategic possibilities incorporated into the structure of the post-apartheid South African state and in policies already in place, shaped by the conception of the economy and the possibilities for state intervention, and affected the exercise of individual agency in concrete tasks such as the framing of policy content or the articulation of budgeting rules. This approach also helped me to think about how the outcomes of the exercise of power might be conceived.

Power is exercised at many points within and outside the state apparatuses, and the apparatuses themselves and the wider social relations within which they are embedded are strategically selective, which means that the social outcomes of the exercise of power are uncertain. It is through state policy that the exercise of power within the state apparatuses is discursively mediated, and although state policy influences the allocation and flow of resources, regulates capital and labour, and addresses issues of social policy, the exercise of power – both within and outside the state apparatuses – does not end with the adoption of

state policies. This means that although state policies, emerging within the primary domain for the organisation of social power, have social consequences, the exact form of those consequences are subject to further mediation both within and outside the boundaries of state institutions.

Even if the organisation of power within the state is depicted in terms of a ruling bloc through which hegemony is exercised (cf. Jessop, 2008; Hart, 2013), the persistence or outcomes of hegemony are not guaranteed, not only because power is shaped by the strategic selectivities of the state, but also because power is fractured within the state apparatuses and shaped by the actions of individuals operating within the branches of those apparatuses. Although organisation of power in terms of a hegemonic project might achieve discursive coherence and could mobilise support for the ruling bloc, it remains open to challenge and subject to the strategic selectivities of the state. Challenge in the form of a counter-hegemonic project could – if it attracts sufficient support – lead to a reorganisation of the ruling bloc, which could result in different social outcomes, and this could – and usually does – occur without challenging the reproduction of capitalism itself.

Accepting that the state is fractured in terms of various state apparatuses – which are further fractured in terms of various branches – one could argue that a number of ruling blocs could be formed, particularly if a state is organised in terms of different spheres of government, as in the South African case. In other words, ruling blocs could be differentially configured within the different spheres and in relation to the strategic constraints and possibilities associated with each sphere, both generally and in concrete-specific terms. This means that even if the same party – or alliance of different parties – governs different spheres, the configurations of power within the different spheres could be different; e.g. the Eastern Cape Provincial Government and the South African National Government – under the formal political leadership of the same Tripartite Alliance – could be governed by their own ruling blocs in complex and dynamic relation to each other and the contexts within which they govern.

In chapter three, I consider not only the post-apartheid hegemonic project, but also the differences in the national and the Eastern Cape ruling blocs, and the reassertion of national hegemony. In later chapters, I consider how the PGDP, which initially emerged as a potential

counter-hegemonic project, was shaped in complex ways by the strategic selectivities of the South African state apparatuses and the dynamics of power within and between the national and provincial ruling blocs. In the process, the content of the PGDP ended up containing both traces of challenge, particularly in the wording of its strategic objectives and targets, and reaffirmation of economic orthodoxy and existing policy and resource commitments. Not only does this outcome illustrate the complex ways in which state policy is developed, but raises questions about the possibilities for challenge to hegemony from within the provincial sphere of government and about the possibilities of provincial integrated planning.

State policy

Although references were made to state policy in the previous section, the main focus was on understanding the state as a social relation, and the implications of this for how we think about state power. In this section, I look more closely at state policy, drawing on the arguments made previously.

It follows from the above analysis that policy formation is not a neat process. In Poulantzas (1978: 134-136) words:

The policy of the State is thus established through a real process of intra-state contradictions. It is precisely for this reason that, at an initial short-term level (or from the point of view of micropolitical physiology), its policy appears to be phenomenally incoherent and chaotic. Although a certain coherence arrives with the conclusion of the process, the organizational role of the state is quite clearly marked by structural limitations.

[...] Rather than facing a corps of state functionaries and personnel united and cemented around a univocal political will, we are dealing with fiefs, clans and factions: a multiplicity of diversified micro-policies. However coherent each of these may appear in isolation, they are nevertheless mutually contradictory; and the policy of the State essentially consists in the outcome of their collision, rather than in the (more or less successful) application of the global objective of the state apex. Hence

the striking and recurrent phenomenon of the volte-face: governmental policy is continually constructed out of accelerations and brakings, about-turns, hesitations, and changes of course. This is not due to a native incapacity of bourgeois representatives and top-level personnel, but is the necessary expression of the structure of the State.

Expressed differently, policy processes are untidy because they unfold in dynamic fields of power where power is exercised from different nodes not all of the same strength (cf. Jessop, 2008). However, this is not the only reason policy processes do not unfold in linear ways and have uncertain outcomes.

Pierson (2005) points to the importance of positive feedback processes over varying lengths of time that make particular policy directions more or less possible. He argues that confining one's investigations to the moments of policy choice, or working backwards from existing policies to try to find how they came to take the forms that they do, might cause one to overlook structural issues, pay insufficient attention to what happens both before and after policy choices are made, and place too much emphasis on the choices made by policy actors. Studying policy as a moment of policy choice only might focus our attention on the dramatic moments of policy choice and divert our attention from what happens later, when policy decisions might end up being subverted, not implemented or have different consequences than initially intended. One could also invert causal relationships, e.g. conclude that particular politicians bent the bureaucracy to their will rather than seeing a more complex dynamic where politicians rely on particular bureaucrats for key policy positions.

Investigations that work backwards from existing policy are favoured by analysts working within the rational choice framework, and often end up with functionalist accounts. In such approaches (Pierson, 2005: 43):

Analysts focus on the choices of individual and collective actors who select public policies, and fashion explanations through reference to the benefits those actors expect to derive from particular policy designs. In fact, in most cases they work backwards from extant policy arrangements to develop an account of how they were (or might have been) rationally chosen.

Such accounts typically do not consider the considerable time lags between the actions of actors in the policy-making process and the consequences of those actions, attribute agency where policy effects might have more to do with larger social processes, and pay insufficient attention to unintended consequences (Pierson, 2005). Although not denying the role of power relations in policy development, Pierson (2005: 46) argues that one can over-emphasise the power of individual and institutional actors when one ignores “important feedback processes that may generate the same observed outcome in a completely different way”. Also, one might miss the effects of power asserted at more distant points in time, which might have set in motion positive feedback effects over time that “simultaneously increase asymmetries of power and, paradoxically, render power relations less visible” (Pierson, 2005: 46).

Although my immersion within the PGDP process potentially runs the risk of too strong an emphasis on the actions of individual actors (including me), such a tendency is counter-balanced by a first-hand experience of the immense complexity of the development of the PGDP. Not only was the process replete with unintended consequences, but the establishment and maintenance of coherence did not neatly serve the “interests” of any person, group of persons, institution or collection of institutions. Discursive coherence, where it was attained, was temporary, and subject to individual, institutional and process influences. Interventions by politically powerful individuals, such as MEC Enoch Godongwana, initially appeared to be related to their individual preferences, but further investigation revealed the influence not only of existing resource allocations in the Eastern Cape Province, but also larger national commitments that embodied complex intersections between international transactions (e.g. the arms deal), macroeconomic policy, and convenience.

Although my analysis is particularly focused on the period of development of the PGDP, it locates this period within a larger spatio-temporal context. In chapter three, I consider the post-apartheid state as a work in progress (i.e. not as a timeless given), the shifting boundaries between the state and society, the structure of the South African economy, and key policy moments before and after the PGDP process, and I draw that analysis into my more detailed engagement with the PGDP in later chapters. Throughout this thesis, I also

make reference to what we currently know about the outcomes of the process, some years after the particular period in which the formal planning process occurred.

Pierson's (2005) cautions about the pitfalls of ahistorical approaches to policy development can be accommodated within the strategic-relational approach (Jessop, 2008), which offers the advantage of an account of state power grounded in a conception of the state as a social relation located in a larger spatio-temporal context. The strategic-relational approach also alerts one to the strategic selectivities of the state, in which the dialectical relationship between structure and agency is emphasised.

One of the questions that arises from the view of policy development articulated here is how policy fracturing is contained. Not only do the state apparatuses have a historically located materiality, but they are embedded within a system of law, and are embedded within systems of ideology. However, this said, the law itself is shaped by ideology, as can be seen in the constitutional compromise that was made regarding land in the transition from apartheid (cf. Hendricks, 2013). Poulantzas (1978: 83) gave a preeminent place to the law in ideology, arguing that law "materializes the dominant ideology". For him (Poulantzas, 1978: 88),

[a]part from the fact that it imposes a framework of cohesion on social agents, capitalist law is pre-eminently able to represent their unity by writing in into the social imagination and to cement the various processes of individualization. Organized in the mode of the pure sign (abstraction, universality, formalism) law takes up a privileged position in the ideological mechanism of imaginative representation 'as soon as' the social agents become atomized and severed from their natural means of labour ... We must understand by this that the capitalist form of law comes to constitute the fundamental ideological mechanism from the moment that the extraction of surplus-labour (surplus-value) is activated by the very cycle of reproduction of capital (and not by 'extra-economic factors') – from the moment that the sub-symbolizations cementing the various territorial-personal links among social agents are uprooted and destroyed. The rule of capitalist law is grounded in the absence of other signifiers around it.

It is within the law – e.g. the South African constitution – that rights, duties and obligations are defined in individual terms, and that the formal equality is established that underpins democratic participation. It also within the law that the framework is provided for market transactions, including the buying and selling of the labour power of nominally free individuals. However, the law provides only the framework for democratic participation, state functioning and market transactions, not their content. That content is discursively mediated in the form of state policy, which is also shaped by ideology.

Ideology is not simply that which hides the “truth” from us; rather, it defines what is right, what exists and what is possible (Therborn, 1980). Or, as Gramsci (1996:186) put it:

It is forgotten that Marx's thesis – that men [sic] become conscious of fundamental conflicts on the terrain of ideology – has an organic value; it is an epistemological rather than a psychological or moral thesis. This forgetting results in a frame of mind that looks on politics and all of history as a marché de dupes, a matter of conjuring tricks and sleight of hand.

This makes the contestation of ideology critical to how we view the world, and critical to the exercise of power in all institutional settings within a social formation, but particularly within and in relation to the state. Ideology does not stand in relation to formal theory as falsehood stands to truth, as all ideas about the world have to have some element of “truth”/“reality” in them to function as views of the world (Fine, 1980).

In general terms, ideology is foundational to our knowledge of the world, ourselves and our place in the world, and is a realm in complex articulation with social and material relations. Ideologies can not only be discerned analytically, but can clash and co-exist; e.g. “class ideologies coexist with inclusive-historical ideologies, constituting the subjects of the contradictory totality of an exploitative mode of production and/or social formation” (Therborn, 1980: 27). Ideologies are materially and socially shaped and shape material and social worlds in turn. Class positional ideologies both relate classes to each other, and constitute the form of their relationships (whether in the form of class struggle or class collaboration). Class positional ideologies also compete with ideologies that position people in terms of other categories, e.g. ethnicity and gender. Again, it is the realm of discourse

that we conceive of our place in the world and are interpellated or hailed as particular kinds of subjects.

Intellectuals, who are “specialists in discursive practice” (Therborn, 1980: 72), operate within larger social processes. Discourse, and the activities of specialists in discursive practice, are restricted through institutional arrangements and practices, shielded from other discourses (e.g. through authorisation and institutionalisation), and shared/received in restricted settings (e.g. educational or religious institutions, or sites of political campaigning). These social processes that structure discourse operate through various affirmations, sanctions, rituals and excommunications, and are clustered at various nodes within societal processes; these nodes are what are described as ideological apparatuses (cf. Poulantzas, 1978; Therborn, 1980: 85).

This brings us to the terrain of economic theory, where intellectuals of a particular kind – called economists – hold sway. It is on the terrain of ideology that economic theory is powerfully deployed, defining not only what is right, but what exists and what is possible. Neo-classical orthodoxy has come to dominate economic theory (Fine, 1980; Fine, 2001; Peck, 2001; Peet, 2002; Fine 2010), structuring the very possibilities of thinking economic policy alternatives.

Although Keynesianism provided the state with a whole new range of possibilities for management of the economy (cf. Przeworski, 1985; Esping-Andersen, 1990), the influence of economists on state practice did not end with the demise of Keynesianism. Orthodox economic theory – which works with the surface appearances of capitalism rather than analysing the social relations of production – follows an axiomatic method of deduction through which the inconsistencies involved in treating social phenomena in terms of the activities of individuals are ignored (Fine, 1980). This process is aided by the use of a simple, unilinear concept of causation, and a method of successive approximation to reality, with “reality” treated atheoretically. Axiomatically constructed economic theories, operating in terms of abstract models approximating the real world increasingly more closely through variation of the models’ parameters, become powerful technologies for both policy and bourgeois ideology. In relation to policy formulation, “economics has the function of providing the science by which economic policy can be formulated thereby resolving

conflicts both within and between classes without threatening the social order of capitalism” (Fine, 1980: 141).

Through an analysis of inconsistencies in classical political economy, Marginalism, Keynesianism, and Monetarism, Fine (1980) shows how theoretical contributions within these traditions have had significant effects on approaches to state intervention, with Keynesianism being associated with a high point in state management of national economies. Keynes himself had this to say about the influence of economic theory at the end of his *General Theory* (Keynes, 1973: 383-384):

...the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.

Keynes understood not only the power of his own theory, but also why economic theory matters.

The influence of economic theory is also felt in the social sciences in general, with the ascendancy of neoclassical orthodoxy revealed through the development of approaches to social capital (Fine, 2001 & 2010). The concept of social capital developed as a juggernaut of academic activity across a number of social science disciplines, building a large literature and attracting much funding, fuelled in part by its span, non-specificity and the failure to understand capital as fundamentally constituted in social relations rather than as something to be augmented by the social. Social capital arose at the same time as mainstream economic engagement with market imperfections saw the increasing use of information-theoretical approaches, with social capital taking on the role of explaining what economics could not, in effect demarcating a new and limited space for action (including state action) to compensate for market failures. The concept of social capital made possible emphasis on the positive, cooperative features of the social, the deployment of the methodical individualism of neo-classical economics (often in disguised form) in a range of social science disciplines, and avoidance of engagement with conflict and exploitation, even where the

concept of class was invoked. Deployment of the concept of social capital made possible emphasis on the mobilisation of a range of community, institutional and relational resources to strengthen market activity, at the same time serving as vehicles for the increasing commodification of an increasing range of human activity under the sway of neoliberalism.

It is through deployment of notions of social capital that international agencies – particularly the World Bank – facilitated the process of neoliberal globalisation; offering techniques for the development or strengthening of social capital to complement economic liberalisation (Fine, 2001 & 2010). It is also such notions that allowed even apparently well-intentioned support interventions – such as those by the agencies of the United Nations system – to simply soften the functioning of markets by adding in layers of management technologies. In emergent systems – such as in the Eastern Cape Province at the time of the development of the PGDP – such technologies required systems and human capacity that did not exist, and contributed to the unravelling of the intended challenge to the policy status quo, as is argued in chapters six to eight below.

Fine's (2001 & 2010) account shows the emergence and consolidation of theoretical practices that are increasingly denuded of critical content and eminently amenable to deployment in support of state practices in relation to the economy, often in scaled-down form. Economists – using complex mathematical models, based on methodological individualism and axiomatic reasoning – became powerful agents within planning interventions; e.g. those associated with the World Bank. Other social science disciplines were given space through deployment of concepts under the broad rubric of social capital, but largely on terms still dictated by economists and theoretical tools that had been colonised by economics; a phenomenon that Fine (2001 & 2010) described as “economics imperialism”.

How then did Keynesianism – which provided an economic rationale for social democratic states that achieved management of capitalism in support of particular notions of inclusive social citizenship (cf. Esping-Andersen, 1990) – make way for the ascendancy of neoclassical orthodoxy and economics imperialism? What happened to the promise of Keynesianism, which was invoked during the PGDP process?

The promise and limits of Keynesianism

Przeworski (1985) argues that Keynesianism provided the broad left – faced with the intractability of capitalist relations of production – with the means of managing the contradictions of capitalism, and building a caring state that would support the realisation of social rights, if not pave the way to socialism (see also Esping-Andersen, 1990).

Keynesianism showed that economies could be managed and that social goals, such as full employment, could be achieved. It allowed groups of people to be organised as non-market actors, with “[p]olitics turned into an interplay of coalitions among such groups, giving rise to corporatist tendencies of direct negotiation, either between organized groups – particularly labor and capital – under the tutelage of the government or between each group and the government” (Przeworski, 1985: 210).

Keynesianism provided the rationale for social compacting, but did not contain social compacting as an attempted practice. For example, in the PGDP process, social compacting was attempted even when the Keynesian logic had been stripped from the PGDP Strategy Framework, and said compacting became a mechanism for the legitimation of interventions increasingly conceived in terms of neoclassical orthodoxy.

Keynes, in his classic text *The General Theory of Employment, Interest and Money* (1973), first published in the wake of the Great Depression, argues that national economies could not be treated in the same ways as individual firms, and that, in general, employment is a function of the aggregate supply function, the propensity to consume and the level of effective demand. For Keynes (1973: 30-31), “... the mere existence of an insufficiency of effective demand may, and often will, bring the increase of employment to a standstill *before* a level of full employment has been reached ... [and the] insufficiency of effective demand will inhibit the process of production in spite of the fact that the marginal product of labour still exceeds in value the marginal disutility of employment”. It was the stimulation of effective demand that became a key focus of state economic planning.

Keynes (1973: 377-378) describes as follows the implications of his theory for the management of capitalism:

I conceive, therefore, that a somewhat comprehensive socialisation of investment will prove the only means of securing an approximation to full employment; though this

need not exclude all manner of compromises and of devices by which public authority will co-operate with private initiative. But beyond this no obvious case is made out for a system of State Socialism which would embrace most of the economic life of the community. It is not the ownership of the instruments of production which it is important for the State to assume. If the State is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary. Moreover, the necessary measures of socialisation can be introduced gradually and without a break in the general traditions of society.

Although Keynes argues for the socialisation of investment to stimulate effective demand, he has no interest in moving beyond capitalism. His theory shows the need and possibilities for state intervention in national economies. Paul Krugman (2012), a present-day Keynesian and Nobel laureate, draws parallels between Keynes' views on how to deal with the Great Depression and the steps required to deal with the world recession that was in effect in 2012. He emphasises the possibility of technical intervention to get the economy working more optimally (Krugman, 2012: 22):

...the point is that the problem is not with the economic engine, which is as powerful as ever. Instead, we're talking about what is basically a technical problem, a problem of organization and coordination – a "colossal muddle," as Keynes put it. Solve this technical problem, and the economy will roar back into life.

For Krugman (2012: 28), solving "this technical problem" requires understanding a key feature of the world economy: "the fact that *your spending is my income, and my spending is your income*". Not only is it possible to have an overall inadequate level of demand, but one could have a depression "thanks to failures of coordination rather than lack of productive capacity" (2012: 29).

It is this promise of technical management – if only there were the political will to admit past mistakes and to implement the technical solution – which not only proved powerful at the height of Keynesianism, but still holds a certain appeal in the present. And – for a while – Keynesianism held the promise of managing the contradictions of the capitalist mode of production as well as building states that aimed at the achievement of a range of social

goals in addition to full employment; goals that have come to be associated with what is often referred to as a social democratic state (cf. Przeworski, 1985; Esping-Andersen, 1990; Jessop, 2002). For Esping-Andersen (1990: 109), the “universalist, full-employment welfare state such as the Scandinavian ones has in practice become the referent for labor [sic] parties internationally”.

The Keynesian promise of full employment facilitated by an active state was challenged – after a long period of success – by a confluence of circumstances, including a breakdown of the fixed parity exchange-rate system (linked to United States expenditure on its war in Vietnam), a world depression triggered by a significant increase in the price of oil by the newly formed Organisation of the Petroleum Exporting Countries (OPEC), an associated increase in both unemployment and inflation (stagflation), and the rise of political leaders who actively rolled back the state (Hart & Padayachee, 2010). It is in this context that the ascendancy of neoclassical economic theory was confirmed, and the ideology of neoliberalism emerged, which would have far-reaching consequences not only in terms of the actions of states, but also the structure of global capitalism. The increasing influence of neoliberal ideas – particularly associated with Britain and the United States – was (and is) associated with increasing efforts to dismantle what had come to be associated with the idea of a welfare state, including strong pressures for the privatisation of public services, increasing application of market metaphors and practices within the public sector (including cost recovery and new efficiency models), market deregulation, fiscal austerity, and price-focused monetary policy (cf. Peck, 2001; Jessop, 2002; Peet, 2002).

In addition, changing production technologies allowed for new spatio-temporal dislocations of production processes, the increased competition for investment by global capital resulted in increasing emphasis on the competitive advantages of localities, and growing financialisation shaped not only the patterns of investments but also gave rise to the rapid growth of the financial services sector (cf. Jessop, 2002). In this context, states in peripheral regions of the global capitalist system faced an ever-diminishing range of options, and, with limited options for the export of surplus labour, saw the entrapment of increasing numbers of people in peripheral relationships to the world of work, eking out precarious livelihoods (cf. Harvey, 2010). It is to cope with this reality that theorists like Amin (1994) and Adedeji (2002) recommended increasing regional cooperation to build regional chains of production

and trade and to pursue endogenous policies that address poverty and provide protection against the more destructive influences of global capital.

Even though the possibilities of management of capitalism within the confines of the nation-state became increasingly difficult, possibilities for the successful implementation of Keynesian interventions still existed, as argued in the Macroeconomic Research Group (MERG) report in 1993 (Macroeconomic Research Group, 1993), during the PGDP process, and by Krugman (2012) in relation to the most recent world recession. However, by 1993, neoliberal ideology, backed up by the models of neoclassical orthodoxy, had already become so pervasive that it became increasingly difficult to think in Keynesian terms. For example, although the GEAR (Growth, Employment and Redistribution: A Macroeconomic Strategy) document in South Africa tested a Keynesian scenario, this was in terms of a model based on neoclassical assumptions, with the predictable result that the Keynesian scenario was found to be sub-optimal (Government of the Republic of South Africa, 1996).

As mentioned earlier, Keynesianism provided a rationale for social compacting around more caring forms of capitalism, potentially categorised as types of welfare state (cf. Esping-Andersen, 1990). It arose as a particular economic-theoretical rationale for consensus. In the next section, I examine what consensus might mean in terms of the way I have depicted the state, and how it relates to the more fundamental notion of consent to particular forms of capitalist accumulation.

Consent and consensus

The PGDP process was aimed at consensus on a development trajectory for the Eastern Cape Province, but was implicated in wider systems and processes through which consent was maintained. In this section, I explore the meanings of the terms “consent” and “consensus”.

In general terms, liberal democracy is particularly well suited to the reproduction of capitalist relations of production, particularly as it combines formal political equality with economic exploitation, and holds out the possibility of influencing the form of accumulation through democratic participation (Przeworski, 1985). The uncertainty of outcomes of

democratic participation motivates such participation, and democratic participation gives citizens access, at a societal level, to the fruits of capital accumulation in the form of taxes. However, consent to capitalist social relations requires something further. Not only must political participation hold the abstract promise of positive outcomes; material outcomes – in the form of wages and gross profits – need to be sufficient to allow for continued accumulation and continued consent to exploitation. The levels of these are shaped by struggles in particular contexts.

In a situation of significant vulnerability of employment and chronic unemployment, such as in South Africa, consent to social relations is difficult to sustain. The Marikana massacre came about through a complex confluence of circumstances, but its intensity, its occurrence in a context of a general rebellion of the poor (Alexander, Lekgowa, Mmope, Sinwell & Xezwi, 2012; Alexander, 2013), and the violence of the state's response, all indicate the deep crisis of consent that it represents.

It is in this context that the structuring of hegemony around redefined notions of the history of the liberation struggle, the promise of the NDR and the inclusivity of the nation becomes increasingly difficult, and the hegemonic discourse is potentially turned on itself with accusations of betrayal of history, failure to live up to promises, and exclusion from the social rights associated with citizenship (Hart, 2013).

This consent at the heart of the system should be distinguished from consensus around particular growth and development objectives, although the two are related. Consensus refers to agreement between representatives of social groups. In the form of social compacting, consensus on growth and development objectives can become an additional support to consent to the continuation of productive and social relations and to the exercise of political power.

Therborn (1980: 109) provides an alternative distinction between consent and consensus:

The key analytical aspects of consensus and consent are not, as normative theory would have it, located in society, among the ruled. The really critical factor is a basic consensus among the ruling groups themselves, and consent to their legitimacy by members of the state apparatus, particularly the repressive apparatus.

Przeworski's account refers to a fundamental form of consent, whereas Therborn, in the quote above, refers to a more particular, conjunctural form of consent that is included in the organisation of hegemony within a ruling bloc. Although both of these uses of the term "consent", and Therborn's use of the term "consensus" can be viewed as different from what is intended when one refers to agreements on development trajectories between social partners, there is a sense in which social compacting between representatives of the social partners can itself be viewed as a form of consensus amongst ruling groups (or as a bargain or accord, as shown by Esping-Andersen, 1990: 164), with the term "consent" perhaps best used for the more fundamental form of consent to which Przeworski refers, or to the more particular form of consent established within the state apparatuses.

The PGDP process is an example of an attempt to develop consensus on the growth and development trajectory of a particular territory, in this case the Eastern Cape Province of South Africa. The development of the PGDP Strategy Framework through a participatory process – in which leaders of labour, business, government and non-governmental organisations participated – allowed the provincial government to claim that a social compact had been achieved even after the discursive framing of the possibilities for change and the allocation of resources had made it impossible to meet the priorities that had been supported by participants in the PGDP process, as is argued in chapters seven to eight below. Claims of consensus, based on evidence of participation, and particular structuring of the content of the PGDP Strategy Framework, allowed that document to be positioned as a discursive framework for the organisation of hegemony.

However, this discursive framework was vulnerable to subsequent challenge, when evidence emerged that little material change had followed the implementation of the PGDP. Challenge came most directly in COSATU's decision to file notices in terms of Section 77 of the Labour Relations Act, as discussed below. This action on COSATU's part did not fundamentally challenge the legitimacy of the PGDP or the claims to consensus or social compacting that had been made in its name, but used the claim of consensus as a basis for critique, in much the same way that a narrative about the history of the struggle, the inclusiveness of the rainbow nation and the NDR could also be used as a basis for critique (cf. Hart, 2013).

Concluding remarks

In this chapter, I presented a theoretical perspective on the state and state policy grounded in the idea of the state as a social relation. I described the state as the material condensation of social relations, as an ensemble of apparatuses and branches within which power is exercised and organised. I drew the links between power and the content of state policies, and showed how the policy process is necessarily messy given that it expresses the exercise of power at multiple nodes within an ensemble of apparatuses. Coherence of policy and hegemony are always achievements – rather than given by the social relations of production or the structure of the state – and agency is shaped by the strategic selectivities of the state, in terms of which some courses of action are more likely to be successful than others, given the history and context of a particular state, and some courses of action are likely to attract greater risk than others.

I explored the links between policy and ideology, viewing the latter as defining reality rather than simply masking it. I considered the rise of neoclassical economics and its deployment by economists in support of state policy, and how – in this context – thinking through alternatives, such as Keynesianism, becomes difficult. I examined Keynesianism not just because of its historical interest, but because it was invoked in a number of attempted discursive challenges to hegemony, including the MERG report and analyses produced during the early part of the PGDP process.

Finally, I explored the meaning of the notions of consent and consensus, positioning the PGDP process as an attempt at establishing consensus on a growth and development trajectory for the Eastern Cape Province. I also considered the links between claims of consensus and the discursive framing of hegemony.

CHAPTER 3: The post-apartheid South African state and economy

In this chapter, I locate the Eastern Cape and the PGDP process within a broader systems and policy context, as it is this context that allows one to understand the strategic selectivities in terms of which the PGDP process was negotiated. A brief analysis of the structure of the South African economy and the place of the Eastern Cape in it sets the scene for later depictions of the economy during the PGDP process. I also examine key aspects of the structure of the post-apartheid South African state that framed the possibilities for state action within the Eastern Cape Province. This is followed by an engagement with key growth and development policies that were invoked directly or indirectly during the PGDP process and afterwards, including active industrial policy.

The Eastern Cape Province that was established in 1994, some eight years prior to the start of the PGDP process, was a newly demarcated territory governed by a newly established provincial government. The latter formed part of the post-apartheid South African state that was forged from the old apartheid state apparatuses within the legal framework of an Interim Constitution that embodied the terms of the negotiated settlement that ended apartheid. The elections of 1994 settled the matter of which political party should govern South Africa and the Eastern Cape Province, but did not herald the arrival of a fully formed post-apartheid system of government, and did not magically transform apartheid social relations and the system of accumulation.

The new national and provincial state apparatuses were not simply established and then taken over and wielded by the ANC and its Tripartite Alliance partners. The new state was still but the primary site for the organisation of power that did not simply arise from within its apparatuses, but had their foundation in the larger social formation. This meant that what we had was not simply a matter of the state, as an agent or a set of institutional mechanisms, attempting to transform the nominally autonomous domains of the economy and society within the territory designated as South Africa; rather, we had an emergent institutional configuration through which social and productive relations were contested and through which power was organised.

To understand this contestation in general terms, and as a context for the analysis of the PGDP process in the Eastern Cape Province, we have to come to terms with the strategic selectivities embedded in the larger social formation and the institutional ensemble that is designated as the state. One way in which Jessop (2008) attempted to understand the complexity of these strategic selectivities within which agency is exercised, was to think of multiple systems, some of which attain ecological dominance over others. So, for example, the national economy can be thought of as a system that has attained ecological dominance over other systems, and is itself embedded within a global system with which it articulates in various ways. The strategic selectivities within which power is contested and agency is exercised are then shaped by those various systems and the ways in which they have come to interact, but those systems are shaped, in turn, by the exercise of agency and the organisation of power, giving rise to a changing field of strategic selectivities. This dialectical relationship between systems and agency is the motor force of history.

This means that we have to consider the Eastern Cape not just as a territory within the larger South African territory (itself embedded within the African continent, which is one continent amongst many on planet earth), but also as a spatio-temporal domain of social, economic and political systems which are themselves embedded within multiple social, economic and political systems that are not necessarily tied to particular territories. Although we can identify ensembles of state apparatuses that have legal authority over the Eastern Cape Province and the larger South Africa within which it is located, these state apparatuses are not uniquely in control of those territories; they are rather the primary terrains on which the inter-relationships between those systems are shaped. This they do by providing the institutionalised possibilities for the organisation of those relationships.

Of course, the state is not the only institutional ensemble through which the organisation of those relations can be affected; institutional and other processes within civil society can also do so. However, those processes do not have the legal status, control of resources or means for the exercise of violence that the state has, even as they are able to resist the implementation of state policies, as illustrated by South Africa's own history. Also, the boundaries between the state and the wider political, economic and social systems are both materially and discursively defined, which implies that the boundaries between the state, as a distinct institutional ensemble, and the rest of society are constantly redefined and are

reshaped by state actions, so that we do not just think and talk about the state in changing ways, but the state also shapes and is shaped by its larger context.

In this chapter, I do not attempt to provide an exhaustive account of the broader South African state. Rather, my intention is to provide just as much detail as is required for my analysis of these processes in the Eastern Cape, particularly as manifested during the development of the PGDP. This is not done simply to describe these systems in the abstract with no enquiry as to their effects on the human beings in whose interests the state claims to act; as indicated in the previous chapters, a key aspect of my enquiry is an attempt to understand how the exercise of power within the state is implicated in the reproduction of economic exploitation and the associated high levels of poverty and inequality in the Eastern Cape. This means that I am particularly concerned with policy that frames state action in relation to the economic system.

The structure of the South African economy

As a foundation to my detailed engagement with the PGDP process, I first provide an account of the structure of the South African economy and the place of the Eastern Cape in broader systems of accumulation. My aim is not to provide a detailed account of South African capitalism, including its complex relations to global systems of accumulation, but rather to ground the PGDP process in a broad-level understanding of South African capitalism, not simply as an abstract object of analysis, but also as the focus of national and provincial policy-making. My account of the structure of the South African economy sets the scene for a broad engagement with national economic growth and development policy, and, together with a broad overview of the structure of the post-apartheid South African state, these accounts serve as a sketch of the strategically selective terrain on which the PGDP was developed.

The economic realities that confronted those engaged in the PGDP process were the result of social, political and economic processes larger than just the Eastern Cape, but in which this territory played a key part. The South African economy had developed around a minerals-energy complex that had been formed through linkages between minerals

extraction and manufacturing activities, the mobilisation of investment finance, and a web of ownership arrangements through which a core group of corporations controlled the economy. By 1985, just six core corporations – namely the Anglo American Corporation, Sanlam, SA Mutual, Rembrandt, Anglovaal, and Liberty Life – owned more than 82% of the shares on the Johannesburg stock exchange, with just under half of all shares owned by the Anglo American Corporation (Fine & Rustomjee, 1996: 103). These corporations – historically representing both Afrikaner and English fractions of capital – effectively created an inter-penetrating web of ownership of the South African economy in which the state had played, and continued to play, a key role.

The National Party government that came into power in 1948 proceeded to build Afrikaner capital, and had played a key facilitative role in the increasing interpenetration of the Afrikaner and English fractions of capital (Fine & Rustomjee, 1996). However, this was not simply a case of the new governing party wielding the state apparatuses to serve its political and economic ends. Rather, the governing party (which was not a cohesive whole invested with distinctive agency), the state apparatus and fractions of capital interacted in complex ways, with state actions responding to and shaping a larger societal processes, including a discursive framing of Afrikaner economic interests through social movements such as the *Ekonomiese Volkskongres* (Fine & Rustomjee, 1996).

The area that is today known as the Eastern Cape Province developed on the periphery of the minerals-energy complex, except for the development of a hub for the automotive industry around the two port cities of Port Elizabeth and East London and their hinterlands, and commercial agriculture in the western part. The majority of the population were confined to two Bantustans, the Transkei and the Ciskei, that had been created through a process of violent dislocation through which local productive processes were disrupted or destroyed, rendering the people located in those areas reliant on wage labour in the mines and manufacturing companies to the north and agricultural labour to the west (Bundy, 1979; Platsky & Walker, 1985; Hendricks, 2013; Martin, 2013). The Bantustans had effectively functioned as labour reserves within which the social reproduction of labour was managed, and where limited subsistence production served the purpose of a wage subsidy. The residents of these areas were denied claims to permanent residency in the larger South

Africa, and were deprived of many political and social rights (cf. Hendricks, 1990; Mamdani, 1996).

Within the Bantustans, small traders and government officials formed the nucleus of an emergent black middle class with strong interests in maintaining the status quo, strongly reliant on the Bantustan administrations (cf. Wolpe, 1988; Hendricks, 1990). These elites formed part of a larger system based on separate development of groups of people defined in terms of notions of cultural and ethnic identity, and in which systems of traditional leadership were incorporated within the administrative mechanisms of the apartheid state and its Bantustan derivatives (cf. Bundy, 1979; Hendricks, 1990; Platsky & Walker, 1985; Ntsebeza, 2013).

The South African economy became increasingly financialised from the 1980s, with its core evolving into a financialised minerals-energy complex (Ashman & Fine, 2013). In addition to structural barriers to economic diversification, the increasing liberalisation of financial services in South Africa led to further concentration of the ownership structure of South African capital, and did not result in increased investment in productive activities. The financial services sector increasingly took on a dynamic of its own, becoming the largest sector of the economy in terms of contribution to GDP by 2010, with its growth outstripping all other sectors (Ashman & Fine, 2013: 164). Increasing financialisation of the South African economy was also associated with – amongst other things – an explosion of the range of financial instruments, increasingly speculative investments, consumer-led growth based on high levels of household debt, and the dominance of short-term portfolio investments over longer-term local and foreign direct investments. South Africa's sophisticated financial system served South African capital well not only as a vehicle for the expropriation of profits, but for the holding of large cash reserves withheld from productive investment – at the end of 2010, South African corporates held cash reserves of R480 billion, the equivalent of 18% of GDP (Hart & Padayachee, 2013). The financial services sector also helped facilitate the policy of Black Economic Empowerment, which resulted in the growth of a small black fraction of capital with close links to the ANC Alliance and focused on acquisition of shares in existing rather than new productive ventures (cf. Hart & Padayachee, 2013).

In 1994, the new post-apartheid state inherited an economy not only structured in very particular ways, but also in decline (Hart & Padayachee, 2010), exacerbated by the recession of 1989-1993, and linked to the decline in gross domestic fixed investment and growing private sector financial surpluses since 1981 (Michie & Padayachee, 1997). Labour absorption into the formal economy had been falling since the mid-1970s, the average rate of growth of real wages for African workers had declined since 1980, and income distribution had deteriorated to one of the worst in the world. The budget deficit had increased from 0.9% of GDP in 1989/90 to 10.8% in 1993/94, and total national debt to GDP in 1993/94 was 52.5 % (not high by international standards; e.g. the European Union, where 60% was regarded as acceptable). Monetary policy had been managed tightly, with the annual average rate of inflation forced down from 15% in 1991 to 8% in 1994. Capital flight had increased in 1993, making up a major portion of R16.3 billion net capital outflows in 1993 (5% of GDP, and exceeding the current account surplus). Although total foreign debt had been reduced since the 1985 debt crisis to just 14.8% of GDP at the end of 1993, this had resulted in “a decade of domestic economic and employment stagnation, as the apartheid regime had to operate a recessionary domestic economic policy in order to maintain a current account surplus to service the debt” (Michie & Padayachee, 1997: 15).

The political settlement that brought about the dawn of democracy in South Africa largely left the structure of the South African economy intact; providing for a broadening of ownership (akin to what happened when the National Party took political power) that would, in fact, secure the reproduction of South African capitalism (Fine & Rustomjee, 1996; Bond, 2000; Marais, 2011). The democratic state, rather than facilitating a fundamental restructuring of South African social relations, contributed to the reproduction of those relations, including the migrant labour system, the concentration of wealth and privilege, a cost structure developed over many decades through an interpenetrating ownership structure, the facilitation of legal, in addition to illegal, capital flight⁸ (Hart & Padayachee, 2010; Hart & Padayachee, 2013; Ashman & Fine, 2013), and jobless growth (Hart & Padayachee, 2010).

⁸ Hart & Padayachee (2013), using South African Reserve Bank data, show that net dividend outflows increased from R9 billion in 2000, to R17 billion in 2001, to R24 billion in 2005, and refer to the calculation by Ashman, Fine and Newman (2011) that 20% of GDP had left the country since 1994, legally and illegally, and with such capital flight increasingly legalised by the easing of exchange controls by the post-apartheid state.

Although labour legislation built on the labour rights within the Bill of Rights in the Constitution of the Republic of South Africa (Act 108 of 1996) entrenched a system of collective bargaining and guarantees of minimum rights (characterised as a system of regulated flexibility – cf. Klerck, 2013), and corporatism was formally entrenched in the government apparatuses particularly in the form of the National Economic Development and Labour Council (NEDLAC) (cf. Webster, 2013), the economy remained highly concentrated and increasingly financialised. Facing jobless growth with limited options or appetite for state intervention in the economy, adjusting to new forms of global competition, attempting to attract foreign direct investment while allowing South African conglomerates to list overseas and repatriate profits, and failing to stem an increasing tide of illegal capital leakage (e.g. through under-invoicing – cf. Ashman & Fine, 2013), the South African state increasingly limited its options for redistributive state interventions. Although monopoly capital admitted a new black fraction supported by the state in terms of the Black Economic Empowerment (BEE) policy, it became increasingly globalised, with companies listing on international stock exchanges and diversifying operations internationally (including through new acquisitions), and limited new productive capability was built. Social transfers by the state, although targeting a wide range of vulnerable people, were limited in size; particularly given the limited employment opportunities and the number of people in households who would end up relying on modest grants calculated in terms of individual need.

After 1994, there continued to be a *de facto* reliance on social reproduction of black labour in the former Bantustans, with people living in those areas supported by social transfers, government employment and a range of more or less effective government support initiatives in public works, tourism and agriculture and as well as small business development support through public corporations. In the Eastern Cape Province, home of two of the largest former Bantustans, the PGDP process ostensibly set out to change this, but with limited effect.

The post-apartheid South African state

The above analysis illustrates the centrality of the state to the form of South African capitalism. Not only was the rise of Afrikaner capital achieved through the apartheid state, but the dominance of the minerals-energy complex, its increasing financialisation, and the highly concentrated ownership structure were made possible by state policy formulated and implemented within a changing system of global capitalism, and within the particular South African spatio-temporal context. The new post-apartheid government that was elected in 1994 did not receive a blank slate on which it could inscribe a new society; the effects of previous policy decisions, institutional processes and social relations persisted and were mediated through the state – albeit in a new constitutionally sanctioned form – as the key site for the organisation of power.

The changing economic system was not a function of an autonomous state acting, like an independent actor, to manage market relations and making a better or worse job of it. Rather, changing notions of the strategic possibilities for state action and the boundaries between the state and larger political, economic and social systems were inscribed in state policy, which echoed and shaped societal discourses and the actions emerging from other social institutions and processes, with varying material consequences (e.g. profits, sectoral activity, employment levels, incomes, poverty levels and distribution). The effects of state policies could not simply be read off the contents of those policies, as the material effects of policy were mediated by a number of processes, including the allocation of state resources and the legal and regulatory framing of possibilities for action by agents of the state or other actors within wider political, economic and social systems. The state actions undertaken in support of particular policies or sets of policies interacted with actions undertaken through other national and global institutions and processes to shape the strategic selectivities of those institutions and systems and of the state itself.

So, for example, the adoption of the *Growth, Employment and Redistribution: A Macroeconomic Strategy*, or GEAR (Government of the Republic of South Africa, 1996), reflected the core neoliberal ideas around which global capitalism was increasingly being shaped (cf. Bond, 2009; Marais, 2011; Hart, 2013), but also shaped South African state practices and resource allocations, with material consequences such as the sizes of state

budgets and performance within particular sectors of the economy, which, in turn, shaped the strategic possibilities for future state actions. In this way, implementation of policy conceived within a neoliberal discursive framework had institutional, systems and material consequences that increasingly constrained the possibilities for actions conceived outside of that framework, such as actions conceived within a Keynesian perspective. However, even the consequences of GEAR could not be neatly read off the content of the policy framework, as a range of strategic possibilities for challenge remained and could be utilised, such as constitutional provisions for social rights sometimes mediated through the judiciary, opposition to GEAR from within the Tripartite Alliance and organisations of civil society, and opposing discourses mobilised during policy making within various branches of the state apparatuses.

Before considering key national growth and development policies more specifically, however, it is necessary to consider the structure of the post-apartheid state. When using the word “structure”, my intention is not to refer to something invariant or ready-made. As argued in chapter 2, I view the post-apartheid state as an emergent institutional ensemble with a short formal history (dating from the adoption of the Interim Constitution), but with a much longer “lived history” inscribed in the systems, practices, ideologies and human resources from which it was fashioned, and the changing political, economic and social context within which its parameters were formally negotiated, in which its development is located, and in which its policies and associated actions have meaning.

The formal state structures established in 1994

The formal state structures established in 1994 heralded the end of apartheid and the transformation of South Africa into a constitutional democracy, based on a negotiated settlement. By the late eighties, the apartheid state was facing challenge on many fronts, including a dissolution of what Wolpe (1988) described as the white bloc and increasing mobilisation of black communities, as well as increasingly thinly stretched state resources required for mobilisation of the repressive state apparatuses to fight internal dissent and to destabilise neighbouring states that supported the liberation movements, as well as for other state activities such as economic management or reform to diffuse dissent and an

increasingly hostile international situation. Increasingly unable to contain dissent through reformist measures or to crush it by force, and faced with an economy in decline, the apartheid regime was eventually forced to negotiate an end to apartheid (Wolpe, 1988; Gevisser, 2009; Marais, 2011; Hart, 2013).

Support for such negotiations came from monopoly capital for which the reproduction of the capitalist relations of production was at stake (cf. Handley, 2005; Bond, 2009; Marais, 2011; Hart, 2013) – all that could safeguard such reproduction was a negotiated settlement. The ideological apparatuses were increasingly fractured, with an increasing number of Afrikaner intellectuals calling for negotiations and, indeed, engaging in meetings with the ANC in exile (cf. Gevisser, 2009). Monopoly capital not only pushed for negotiations, but also financed ideological interventions, such as scenario planning workshops, to influence the economic thinking of key leaders in the liberation movement to strengthen commitment to a national democratic transition that would leave the forces of production intact, and would bring about changes to social relations that would encourage the development of a black fraction of capital (cf. Handley, 2005; Bond, 2009; Marais, 2011; Hart, 2013). Included in the negotiated settlement were also agreement to social rights similar to those enshrined in the Freedom Charter, while muting calls for nationalisation and radical land redistribution. The new constitutional democracy and the birth of the “rainbow nation” re-established consent.

The negotiated settlement that led to the democratic elections in 1994 had a number of formal institutional consequences for South Africa in general, and the Eastern Cape in particular, that were given legal force in the Interim Constitution (Constitution of the Republic of South Africa, Act 200 of 1993) and in the *Constitution of the Republic of South Africa, Act 108 of 1996* (hereafter referred to as the Constitution). The most obvious of these were the demarcation of the state apparatuses, or, put differently, the spheres, arms and institutions of the state. Not only did the Interim Constitution and the Constitution define legislative, executive and judicial arms of government; it also dispersed the legislative and executive arms across the national, provincial and local spheres of government. This required the development of complex systems of cooperative governance with the assignment of powers and functions to particular spheres guided by schedules to the Constitution, and legislation enacted within the parameters of the Constitution.

Although the negotiated settlement included concessions to the federalist demands of non-ANC negotiators (cf. Ruiters, 2011a), the Constitution provided strong grounds for the predominance of the national sphere (cf. Lodge, 2005). For example, provision was made for the national sphere to override the provincial and local spheres under particular circumstances, e.g. in the case of the requirements for implementation of national economic policy (section 146(3) of the Constitution), which would make it very difficult for other spheres of government to challenge national economic policy – as shown in the case of the PGDP below. Thus not only would monetary, fiscal and industrial policy have consequences for the entire country – including the Eastern Cape Province – by virtue of their implications for monetary flows and economic constraints and opportunities (including modes of articulation with global capital); but there would also be systems limitations to challenge.

The provisions of the Constitution also opened strategic possibilities for centralisation within the South African state, for example through the authority vested within the office of the President of the Republic. Combined with the overwhelming domination of the legislative arm of the state by the political party which was represented by the President, that office functioned as a key node for the exercise of power by the ruling bloc, and by the individual formally occupying that office (cf. Kagwanja, 2008; Duncan, 2008; Duncan, 2010; Marais, 2011; Hart, 2013). The latter possibility was particularly clearly demonstrated during the tenure of President Thabo Mbeki, who defied opposition from civil society organisations, international organisations and within the South African state apparatuses to his position on HIV/AIDS (cf. Gevisser, 2009; Gumede, 2009; Vale & Barrett, 2009; Marais, 2011). Recognising the scope for personal leadership style by incumbents in positions formally vested with significant authority does not mean that one should characterise politics as the interplay of individual leaders, in the process ignoring the larger networks of power within which leaders are embedded. However, the real authority of the position of President of the Republic, combined with the manner in which an incumbent exercises that authority, shapes not only the ways in which political processes are described, but also the ways in which strategic possibilities for policy challenge are conceived. So, for example, leaders within COSATU, the SACP and the ANC Youth League organised their challenge to neoliberalism not only through proposed policy alternatives, but through a concerted effort

to effect leadership change. Discursive positioning of challenge around a person carried the risk that the substance of challenge would be obscured by the personal qualities of leadership associated with that person, as was demonstrated by the tying of challenge to the person of Jacob Zuma, who emerged as a deeply flawed leader whose leadership was characterised by numerous scandals, including the alleged abuse of state resources to construct a personal residence.

The proportional representation system also opened up strategic possibilities for political party management of legislative debates and voting, as described by Feinstein (2007), a former ANC Member of Parliament and chair of the Standing Committee on Public Accounts in the National Assembly. The possibilities for redeployment of political party representatives through manipulation of party lists also made possible central appointment of Premiers, as is discussed further below.

An additional structural barrier to shifting of policy and resource priorities within the state came in the form of the constitutionally entrenched authority of the National and Provincial Treasuries, which came to exert powerful influences on the functioning of the administrative state apparatuses and the various branches (departments and entities) within them by the deepening of its budget monitoring role and the building of its capacity to intervene in the running of other state apparatuses; for example through its Technical Assistance Unit, through which private sector consultants were mobilised for a range of technical assistance tasks, ranging from studies, design of systems and management of donor procurement processes. The *Public Finance Management Act 1 of 1999* and the *Municipal Finance Management Act 56 of 2003*, as well as a range of procurement laws, entrenched the role of the National Treasury in partnership with the Provincial Treasuries.

Although effective management of public finances is one of the key responsibilities of the state, and the importance of a point of financial management oversight is not disputed, the National Treasury also functioned as a key site for restrictive monetary and fiscal policy, with the former exercised in regular engagements between the Minister of Finance and the South African Reserve Bank (cf. Padayachee, 2013b). The National and Provincial Treasuries also contained changes in state priorities through the management of the budgeting process; in the case of the PGDP for example, the simple assertion of historical budgeting

rules made it impossible to effect significant resource shifts in line with the PGDP Strategic Objectives (see chapter eight below), and the existing fiscal policies made expansion of government expenditure to meet economic and social goals impossible.

Although enshrining a number of political and social rights within its Bill of Rights, the Constitution also provided grounds for the delayed realisation of social rights, for example by requiring that the “state must take reasonable legislative and other measures, *within its available resources* [emphasis mine]” to achieve access to land on an equitable basis, or to achieve access to housing, health care, food, water and social security (sections 25(5), 26(2) and 27(2) of the Constitution). This made the achievement of these rights vulnerable to fiscal conservatism, as enforced by the National and Provincial Treasuries.

The Constitution also included clauses, such as those pertaining to land, that made radical transformation of social relations in South Africa very difficult within the ambit of the law (cf. Hendricks, 2013). Given the key importance of land reform to growth and development in the Eastern Cape, as emphasised in a number of settings and documents during the course of the PGDP process (as discussed in chapters six to eight), the clauses pertaining to land and the policy and implementation modalities adopted for land reform placed strong structural limitations on the scope for growth and development planning.

The constitutional compromise on the role of provinces led to the establishment of nine provinces, one of which was the Eastern Cape Province (cf. Ruiters, 2011a), the territory for which the PGDP was developed. Combining a part of the former Cape Province with the former Bantustans of the Transkei and Ciskei, the administrative apparatus of the new Eastern Cape Provincial Government included an unstable mixture of institutional practices and state-focused networks of accumulation guided by a ruling party that was also a new mix of quite different regional party structures. This legacy has been associated with the factional battles, administrative collapses and corruption that have plagued the provincial administration since 1994, and which has been linked to national contestation of political power in complex ways (cf. Hoeane, 2011; Ruiters, 2011a).

This emergent administration had to serve a fractured territory characterised by large socio-economic inequalities and deep poverty (particularly in the former Bantustans), strongly linked to historical dispossession of land and management of labour (Hendricks, 2013;

Martin, 2013). It also encountered significant logistical difficulties, with many localities and service sites spread over a large geographical territory with poor transport infrastructure (Ruiters, 2011a). The emergent provincial government also had to establish synergies with traditional systems of administration in the former Bantustans that had been entrenched through constitutional and legislative compromises on the roles of traditional leaders; compromises that raised difficult questions about the nature of citizenship and democracy for rural South Africans (cf. Mamdani, 1996; Ntsebeza, 2011; Ntsebeza, 2013).

The PGDP process throws additional light on the value and role of the provincial sphere of government, adding weight to Ruiters' (2011b) argument for a fundamental reconsideration of the boundaries, form and functions of the provincial sphere of government. For example, ending the nominal independence of the provincial administration as a separate sphere of government by turning its departments into provincial offices of national government departments and closing down the provincial legislatures, might limit the possibilities for policy confusion and duplication. It could also direct the attention and energies of civil society organisations and citizens to the sphere where the key policy levers for their social and economic well-being lie, namely the national sphere. Instead of spending time participating in provincial rituals of rebellion that achieve little more than the reaffirmation of the status quo, organisations and citizens could focus their energies on the national policies through which strategic possibilities for radical social and economic transformation are constrained.

The state and society post 1994

The post-apartheid state has been a work in progress, not only in terms of the on-going refinement of institutions, legislation, policies and systems, but also in terms of the management of the grounds for consent (cf. Hart, 2013), or stability in the face of significant socio-economic challenges (cf. Beall, Gelb & Hassim, 2005), and the shifting boundaries between the state and civil society (cf. Friedman & Reitzes, 1996; Ballard, Habib, Valodia & Zuern, 2005; Hart, 2013). Although these are characteristics of all states, as argued in chapter two, the post-apartheid South African state has been in particular flux following its formal restructuring in terms of the negotiated end of the apartheid system of government.

Although a broad civil society movement had been formed in opposition to apartheid – most clearly demonstrated by the emergence of the United Democratic Front (UDF) – and civil society organisations had become key conduits for donor funding in support of socio-economic development prior to 1994, the establishment of democracy was to have a number of consequences for civil society organisation. The most tangible were the effects of incorporation of key leaders in government (cf. Ballard et al, 2005) and the increasing shifting of donor funding to the state or to initiatives aimed at the promotion of democracy (Hearne, 2010). Although these shifts affected the viability and focus of many civil society organisations, their impact was further mediated by shifting notions of the place of civil society organisations in a democratic society (Friedman & Reitzes, 1996; Beall et al, 2005; Ballard et al, 2005; Hearne, 2010). Civil society organisations who had worked in opposition to or in spite of the apartheid state had to reorient themselves in relation to a democratically elected government that had committed itself to transformation of South Africa as outlined in the Reconstruction and Development Programme (RDP). The reorganisation of the state had opened new strategic possibilities for the organisation of power, including new possibilities for coordination and shaping of social relations through the allocation of state resources and the shifting of regulatory and policy frameworks, but still within constitutionally-inscribed constraints, as argued above.

The organisation of power within the emergent post-apartheid state was shaped not only by legal and institutional factors, but also discursively. Notions of nationhood (the rainbow nation), the history of liberation, and the socio-economic transformation of South Africa shaped and were shaped by the political, social and economic systems in which South Africa was embedded (cf. Beall et al, 2005; Hart, 2013). Increasing articulation with globalised capital was achieved through a dialectical process of de- and re-nationalisation through which the South African economy was increasingly opened (e.g. facilitated through policy measures such as trade liberalisation and lifting of restrictions on the movement of capital) and attempts were made to forge a new nation out of the racial polarisation of apartheid (Hart, 2013). The ANC hegemonic project was organised not only around notions of an emergent “rainbow nation”, but included the discourse of the National Democratic Revolution (NDR), the leadership of which was claimed by the ANC given its historical role in the struggle against apartheid (Hart, 2013). In terms of the discourse of the NDR, the

deferment of the second phase of the revolution, the transition to socialism, into an unspecified future could be conceived and vocalised.

However, ANC hegemony could not simply hold at the level of discourse, and was steadily eroded through a rise of popular anger about persistent poverty and inequality, and failures in the provision of social services (Ballard et al, 2005; Beall et al, 2005; Marais, 2011; Alexander et al, 2013; Hart, 2013). The demobilisation of civil society organisations left limited institutional means of articulation between popular anger and the state apparatuses, leading to the increasing expression and focusing of this anger through social movements. The latter attained international prominence at the World Conference Against Racism (WCAR) held in Durban in August 2001 and the World Summit on Sustainable Development (WSSD) held in Johannesburg in August 2002, but ran out of momentum, with some, like the Treatment Action Campaign, more effective than others in influencing state policy (Hart, 2013). The collapse of many attempts to organise popular campaigns in the form of social movements, and limited attempts at popular engagement from within the state apparatuses, were associated with increasingly diffuse and violent expressions of popular discontent in what can be described as a “rebellion of the poor” (Alexander, 2013) or a “movement beyond movements” (Hart, 2013), ultimately leading to the Marikana massacre of 2012 in which thirty-four people were killed (Alexander, Lekgowa, Mmope, Sinwell & Xezwi, 2012). Although on-going attempts are made to stitch together disparate social upheavals into a social movement, these face significant logistical and political challenges.

Corporatist attempts at including civil society in state policy-making, most notably through NEDLAC, largely failed to shift the dynamics of power within the state (cf. Friedman & Reitzes, 1996; Ballard et al, 2005; Handley, 2005; Webster, 2013) and failed to stem the erosion of ANC hegemony (Hart, 2013). Although labour and business had clearly identifiable institutions that could articulate collective interests (cf. Handley, 2005), the same could not be said for civil society organisations, many of which had no member mandates and came in a number of shapes, sizes and organisational forms. The inclusion of a community chamber in NEDLAC drew in civil society organisations without clearly identifiable constituencies or mandates, which could, therefore, not commit to social compacting on anyone’s behalf, and which often did not have the organisational resources

for successful policy engagement (Friedman & Reitzes, 1996). Their inclusion also carried the risk that other civil society voices could be marginalised by confining civil society engagement to those organisations that had been granted accreditation to NEDLAC, and that the more difficult work of making elected public representatives more accountable and facilitating public participation in legislative and policy processes would not receive sufficient attention (Friedman & Reitzes, 1996). A similar critique could be made of the reliance on NGOs to articulate “community” perspectives in the Eastern Cape.

In the Eastern Cape, the Eastern Cape Socio-Economic Consultative Council (ECSECC), characterised as a provincial NEDLAC (Province of the Eastern Cape, 2002), was formed in 1995 as an outcome of a regional development forum that had emerged in the early 1990s following negotiations between representatives of business, labour, communities and anti-apartheid activists facilitated by the Consultative Business Movement⁹ (Nattrass & Seekings, 2010). Although tasked to support the Eastern Cape Provincial Government in developing an integrated development strategy for the province, ECSECC, in the view of Nattrass & Seekings (2010: 40), “gradually evolved into an information clearing house and facilitator of government funded summits (talk shops) ... [and although] annual reports still speak a discourse of facilitating social dialogue and fostering growth coalitions ... , there is little evidence of any serious discussions of trade-offs and compromises”. This view could be characterised as overly cynical, particularly when considering ECSECC’s foundational role in the PGDP process – as described in the chapters below – and the limited evidence of “trade-offs and compromises” could be viewed as an indication of the strength of the labour voice within the Eastern Cape ruling bloc in guarding against the self-defeating compromises often required of organised labour in social compacting processes (cf. Desai, 2010).

Nattrass (2013: 10) later characterised ECSECC as being more successful in fostering “co-operative relations between business and the state ... [than] capital-labour relations” – the latter referred particularly to the extent to which wage expectations could be moderated. Another way of framing this observation is to say that ECSECC facilitated engagement between the Eastern Cape ruling bloc and other organised social groupings, in particular

⁹ The Consultative Business Movement (CBM) was formed in 1988 to link anti-apartheid activists and business leaders and to guide the business community in transforming itself, and was consulted by the ANC-led alliance during the preparation of the RDP (Nattrass & Seekings, 2010).

chambers of business and the Eastern Cape NGO Coalition. Also, rather than simply judge ECSECC in terms of its “failure” to deliver labour market flexibility, the terms of ECSECC’s engagement with labour and business could rather cause one to reflect on the strength of ECSECC’s relationship with organised labour. The strength of that relationship is indicated by ECSECC’s facilitation of political education support to COSATU in the Eastern Cape over a number of years, and its provision of advisory support to individual trade unions, including the secondment of one of its staff members to serve as political advisor to the General Secretary of National Union of Metalworkers of South Africa (NUMSA).

ECSECC’s role in the PGDP process demonstrates how its direct access to the provincial ruling bloc (including active participation in provincial ANC conferences) and policy processes within the provincial administrative state apparatus, as well as its facilitation of engagement between that ruling bloc and organised business, has allowed it to serve as a key institutional site for the organisation of hegemony in the Eastern Cape. Although ECSECC had facilitated policy development in a number of areas independently of the PGDP process – e.g. integrated food security, an integrated HIV/AIDS response (including the establishment of the Provincial Aids Council), a provincial transport strategy – the PGDP process presented ECSECC with access to additional resources, channelled through a dedicated PGDP Project Management Unit, to mount a larger, more inclusive process to develop a discursive framework for the organisation of the provincial administrative state apparatus under the hegemony of the provincial ruling bloc. As argued in chapter two, coherence within the state is a contingent achievement, given the fractured form of state power, and the Eastern Cape Provincial Government is no exception. The existence of a discursive framework to support the integration of disparate policy initiatives is an invaluable aid in the on-going struggle to create coherence or even the appearance of coherence, and to the linking of that coherence to the ruling bloc.

The political alliance between the ANC, the SACP and COSATU in South Africa secured significant organised working class support for the ANC in government (cf. Beall et al, 2005; Ballard et al, 2005). This Alliance helped to ground the NDR discourse in a nominal multi-class movement that undertook to secure a fundamental transformation of South African social relations under the ANC’s leadership in government. However, COSATU continued to feel marginalised from key policy decisions, such as the development and adoption of GEAR

(COSATU, 1999a; COSATU, 1999b; COSATU, 2003; COSATU, 2004; Lodge, 2004; Southall & Daniel, 2005; Desai, 2010; Naidoo, 2011; Webster, 2013). This led to questions regarding the value of the Tripartite Alliance for the trade union movement, with relations within the Alliance reaching a particular low in 2001/2, just prior to the commencement of the PGDP process (COSATU, 2004; Lodge, 2004), and following a COSATU organised general strike in May 2000 against job losses and deepening poverty (COSATU, 2000a) – in a COSATU Central Executive Committee political discussion paper in 2004, reference was made to “the 2001/2 period which saw the Alliance teetering on the brink of collapse” (COSATU, 2004: 7).

In 2001, the year in which social movement protests emerged around the WCAR in Durban, COSATU not only launched a national strike against the privatisation of national assets, but ANC leaders publically questioned the alliance with the SACP, and an ANC National Working Committee meeting in September 2001 recommended that those with dual ANC and SACP membership should choose where their loyalties lay (Lodge, 2004: 199). After an ANC NEC meeting in the same month, Mbeki drew on a briefing document that was distributed to ANC branches and presented to fifty-two ANC regional conferences by February 2002 to criticise COSATU for mobilising “ultra-leftist” forces and planning to unseat him as President of the ANC (Lodge, 2004: 200). During the SACP’s 11th national conference in July 2001, SACP members voted Cabinet members and those openly arguing for a delay in the second stage of the NDR off the SACP’s Central Committee (Lodge, 2004: 201-202).

Opposition to state policies reached a high point in 2002, the year in which the PGDP process was launched, not only in the form of the social movement protests organised around the WSSD, but in the form of COSATU’s two-day national strikes against the privatisation of national assets in August and October 2002 (Lodge, 2004: 202; Hart, 2013: 35). At the ANC’s Policy Conference in September 2002, Mbeki lambasted what he again termed ultra-leftist forces within the Alliance (Lodge, 2004: 202; Hart 2013: 36), and in October 2002, the ANC NEC rejected the BIG – which had been strongly promoted by COSATU (cf. COSTATU, 2000b) – a decision subsequently supported by the 51st national conference in December 2002 (Hart, 2013: 37). That conference was seen as a defeat for the left within the Alliance, with people critical of national policy side-lined, Mbeki re-elected as President unopposed, and Trevor Manuel, seen as one of the architects of GEAR, attracting the most votes during elections for the NEC (Hart, 2013: 37). Before voting had begun,

“Eastern Cape delegates [had] circulated both positive and negative lists naming left-wing candidates” (Lodge, 2004: 212), clearly associating the Eastern Cape ANC with the policies promoted by COSATU and the SACP, and leaving the Eastern Cape ANC weakened following the defeat of key policy proposals. This was after the Eastern Cape delegation had already been reduced by a third prior to the start of the conference, after the rejection of many delegates’ credentials (Lodge, 2004: 203).

The 51st ANC conference reaffirmed ANC commitment to existing monetary and fiscal policy – albeit with allowance for consideration of employment effects – as well as the existing approach to the restructuring of state assets, in spite of COSATU opposition (ANC, 2002). Although the conference resolutions included references to the incremental development of a comprehensive social security system, such development had to exclude the BIG – albeit with allowance for on-going engagement with those supporting the BIG – and focus on the gradual expansion of the existing grant system and the development of an expanded public works programme to alleviate unemployment, build skills, deliver social services, and build infrastructure (ANC, 2002). COSATU maintained its commitment to BIG and its critique of government macroeconomic policy and its push against efforts to undermine its decent work agenda (COSATU, 2003; COSATU, 2004).

During 2003, in the run-up to the 2004 elections, the ANC made a greater effort to mend relations with its Alliance partners (Southall & Daniel, 2005), including some nominal concessions to those partners. The increasing rapprochement between the ANC and its Alliance partners was evidenced by the agreement reached in the Growth and Development Summit held in early June 2003 (NEDLAC, 2003), just weeks before the launch of the PGDP Strategy Framework. The summit agreement, which COSATU claimed as a victory (COSATU, 2004), did not signal a fundamental departure from GEAR, but included some of the concerns of COSATU, such as a commitment to decent work and adoption of an employment target of halving unemployment by 2014 (NEDLAC, 2003); the latter target was subsequently included in the PGDP Strategy Framework (Province of the Eastern Cape, 2003: 21).

Following the ANC’s 2004 election victory, COSATU showed strong commitment to the Tripartite Alliance, supported by the outcomes of a survey amongst members by the

Sociology of Work Programme at the University of the Witwatersrand (COSATU, 2004). However, it remained committed to shifting state policy towards budget expansion and away from inflation targeting, to challenging the export-focus of industrial policy, to promoting decent work and resisting attempts to erode workers' rights, to ending privatisation of state assets and moving away from public-private partnerships, and to roll out antiretroviral treatment (COSATU, 2004).

In the second half of 2003, the discourse of the "second economy" became prominent in ANC documents and public statements, particularly statements by President Mbeki (Hart, 2013: 38). This discourse, based on a questionable analytical position that South Africa contained "two economies" (cf. Terreblanche, 2009), evoked the notion of a developmental state focused on people marginalised from the modern economy; in Hart's (2013: 40) analysis, such people were classified as second-class citizens "deserving of a modicum of social security, but on tightly disciplined and conditional terms". Rather than constituting a commitment to transformation of South African social relations, this discourse signalled an emphasis on management of the poverty resulting from South Africa's accumulation path.

It is clear that the Eastern Cape PGDP process started at a low point in relations within the Alliance, and that during the course of the planning process the Alliance partners moved closer together and helped the ANC win the 2004 national and Eastern Cape elections. The critiques of national policy emerging at the start of the PGDP process and in the early drafts of the PGDP Strategy Framework, as argued in chapter six and seven, received the support of COSATU's Eastern Cape leadership, but were not gaining traction within the national structures of the ANC, even though strongly promoted by the ANC's Alliance partners. The emergence of these critiques, the overt support for left-wing candidates demonstrated by the Eastern Cape delegation at the ANC's 51st national conference, together with direct challenge by Premier Stofile of President Mbeki's views on HIV/AIDS (Eastern Cape Provincial Legislature, 2002a), lent support to the notion that the Eastern Cape ruling bloc was located to the left of the national ruling bloc (cf. Lodge, 2004; Hoene, 2011).

It is in this context that the early PGDP process constituted a potential counter-hegemonic project located in a nominally separate sphere of government, supported by a ruling bloc in partnership with the leaders of organised business and NGOs in the Eastern Cape Province.

However, as argued in chapter seven, this potential counter-hegemonic project unravelled during the course of the development of the PGDP strategy framework, particularly as the weight of existing commitments to export-oriented manufacturing became increasingly manifest, the exercise of power from institutional positions inside and outside the provincial government translated into shifts in discursive content, and ideas grounded in neo-classical orthodoxy gained increasing traction. The strategic possibility for a counter-hegemonic project also closed during the course of 2003, particularly as the members of the Tripartite Alliance were finding sufficient consensus for joint mobilisation in support of ANC victory in the 2004 elections, and the Eastern Cape power bloc was placed under increasing pressure by the national ANC leadership.

However, the PGDP Strategy Framework remained open to potential left readings, as argued in chapter seven, and served as a discursive framework for the organisation of hegemony over the provincial administrative state apparatus. The full PGDP document (Eastern Cape Provincial Government, 2004a), confirming existing national and provincial policy and resource commitments – albeit with traces of challenge remaining in the strategic objectives and targets in the PGDP Strategy Framework – served as a convenient framework for a provincial ruling bloc reconfigures under national ANC control. Following the redeployment of the provincial ANC chairperson and Premier, Makhenkesi Stofile, to the national sphere of government and the political marginalisation of his key allies (Lodge, 2004; Hoeane, 2011), this document was claimed by Nosimo Balindlela, Stofile's successor as Premier, as discussed in chapter eight.

Following the defeat of key policy positions and candidates promoted by the Eastern Cape ANC at the party's 51st national conference in December 2002, the Eastern Cape ruling bloc came under increasing pressure from the ANC's national leadership. The ANC's NEC had already invalidated the Eastern Cape ANC's elective conference of October 2003 at which Stofile had been re-elected as provincial chairperson, following accusations of irregularities, and Stofile, allowed to stay on as Premier after vigorous debate in the NEC, had been ordered to fire three MECs, two of whom had been associated with the removal of sitting cabinet ministers from the SACP Central Committee (Lodge, 2004: 203-204). At a second elective conference in June 2003, the month in which he launched the PGDP Strategy Framework, Stofile was re-elected as provincial chairperson of the ANC (Lodge, 2004: 204),

with Enoch Godongwana, the Eastern Cape MEC for Finance, Economic Affairs, Environment and Tourism, elected as his deputy (News24, 2003).

Following a 1998 decision by the ANC that the offices of provincial party chairperson and premier should be separate, i.e. that election as provincial chairperson would not automatically lead to appointment as premier, the appointment of premiers in provinces where the ANC held the majority of seats in the provincial legislature had become the sole prerogative of the ANC's national leadership (Lodge, 2005: 743). Prior to the 2004 election, the national leadership broke from its practice of nominating candidate premiers prior to an election, freeing the hand of the President even further to appoint the national leadership's preferred candidates (Lodge, 2005: 743). Following the 2004 elections, Mbeki appointed Nosimo Balindlela as Premier of the Eastern Cape, and "redeployed" Stofile to the sports portfolio in the national Cabinet (Hoeane, 2011: 96). Balindlela excluded Godongwana from her Executive Committee, and instituted an investigation against Mcebisi Jonas, the CEO of the Eastern Cape Development Corporation and ally of Stofile and Godongwana (Hoeane, 2011). Balindlela's position was closely associated with Mbeki's and – following his resignation as President of the Republic in 2008 – she also stepped down (Ruiters, 2011c).

The ANC, in formal alliance with the SACP and COSATU, have achieved significant majorities in all of the national elections held from 1994 to the present. Achieving 63%¹⁰ of the national vote in the 1994 election, the ANC increased its share of the national vote to 66%¹¹ in the 1999 election, giving it just one seat short of a two-thirds majority in the National Assembly¹² that would allow it unilaterally to approve changes to the Constitution¹³. It is after these elections that Thabo Mbeki, former Executive Deputy President under Nelson Mandela, became the President of the Republic of South Africa, following his election as President of the ANC at its 1997 conference in Mafikeng (Gevisser, 2009). As argued earlier,

¹⁰ Percentages of votes and seats in Parliament and the Eastern Cape Provincial Legislature in 1994 were calculated from the national and provincial election results for 1994 provided by the Independent Electoral Commission (IEC), as downloaded from <http://www.elections.org.za> on 2 August 2012.

¹¹ Percentages of votes obtained nationally and in the Eastern Cape in 1999 were obtained from the IEC report on the detailed results of the 1999 national elections, downloaded from <http://www.elections.org.za> on 2 August 2012.

¹² All references percentages of seats held by the ANC provided in this section were calculated from the numbers of seats recorded by the Parliamentary Monitoring Group (PMG), a non-governmental organisation started in 1995 as a partnership between the Black Sash, the Human Rights Committee and the Institute for a Democratic Alternative for South Africa (IDASA). The PMG report on political party representation in the National Assembly was downloaded from <http://www.pmg.org.za/political-party-representation-in-national-assembly> on 14 October 2013.

¹³ Excluding for Section 1 of the Constitution, which states the broad values on which the Constitution is based, and Section 74(1), which determines that a 75% majority is required to change Section 1.

it is during Mbeki's tenure as President that increasing erosion of parliamentary oversight occurred, a strategic possibility created by authority vested in the office of the President of the Republic and the proportional representation system through which party loyalty was reinforced rather than accountability to the electorate (cf. Feinstein 2007).

After introduction of various pieces of legislation permitting floor-crossing in the National Assembly, Provincial Legislatures and Municipal Councils under particular conditions in 2002, mainly to allow for a merger between the ANC and the New National Party¹⁴ (following a breakdown in negotiations to merge the NNP and the Democratic Party¹⁵), changes in the percentages of seats held by political parties were possible between elections (cf. Booyesen & Masterson, 2009). Large parties were the main beneficiaries of floor-crossing, and after constitutional challenges, the practice was abandoned in 2009, when the fourteenth and fifteenth amendments of the Constitution were gazetted. The provision for floor-crossing allowed the ANC, in 2003, to increase its majority in the House of Assembly to 68.8%, a two-thirds majority.

In the 2004 national elections – held after the adoption of the PGDP Strategy Framework but before the completion of its programme package – the ANC increased its share of the national vote to 69.7%¹⁶, and the Democratic Alliance (DA) – the new incarnation of the DP – became the official opposition with 12% of the vote. These votes gave the ANC 69.8% of the seats in the National Legislature, still a comfortable two-thirds majority. After the 2005 floor-crossing, the ANC increased its majority in the National Assembly even further, to 73.3% of the seats. This majority was increased yet again during the 2007 floor-crossing, to 74.3% of the seats in the National Assembly. The fact that the ANC did not use its two-thirds majority in the period 2003 to 2008 (which it lost in the 2009 national elections) to amend the Constitution – e.g. to provide the legal grounds for a radical redistribution of land – exposed the configuration of power in the South African state and the many strategic constraints on radical legal and policy change; such as the pervasiveness of neoliberal discourse and practice, the forms of accumulation developed over many years, the historical

¹⁴ The NNP was a new incarnation of the National Party that had governed prior to the 1994 elections.

¹⁵ The DP was a new incarnation of the Progressive Federal Party that had served as the official opposition under apartheid.

¹⁶ Percentages of votes obtained nationally and in the Eastern Cape in 2004 were obtained from the IEC report on the detailed results of the 2004 national elections, downloaded from <http://www.elections.org.za> on 2 August 2012.

accommodation between capital and the ANC, the dynamic of South Africa's articulation with the global economy, and the path-dependency associated with decisions such as the adoption of GEAR.

ANC hegemony held in South Africa, despite evidence of its slow erosion and a rising rebellion of the poor, as argued earlier. Support to the constitutional democracy held, despite the fraying of hegemony. Voters continued voting for the ANC, and its Alliance partners continued mobilising voters despite policy concerns. Friedman (1999) has argued that continued support to the ANC in the 1999 elections despite delivery failures and its embrace of neoliberalism lent strength to the notion of voting as a fundamental assertion of identity; contrary to the more instrumentalist perspective offered by rational choice theory. Voters not only signalled commitment to democracy, or the lack of a credible alternative, but also identification with the discursive framing of ANC hegemony.

It is in this context that the discourse of the NDR led by the party that liberated South Africa was particularly powerful in mobilising voters who had already seen the delivery of stage one of the NDR, in addition to the inclusivity of the nation-building project associated particularly strongly with Mandela's presidency. In spite of evidence of fractures within the Tripartite Alliance and evidence that the macroeconomic framework adopted by the ANC-led government, ANC hegemony held. However, evidence of a fraying of that hegemony emerged not only in the form of social movements and the rise of a movement beyond movements, but also in terms of an erosion of electoral participation, particularly noticeable in the 2004 national election, where more than 40% of the population eligible to vote chose not to participate, giving the ANC 40% of the possible votes, even though receiving just under 70% of the actual votes cast (Southall & Daniel, 2005).

In the Eastern Cape, support for the ANC has been even stronger than for the country as a whole. In 1994, the ANC won 84% of the provincial vote in the Eastern Cape, giving it 85.7% of the seats in the Eastern Cape Provincial Legislature. Raymond Mhlaba, a former Rivonia trialist with Nelson Mandela, became the first Premier of the Eastern Cape, a position he held until 1997, when Makhenkesi Stofile took over. Ruiters (2011a) argued that factional conflicts brought into the provincial ANC structure from three formerly independent regional ANC structures played a role in ending Mhlaba's Premiership in 1997. It was under

Stofile's Premiership that the PGDP process was started and he launched the PGDP Strategy Framework in 2003.

In 1999, the ANC's share of the vote in the Eastern Cape dropped by 10%, to 74%, and the United Democratic Movement (UDM), a party led by Bantu Holomisa, former ruler of the Transkei and a former ANC member of Mandela's Cabinet, became the official opposition with just under 13% of the vote. At the time, it was not clear to what extent this shift in the provincial electoral landscape reflected the beginning of a significant erosion of ANC support in the Eastern Cape, and the ANC headed towards the 2004 election facing a potentially significant opponent in the UDM, while at the same time the provincial ruling bloc was coming under increasing pressure from the national ANC leadership, as argued earlier.

In 2004, the ANC's share of the vote in the Eastern Cape increased by 5% to 79%, and the share of the UDM dropped to just under 9%, with the DA close behind. It is after this election that Stofile was replaced by Balindlela as Premier of the Eastern Cape. The low voter turnout in the 2004 elections (Southall & Daniel, 2005) indicated that this election result was not as emphatic an indication of support as might have seemed, in spite of the neutralisation of the potential UDM threat. The confirmation of ANC electoral victory under the firm control of the national leadership provided the new ANC executive leadership in the Eastern Cape with a strong political cover. The launch of the full PGDP by the new Premier, Nosimo Balindlela, in September 2004, already denuded of significant challenge to national policy – but supported by the leadership of the chambers of business, COSATU, the NGO Coalition and district municipalities in the Eastern Cape – provided the new EXCO with a strong framework for the assertion of its hegemony over the provincial administrative state apparatus, and provided discursive continuity with national hegemonic discourses.

Growth and development policy

The shifting boundaries between the state and civil society and the fracturing of ANC hegemony, as described in the previous section, were dynamically linked to the shaping of policy within the South African state apparatuses. In this section, I engage – at a broad level

– with key national growth and development policies of relevance to the PGDP process. My purpose here is not to unpack all the dynamics of the strategically selective mobilisation of state power in relation to the contents of these policies. Rather, my treatment highlights the shaping of options for economic development policy in the Eastern Cape Province, given the constitutionally-entrenched predominance of the national sphere of government in matters of economic policy.

Analyses of the South African economy and poverty and employment statistics for the Eastern Cape show clearly that macroeconomic policy adopted by the post-apartheid South African state since 1994 have failed to create a foundation for inclusive growth and contributed to a widening of income inequality and an increase in unemployment. It was not simply a matter of the state being powerless in the face of the structure of the South African economy or of changing global conditions that made active state interventions more difficult than in earlier periods; the state failed to use what leverage it had and policy options were closed through rapid trade liberalisation, “restructuring” of state assets, and overly conservative fiscal and monetary policy.

Prior to the 1994 elections, the treatment of two significant policy initiatives illustrate the closing of options for a restructuring of South African social relations; these were the report of the Macroeconomic Research Group (MERG), which was released in 1993, and the Reconstruction and Development Programme (RDP), which served as the ANC’s election manifesto in 1994.

The MERG – which was established to support the development of economic policy for the post-apartheid state – took a heterodox view of economic development, with an overriding focus on poverty and inequality (Macroeconomic Research Group, 1993). Supported by a large body of South African researchers, the final editorial responsibility lay with Vela Pillay, Vishnu Padayachee, Ben Fine and Lawrence Harris ; the latter two from the School of Oriental and African Studies at the University of London (Freund, 2012). The MERG report, drawing on a similar analysis of the structure of the South African economy as used by Fine & Rustomjee (1996), proposed a broadly Keynesian macroeconomic framework, focusing on state investment to stimulate effective demand and move the economy to full employment, and had a strongly redistributive thrust.

The MERG report was abandoned by the ANC in favour of the RDP (African National Congress, 1994), which drew on MERG research but showed evidence of the increasing influence of economic orthodoxy, though the RDP was still open to left readings that allowed it to continue functioning as a marker of opposition to neoliberalism (cf. COSATU, 2003; COSATU, 2004; Bond, 2009; Freund, 2012). The ascendancy of more conservative readings of the RDP was confirmed with the adoption of the *RDP White Paper* (Government of the Republic of South Africa, 1994), which took a cautious approach to macroeconomic policy. Implementation of the RDP, under the political management of a dedicated ministry within the Presidency – headed by Jay Naidoo, who had served as the first General Secretary of COSATU – increasingly met with political and bureaucratic resistance, not only on ideological grounds, but also due to disruption of departmental hierarchies and budgetary control (Naidoo, 2010). The RDP Office was disbanded by President Mandela in 1996 with no warning to the sitting Minister (Naidoo, 2010), effectively aborting the attempt at the coordinated implementation of the RDP.

GEAR (Government of the Republic of South Africa, 1996), which was released in the same year that the RDP Office was closed, was developed in isolation from the ANC's Department of Economic Policy, the ANC's Alliance partners and the Minister responsible for the RDP (Bond, 2009; Naidoo, 2010; Webster, 2013). Presented as a *fait accompli* and non-negotiable, GEAR explicitly rejected Keynesian policies, and affirmed the expectation of neo-classical economic theory; not surprising, given its use of models built in terms of standard neo-classical assumptions. Its recommendations reflected the standard neoliberal recipe, much to the delight of capital, and were rejected by the ANC's Alliance partners, COSATU and the SACP (cf. Bond, 2009; Naidoo, 2010). An aggressive process of trade liberalisation was undertaken, harming key labour-intensive sectors such as the textiles, which could not compete with cheap imports and could not compete on global markets. A largely privately owned Reserve Bank was formally granted independence from the executive branch of government, although cooperation in effect occurred through various coordination mechanisms, particularly between the Bank and the National Treasury (cf. Padayachee, 2013b). Monetary policy based on inflation targeting generally kept interest rates high and, combined with a conservative fiscal policy, made it very difficult for the administrative state

apparatuses to be deployed in active ways to address social needs or to stimulate effective demand (cf. Roux, 2001).

The rejection in GEAR of a Keynesian approach to economic development went against opposing evidence that, in South Africa, output growth preceded employment growth, i.e. that “the ‘demand-led’ account seems to be supported by the evidence much more than the supply-side one” (Wittenberg, 1997: 188). There was also evidence of the operation in South African manufacturing of the “Verdoorn effect”; i.e. that output growth was associated with growth in labour productivity, measured as output per capita, which meant that “stimulating the economy can have all the effects of the ‘virtuous cycle’ that the heterodox literature suggests” (Wittenberg, 1997: 189).

Rejecting calls from opponents of GEAR for a national development plan, inclusive of active industrial policy, the Presidency instead attempted to enforce greater coherence of spatial planning through the adoption of the National Spatial Development Perspective (Government of the Republic of South Africa, 2003). The framing of the National Spatial Development Perspective (NSDP) allowed little room for fundamental change to the spatial economy of the Eastern Cape Province, and contradicted the strategic approach taken in the PGDP Strategy Framework – released that year – in which development of the former Bantustans was emphasised (see chapters five to eight below). In combination with the fiscal and monetary conservatism of GEAR, the NSDP almost guaranteed the continued marginalisation of the former Bantustans, particularly when wielded as a disciplinary tool, as happened in 2004 and 2005.

In 2004, the Presidency released a report calling for the alignment of provincial growth and development strategies and municipal integrated development plans with the NSDP (Government of the Republic of South Africa, 2004). A series of provincial and national workshops held during September-December 2004 contributed to the development of this report, with the Eastern Cape workshop held on 2 November 2004 (Govt. of RSA, 2004: 3). It is at this workshop, which I attended, that Irwin Jim – representing COSATU (and later to become General Secretary of NUMSA) – attacked the NSDP proposals as perpetuating the apartheid spatial legacy and as contradicting what had been agreed in the PGDP process.

This attack not only made visible a deep fault-line in the Tripartite Alliance, but also demonstrated COSATU support for the broad strategic intentions of the PGDP.

In 2005, the Presidency took its directives regarding alignment of provincial plans with the NSDP even further, when, in partnership with the Department of Provincial and Local Government, it released guidelines for the development of Provincial Growth and Development Strategies (Government of the Republic of South Africa, 2005); the release of these guidelines came about ten months after the launch of the full Eastern Cape PGDP and approximately two years after the launch of the PGDP Strategy Framework. This guideline document reaffirmed the status of the NSDP, and reiterated the process of alignment set out in the harmonisation and alignment document (Government of the Republic of South Africa, 2004). In an assessment of the Eastern Cape PGDP in terms of the PGDS Guidelines, Hassen Mohamed, Chief Policy Analyst in the Presidency, indicated that the PGDP “... now needs to be changed ... [it] needs to be prepared in the ambit of the NSDP-principles, the HAP [Harmonisation and Alignment Proposals] and the PGDSs Guidelines” (Mohamed, 2005: 20). In a politely worded response dated 5 December 2005, the Director-General of the Eastern Cape, Dr Sibongile Muthwa, defended the PGDP – indicating that “the PGDP enjoys widespread support from all key provincial stakeholders” – and provided details that she hoped would “be taken on board to bring a more balanced perspective to your [Mohamed’s] assessment”. The Eastern Cape Provincial Government did not change the PGDP in response to this technical assessment, which is not surprising, given the discursive value of the document to the new EXCO of Premier Balindlela and the potential political consequences of reopening the planning process.

An updated NSDP was released in 2006 (Government of the Republic of South Africa, 2006a), but did not fundamentally alter the approach taken in the first version of this perspective. The status of this updated NSDP as a policy directive from the Presidency was emphasised (Govt. of RSA, 2006a: 90). However, the discursive power of the NSDP began to wane over the next few years, and it was not mentioned in the Green Paper on the National Planning Commission (Government of the Republic of South Africa, 2010a), the National Planning Commission’s *Diagnostic Review* (National Planning Commission, 2011a), or the draft *National Development Plan* (National Planning Commission, 2011b). This silence signalled a shift in the approach to spatial planning within the Presidency, which culminated

in an open critique, in the *National Development Plan 2030* (National Planning Commission, 2012: 278), of the “narrow view of the development potential of different places” taken in the NSDP.

Although this abandonment of the NSDP by the Presidency (under the new President) was welcome, given its hostility to rural development, it was not the only policy measure that sustained the spatial legacy of apartheid in the Eastern Cape, as will be argued in chapters six to eight below.

Active industrial policy

The rise of active industrial policy in South Africa shows how power was exercised within branches of the administrative state apparatuses to increase state involvement in the economy, reflecting and accentuating splits within the national and provincial ruling blocs. Key amongst these was the national Department of Trade and Industry (DTI), where officials such as Nimrod Zalk – later Deputy Director-General responsible for industrial policy in the DTI – supported initial work on an Eastern Cape Provincial Industrial Development Strategy (PIDS) before active industrial policy had emerged in any coherent form within the national sphere of government. Far from being a coherent, monolithic agent, the South African state was a complex network of power in which power was differentially concentrated in various nodes and exercised on a strategically selective terrain. In this context, agents within the branches of the South African state apparatuses – such as agents within the DTI and ECSECC – could explore new policy possibilities even before such possibilities were formally acknowledged by the political leadership in government, exploiting new strategic possibilities and, in doing so, affecting the terrain on which they were operating in unpredictable ways.

Provision for a PIDS had been made in the final PGDP document (Eastern Cape Provincial Government, 2004a). The initial work on the PIDS, which started in 2005 (Eastern Cape Socio-Economic Consultative Council, 2005), was undertaken by the same Dr Chris Edwards (Edwards, 2006) who had also worked on the PGDP process as Principal Economist, and in his work on the PIDS he followed a similar line of analysis to the one he had followed for the

PGDP. Just like in the PGDP process, the effects of his analyses were shaped by the strategic constraints and possibilities for policy change at the time.

Arguing for active state management of industrial development, the PIDS process was overtaken by the launch of the *Accelerated and Shared Growth Initiative – South Africa*, or ASGISA, released by the Presidency in 2006 (Government of the Republic of South Africa, 2006b). ASGISA focused largely on microeconomic interventions, explicitly leaving intact the core provisions of GEAR. It incorporated the 2003 Growth and Development Summit (NEDLAC, 2003) target of halving unemployment by 2014, a target that was later also taken up in the PGDP Strategy Framework.

The *National Industrial Policy Framework* (NIPF), which was released in 2007 (Government of the Republic of South Africa, 2007a), represented a breakthrough for the officials within the DTI who had been lobbying for active industrial policy, backed by positions taken within the SACP and COSATU, and could be seen as further evidence of the fracturing of the ruling bloc identified with Thabo Mbeki. However, in spite of calling for fundamental economic transformation, the NIPF supported the macroeconomic framework implemented in terms of GEAR, did not fundamentally challenge capital, and reaffirmed the spatial vision contained in the NSDP. Industrial policy became increasingly sophisticated under the NIPF, as evidenced by the Industrial Policy Action Plans (IPAPs) released under its umbrella. This included improved competition legislation and policy, efforts to lower industrial input costs, linking sector interventions to skills development, and discursively linking job creation to growth in the productive sectors (cf. Government of the Republic of South Africa, 2007b).

IPAP2 (Department of Trade and Industry, 2010; Government of the Republic of South Africa, 2010b) acknowledged the growing economic coordination role of the new Economic Development Department (EDD), which, in 2010, asserted itself with the release of the *New Growth Path* (Government of the Republic of South Africa, 2010c & 2011). Actively supported by COSATU and the SACP, the *New Growth Path* (NGP) constituted the most significant challenge to national macroeconomic policy from within the national sphere of government. Actively promoting decent work and more expansionary monetary policy, the NGP nonetheless reaffirmed fiscal restraint and reprioritisation – which was still actively pushed by the National Treasury and the Presidency – limiting the scope for government

investment in the economy. The NGP emphasised the importance of social compacting, but not at the expense of labour. The NGP was later incorporated within the *National Development Plan 2030* (National Planning Commission, 2012), where its potential challenge to monetary policy and emphasis on labour rights were more effectively contained. The adoption – by the national Cabinet – of the National Development Plan (NDP) opened up new fissures within the Tripartite Alliance, including within COSATU, where a strong critique of the NDP emerged, pointing to a reassertion of power from the Presidency and the National Treasury in opposition to the EDD, and to the NDP contradicting the NGP and key ANC policy resolutions; particularly with regard to reindustrialisation of the economy, a return to an export focus and promotion of low wages and SMME development as the route to job creation (COSATU, 2013).

In the Eastern Cape, the PIDS process was restarted by ECSECC in 2009-2010, leading to the release of the PIDS in 2010 (Government of the Eastern Cape, 2010). Affirming the PGDP as “the overarching development plan for the Eastern Cape” (Govt. of EC, 2010: 17), the PIDS directly criticised national macroeconomic policy for its effects on employment and investment, and described economic policies adopted since 1994 as not fundamentally altering the structure of the provincial economy that had been inherited from apartheid, echoing the critique made during the early part of the PGDP process (see chapters six to seven below). The PIDS also reaffirmed the role of the IDZs, just like the final PGDP package had come to do. This meant that the PIDS, like the PGDP itself, combined both critique and assimilation of existing fiscal commitments, in the process ensuring its adoption but limiting its potential impact on the Eastern Cape political economy. Just like the PGDP itself, the PIDS demonstrated the strategic limitations within which provincial economic policy could be developed and implemented.

Concluding remarks

The PGDP process started in the strategically selective terrain of the post-apartheid South African state. The South African economy, organised around a financialised minerals-energy complex, had become increasingly networked into the global economy, with consequences for job intensive sectors – such as clothing and textiles – and increasing vulnerability to

globalised financial flows. The sectors of the economy experiencing the strongest growth did not produce sufficient jobs to deal with unemployment and were vulnerable to fluctuations in consumer spending leveraged through the financial services sector. National growth and development policy had become hamstrung by fiscal and monetary policy not geared to the stimulation of effective demand or addressing the spatial legacy of apartheid. Active industrial policy had been eschewed, emerging, tentatively – in 2006 only – with the release of ASGISA.

Although provision had been made in the Constitution for development planning by the provincial sphere of government, such planning could be overridden by national economic policy, both formally and in terms of the effects of national economic policy on public and private investment. In 2002, the EDD – through which the NGP was later developed – was not yet in existence, and the Presidency and the National Treasury closed down options for challenge. Relations between the members of the Tripartite Alliance were at their lowest point, with challenges to macro-economic policy emerging strongly within COSATU and the SACP, bolstered by a rising tide of social movements coming into the public spotlight around the WCAR in 2001 and the WSSD in 2002.

The Eastern Cape ruling bloc was strongly associated with the emergent policy challenge, and attempts to effect leadership change within the ANC and the SACP, and was actively countered by the national ANC leadership. This emergent challenge also found its way into the initial documents produced during the PGDP process. However, the defeat of the challenge from the left within the ANC Alliance at the ANC's 51st National Conference, the increasing pressure from the national ANC leadership on the Eastern Cape ruling bloc, and path dependency of existing fiscal commitments, all constituted strategic constraints on the possibilities of pursuit of that challenge; the implications of these shifts for the PGDP are discussed further in chapters six to eight.

The PGDP was shaped through agency within the strategic selectivities of the South African state. It embodied not simply a balance of power within the province or the provincial sphere of government, but the outcome of the assertion of agency within broader path-dependent processes and institutional arrangements. Although the PGDP process initially showed evidence of engagement with strategic possibilities of challenge to neoliberal

orthodoxy, it was ultimately limited by the constrained policy space within the provincial sphere of government, the history of resource allocation and economic development within the Eastern Cape territory, the patterns of bureaucratic development within the provincial administrative state apparatus, the dynamics of power, and the assertion of individual agency.

CHAPTER 4: Overview of the provincial growth and development planning process

In this chapter, I provide a broad overview of the formal process of developing the Eastern Cape PGDP prior to my more detailed treatment of the dynamics of the PGDP process in subsequent chapters. The overview includes contextualization of the roles of the UNDP and DFID, a description of the institutional and management arrangements, an overview of key milestones in the process, broad descriptions of specialist studies undertaken in support of the PGDP and the mainstreaming of “cross-cutting” issues, and the approach to communications. The purpose of the chapter is not to pre-empt the more detailed analysis of the dynamics of the development of the PGDP, but rather to orientate the reader, who might otherwise find it difficult to follow the more detailed analysis.

I should clarify at the outset that the development of the PGDP occurred in terms of two clearly identifiable phases, and that it was only at the end of the second phase that there was a PGDP that could be implemented. The PGDP review of 2007/2008 (Office of the Premier, 2009), to which I referred in chapter one, assessed implementation of the PGDP from the end of the process on which I focus in this thesis. The first phase of the development of the PGDP ended with the launch of the PGDP Strategy Framework by Premier Stofile on 26 June 2003 – that document contained a vision for the province, a foreword by the Premier, an introduction, an overview of policy and strategy since 1994, a description of constraints and opportunities, fourteen broad targets for growth and development, a description of principles underlying the PGDP, an overview of the province’s strategic response, descriptions of each of the six strategic objectives, and a brief outline of steps to be taken following approval of the Strategy Framework (Province of the Eastern Cape, 2003). The PGDP Strategy Framework had been grounded in an analysis of poverty and unemployment in the province, an acknowledgement of the province’s largely rural nature, and an awareness of the spatial legacy of apartheid. The PGDP Strategy Framework was focused on poverty eradication, transformation of the agrarian economy and the establishment of food security, diversification of manufacturing (which had become strongly reliant on the automotive sector), and development of tourism. Interventions in these areas were to require a focus on public sector transformation, infrastructure development, and

human resource development. Public expenditure was seen as critical to growth and development, particularly in the former Bantustans.

The release of the full PGDP document – entitled *Eastern Cape Provincial Growth and Development Plan 2004-2014* (Eastern Cape Provincial Government, 2004a) – by Premier Balindlela, Stofile’s successor, on 9 September 2004 marked the end of the second phase of the PGDP process. The full PGDP document consisted of an introduction, a socio-economic profile, the Strategy Framework, a spatial planning framework, twenty-seven PGDP programmes organised in terms of six programme areas, a description of an initial monitoring and evaluation system, and an institutional framework (Eastern Cape Provincial Government, 2004a). Combination of the PGDP Strategy Framework with the PGDP programmes arguably weakened the former, as it tied the PGDP Strategy Framework to programmes that had not been designed under optimal conditions (as explained below); such a separation was later suggested by the 2007-2008 review of the PGDP (Office of the Premier of the Eastern Cape, 2009).

The development of the PGDP started in 2002, eight years after the establishment of the Eastern Cape Province, and two years after the post-apartheid demarcation of wall-to-wall municipalities. ANC hegemony was fraying, relations in the Tripartite Alliance were fractured, and social movements were asserting themselves. The next national elections were due in two years, which would bring temporary rapprochement between the members of the Tripartite Alliance for the purposes of election victory for the ANC.

The provincial ruling bloc was implicated in policy and leadership challenge within the Tripartite Alliance. An Interim Management Team (IMT) was being dispatched to the province from the national sphere of government (formally at the request of the Premier) to intervene in the following four provincial government departments which, together, accounted for more than 90% of the provincial budget; the Departments of Roads and Public Works, Social Development, Education, and Health. The IMT intervention started in November 2002 and ended in March 2004.

The Eastern Cape *Provincial Growth and Development Strategy* (PGDS) – which covered the period 1997-2001, and had not resulted in the establishment of coherence within the provincial administrative state apparatus – had reached the end of its implementation

period, and the Eastern Cape Provincial Government required a new integrated provincial strategy. The Office of the Premier of the Eastern Cape, supported by ECSECC, started work on a new Provincial Growth and Development Plan, using the word “plan” in preference to “strategy” to indicate a stronger focus on implementation. It initiated a complex process of participatory planning, involving thirteen working groups – including a Working Group Zero that was to provide overall management of the process – but this process had become stuck, with many working groups still struggling to develop terms of reference and working group leaders complaining about the significant demands on their time (Samuels, 2002). Following increasing pressure from the political leadership of the province, and an increasing awareness of the logistical and resource challenges in preparing a comprehensive PGDP, the Office of the Premier appealed to the UNDP for technical and financial assistance. Such assistance would give the provincial government access to additional resources for a participatory process and specialist input – including input on how such process have been managed elsewhere – which would free up staff members of provincial government departments and public entities for participation rather than process management. As is shown below, ECSECC was strongly integrated into the planning process that was resourced by the UNDP and the DFID.

Enter the UNDP and DFID

Representatives of the Eastern Cape Provincial Government and the UNDP discussed technical support to the PGDP process during June 2001, when UNDP representatives visited the province. Provision for such support was subsequently made by the national government in the *Second Country Cooperation Framework for South Africa*, which was approved by the UNDP’s Executive Board in January 2002 (UNDP, 2002).

The UNDP responded by commissioning a study on international good practice, and appointed Shaun Samuels to undertake a preliminary assessment within the province, with a view to preparation of a project document in terms of which UNDP assistance could be structured (Samuels, 2002). Samuels interacted with representatives of the Office of the Premier (including the planning office and Office on the Status of Women), ECSECC, a number of provincial government departments, the ECDC, the Provincial Legislature, donor

agencies, and two of the working group chairs. The ECSECC representatives he interviewed were Litha Mcwabeni, the future PGDP Project Director, and Andrew Murray, a future Executive Director of ECSECC, under whose leadership the PGDP programme development phase was taken over by ECSECC. The ECDC representative Samuels interviewed was Mcebisi Jonas, the CEO of the ECDC, a key author of the first PGDS, the future facilitator of a PGDP workshop with the Executive Council, Province of the Eastern Cape, and a future (temporary) casualty of the purge of Stofile allies in the province.

Samuels (2002) emphasised the importance of stakeholder participation, arguing for engagement with “representative bodies of labour, civil society, public and private sectors” (Samuels, 2002: 9). He pointed out the merits of locating Working Group Zero (which consisted of the Provincial Director-General and the Executive Director of ECSECC) within ECSECC, given its technical expertise and its existing role in facilitating dialogue between government, labour, business and civil society, and he strongly recommended that “Working Group Zero consider developing a concept paper that will provide the framework for the finalisation of the PGDP” (such a framework was later developed by the Executive Director of ECSECC; see below). He recommended that a project management approach be followed in managing the planning process, given its complex content, many stakeholders, multiple deadlines and political pressure.

Samuels strongly promoted inclusion of the cross-cutting issues of HIV/AIDS and gender in all aspects of the PGDP. He cautioned against the government practice of budget-led planning, arguing that budgets should be based on strategic priorities. He also reviewed possible ways of rationalising the number of Working Groups, and pointed to the potential of the PGDP process as a model for other provinces in South Africa.

This preliminary assessment fed into the UNDP’s project document, entitled *Eastern Cape Provincial Growth and Development Plan Support Initiative* (UNDP, 2002), in which the financial contributions of the UNDP, the British Department for International Development (DFID) and the Eastern Cape Provincial Government were described. This document included a project results and resources framework (a logical framework), a description of management arrangements, and a workplan. It set out all the key components of the

planning process and identified a number of the key growth and development challenges that were to arise in discussions and documents during the course of the PGDP process.

The Support Initiative, classed as a “project” of the UNDP, was described as follows (UNDP, 2002: i):

This project is designed to support the Provincial Government of the Eastern Cape Province, in South Africa, to formulate a Provincial Growth and Development Plan that will provide a framework and guide the future development of the Province. The PGDP will contain growth, poverty reduction and employment creation targets that inform a set of feasible and affordable programmes underpinned by broad-based consensus on the human development path to be followed by the Province. The PGDP will incorporate programmes to address the short-term needs and crises of the Province, contain community-based human and income poverty reduction initiatives, and include a long-term vision of sustainable growth and human development. The aim is to achieve the national goal of “a better life for all”, in line with the Province’s own vision of an “Eastern Cape devoid of the imbalances and inequities of the past, with integrated and balanced development”. The project will assist in the development of the EC PGDP through technical cooperation, access to global expertise and best practices, and project management support. The emphasis will be on encouraging maximum stakeholder participation in the development of the PGDP, including local government, local communities, civil society organisations and the private sector through interactive planning processes and broad-based dialogue that will inform multi-sectoral strategies and programmes.

What was intended was a comprehensive human development and poverty reduction strategy that was based on the core principles of the RDP (UNDP, 2002: 1).

The Eastern Cape Province was described as the poorest province in South Africa, with reference made to the ranking of the Eastern Cape as having the second-lowest Human Development Index in the country in the UNDP’s *South African Human Development Report of 2000*. The analysis covered the structure of the labour force, household income, unemployment, spatial inequities, and the statement that “the province reflects a bi-modal economic reality with export led industry on the one hand with the challenge of developing

rural economies on the other (former Transkei and other peripheral areas)” (UNDP, 2002: 1). Acknowledgement of this challenge was not new, and had featured in a number of planning initiatives in the Province (Reynolds, 2003).

The UNDP’s Support Initiative document (UNDP, 2002) also included a description of the findings of a recent review of the province’s first PGDS. The focus was entirely technical, including references to fragmentation of strategies, limited attention to fiscal constraints, loose targeting, poor prioritisation and benchmarking, and a failure “to translate strategies into feasible and time bound programmes” (UNDP, 2002: 1). These were technical problems to be avoided in the new PGDP.

Regarding content and process, it was noted in the UNDP’s Support Initiative document (UNDP, 2001) that different strategy options and programmes were required for the industrialised and rural components of the provincial economy, that planning should be for a 10-year period, and that participation, programme coordination and transformation and capacitation of the public sector were required. Attention was drawn to the need to counter perceptions that preparation of the PGDP was done merely to comply with national requirements rather than planning for practical implementation in the province. Use of the PGDP as a tool for planning and targeting by provincial government departments was emphasised, and the “most critical challenge” was “successfully facilitating broad ownership of the content of the PGDP not only by provincial and district stakeholders, but also by all in the province” (UNDP, 2002: 4). In other words, fixing the technical problems while delivering a product that is supported by a wide range of stakeholders, and you will have good plan.

Key UNDP priority areas such as sustainable development were emphasised, with “[g]ender HIV/AIDS, environment, community participation, and the rights approach to development will be mainstreamed into all the PGDP strategies and programmes” (UNDP, 2002: 6). This took further the initial recommendations made by Samuels (2002), and created the space for future deployment of UNDP expertise in these priority areas. The PGDP was also to take into account and integrate the following initiatives, which had also been mentioned to Samuels when he interviewed key informants in the province (UNDP, 2002: 6): Integrated Provincial Support Programme, Provincial Development Plan, Poverty Alleviation and Job Creation Programme, Provincial Spatial Development Plans, Capital Expenditure (CAPEX)

Plan, Land Transport Framework, Industrial Development Zones, Spatial Development Initiatives, Provincial Infrastructure Development Plan, Departmental Strategic Management Plans, programmes of parastatals such as ECSECC, Eastern Cape Development Corporation, Eastern Cape Tourism Board, Umbvini (they probably meant Uvimba) Bank, Integrated Sustainable Rural Development Strategy, Urban Renewal Programme, and District Integrated Development Plans. This was a tall order, as these initiatives had not necessarily been developed in relation to each other, had had differential effects on the allocation of resources, and were enmeshed within the power network of the state.

The weaknesses of integrated development planning at municipal level – poor formulation of plans, listing of projects that were not linked to priorities or fiscal constraints, poor conceptualisation of economic and development potential – were described, as was the value of a provincial plan as a guideline; this again picked up on the initial assessment by Samuels (2002). Such weaknesses were not surprising, given that the new post-apartheid municipal demarcation was only two years old, as was the requirement for integrated development planning by municipalities. The expectations of the new PGDP as a guiding framework for both the provincial and the local spheres of government were immense, and reflected little awareness of the dynamics of power and the strategic selectivities of the South African state.

In addition to the need for innovative responses to the complex challenges the province faced, the PGDP had to consider the global and regional contexts; in particular the New Economic Partnership for African Development (NEPAD) and the World Summit on Sustainable Development (UNDP, 2002). Again, these were viewed from a largely technical perspective, the implication being that coverage of sufficient detail and nuance would contribute to the development of a good plan, regardless of political processes, institutional power, and existing policy frameworks. No mention was made of the national macroeconomic framework (GEAR), and there was no critique of economic policy.

Fiscal alignment was identified as important, and translating strategies into “feasible and affordable programmes” and the South African practice of budget-led planning were identified as critical challenges (UNDP, 2002: 3). The expectation was that the PGDP would

guide Medium Term Expenditure Framework (MTEF) planning, but the difficulties with this expectation were not considered.

The UNDP Support Initiative document confirmed that the Executive Council, Province of the Eastern Cape (EXCO) had mandated the provincial Director-General “to assume overall coordination and leadership of the development of the second PGDS [the PGDP] and, in collaboration with a number of partners, to define the processes and mechanisms to this effect” (UNDP, 2002: 2). This placed the PGDP process under the control of the most senior civil servant within the provincial administrative state apparatus, who was also responsible for secretariat support to the executive political leadership represented in EXCO. The Director-General would lead a PGDP Management Group, which would be supported by a dedicated Project Management Unit (PMU), and the planning process would include development of a proposal for a “future provincial planning centre or unit, integrating both local and provincial planning” (UNDP, 2002: 6).

Provision was made for the establishment of PGDP Working Groups whose broad role was described as follows: “review the substantive content areas relevant to their sectors; agree on prioritisation and strategy options; and translate these into broad programmes for the short to long terms” (UNDP, 2002: 6). At this point, only three working groups were identified; (i) economic growth and development, (ii) social needs, and (iii) governance of public sector transformation. The idea of a fiscal working group would be introduced later. These working groups functioned particularly intensively during the first (strategy development) phase of the PGDP process.

The establishment of a Steering Committee and Reference Group was also foreseen. The Steering Committee was to be made up of the Director-General and the leaders of the Working Groups, and was to meet on a monthly basis, whereas the Reference Group would be built around the Economic Growth and Development Cabinet Committee (an EXCO sub-committee), which would be joined by representatives of labour, civil society and business (UNDP, 2002: 19). In practice, the Steering Committee functioned as a forum for formal engagement between the UNDP, DFID, the Eastern Cape Provincial Government and representatives of key stakeholder groups; a record of only one Steering Committee meeting could be found, held on 10 June 2003 – just days before the official launch of the

PGDP Strategy Framework – as well as a record of a Tripartite Review Meeting in which the UNDP, DFID and the Eastern Cape Provincial Government discussed progress for the period November 2002 to November 2003. The composition and functioning of the Reference Group were also different, in practice, from what had been foreseen; with EXCO members rarely attending its meetings, and its membership built around the leaders of the working groups and representatives of organised labour, organised business, NGOs and municipalities (mainly the district municipalities and the province’s single metropolitan municipality). The extraction of the members of the Economic Growth and Development Cabinet Committee from the Reference Group insulated the executive political decision-making processes from the broader stakeholder body; this would allow EXCO to discuss documents according to its own processes and strategic calculations, without having to explain itself to outsiders. The Reference Group effectively became a filter through which documents would be processed for presentation to the Economic Growth and Development Cabinet Committee, and, ultimately, EXCO.

The UNDP’s Support Initiative document pointed to “a high level of political support and a sense of urgency for the development of the PGDP not only as a planning framework and guide for the province, but also as a planning framework setting parameters for integrated development plans” (UNDP, 2002: 4). However, a cautionary note was made in that the PGDP process was caught between political pressure for speedy development, on the one hand, and, on the other, delays caused by the government bureaucracy. According to Samuels (2002), this political urgency came in part from the need to inform an election manifesto for the 2004 elections.

Potential difficulties in reaching consensus amongst stakeholders were foreseen in the UNDP’s Support Initiative, and provision was made for an ad hoc conflict mediation resource (not described). Management of information through a communications programme was viewed as important (UNDP, 2002). The communications question was certainly significant, as it faced a number of challenges, as discussed below.

The UNDP Support Initiative document (UNDP, 2002: 5) described the UNDP and DFID contributions as “technical cooperation, access to global best practice and expertise and project management support”. The role of the UNDP was further described as “that of

catalyst and facilitator, bringing together diverse partners to dialogue and work with each other, and the sourcing of ideas, concepts, lessons, expertise and models that will inform the development and content of the PGDP” (UNDP, 2002: 7). In practice, both the UNDP and the DFID were actively involved in the PGDP process, not only funding¹⁷ the appointment of expertise mobilised by the PMU (with experts contracted directly by the UNDP on the formal recommendation of the Provincial Director-General), but also mobilising their own expertise at particular points in the PGDP process (particularly around international good practice, and the “cross-cutting issues” of gender, HIV/AIDS and the environment). UNDP and DFID representatives actively participated in the meetings of the PGDP Reference Group, some meetings of the PGDP Working Groups, and other key workshops. An international study tour to Malaysia was also funded. Inputs from UNDP and DFID representatives were generally rights-based, and on only one occasion of which I am aware did a DFID representative actively challenge the macroeconomic critique that emerged during the PGDP process (discussed in chapter six below).

Although the roles of international donors and international multilateral institutions in developing countries have received much criticism (cf. Hancock, 1989; Ferguson & Lohman, 1994), the activities of the UNDP and DFID in the PGDP process did not neatly fall into the trap of manufacturing development needs that fit their “solutions”. The closest they came to this was through their direct mobilisation of specialists in “cross-cutting issues” such as gender, HIV/AIDS and sustainable development to provide written comment on PGDP documents or to facilitate workshops; these specialists had no privileged status within the PGDP process. The UNDP’s and DFID’s support was overtly process-oriented, and they did not dictate how the budget for technical specialists should be spent. On the “cross-cutting issue” of HIV/AIDS, the provincial government needed no prodding – Premier Stofile had already taken a strong position in support of the rollout of anti-retrovirals (Eastern Cape Provincial Legislature, 2002a) – against the position of President Mbeki and his Minister of Health – and the Eastern Cape Provincial Government had commenced work on an HIV/AIDS programme.

¹⁷ DFID funds were used for contracting of technical expertise, but appointments were managed through the UNDP. In practice, this required liaison with both DFID and UNDP representatives during the development of terms of reference and the identification of experts, even prior to the formal recommendation process through the Provincial Director General.

Three components of the PGDP were identified in the UNDP Support Initiative document: (i) a strategy framework, (ii) costed programmes and projects, and (iii) institutional arrangements for the management of implementation (UNDP, 2002: 4). Progress towards these components was to be punctuated by activities such as an inception workshop, provincial and district-level workshops, development of a concept paper, an international study visit to two countries (only one was visited), and capacity building on substantive content areas (UNDP, 2002). All three components were produced, but under particular circumstances, which are described in the chapters that follow.

The process was intended to start in October 2002, with a draft PGDP framework document completed in November-December 2002, with further drafts of that document continuing until a final version of the strategy framework could be presented for adoption in January 2003, and with finalisation of the PGDP programmes and implementation plan scheduled for July 2003; well in advance of the 2004 general election. The proposal for the institutionalisation of the central planning unit was scheduled for the period July-August 2003. This timeframe turned out to be unrealistic; the PGDP Strategy Framework was launched in June 2003, and the full PGDP document – inclusive of programmes and description of the central planning unit – was launched in September 2004.

Overview of institutional and management arrangements

As intended, the development of the PGDP was undertaken through a participatory process involving representatives of government and the “social partners”, supported by a dedicated Project Management Unit (PMU) and a range of technical experts (PGDP Project Management Unit, 2003a). The institutional arrangements set up for the PGDP process are represented in Figure 1 below, followed by the process management arrangements in Figure 2.

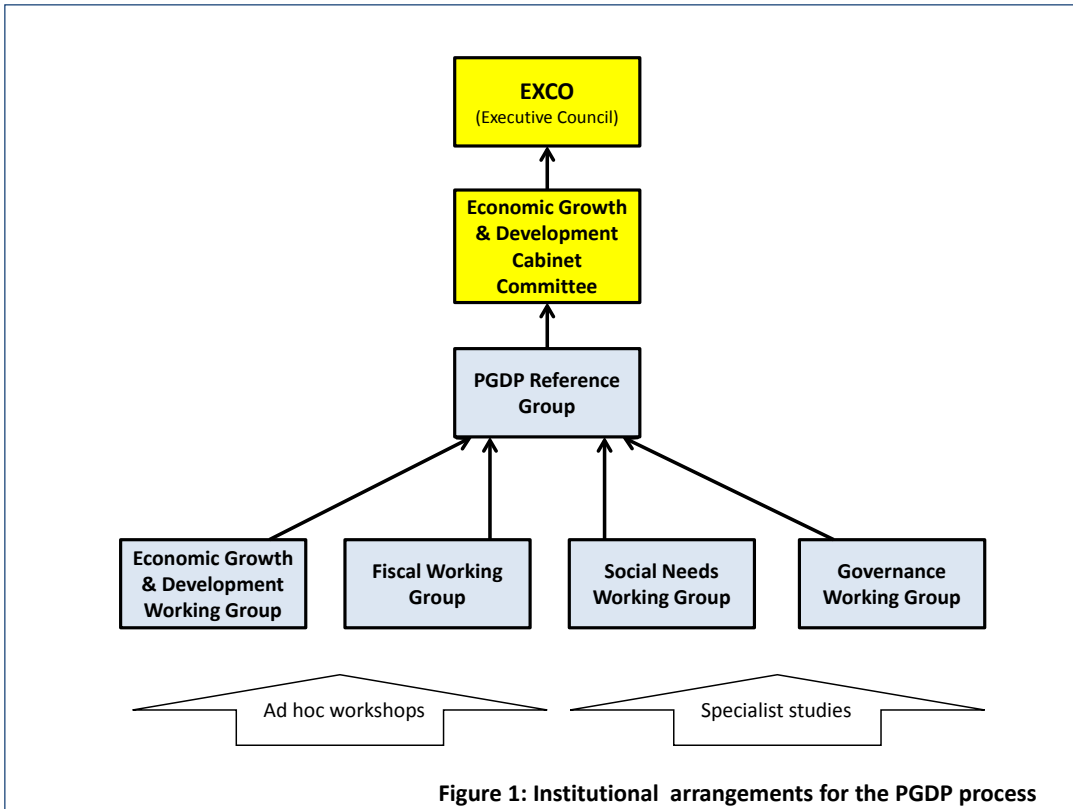


Figure 1: Institutional arrangements for the PGDP process

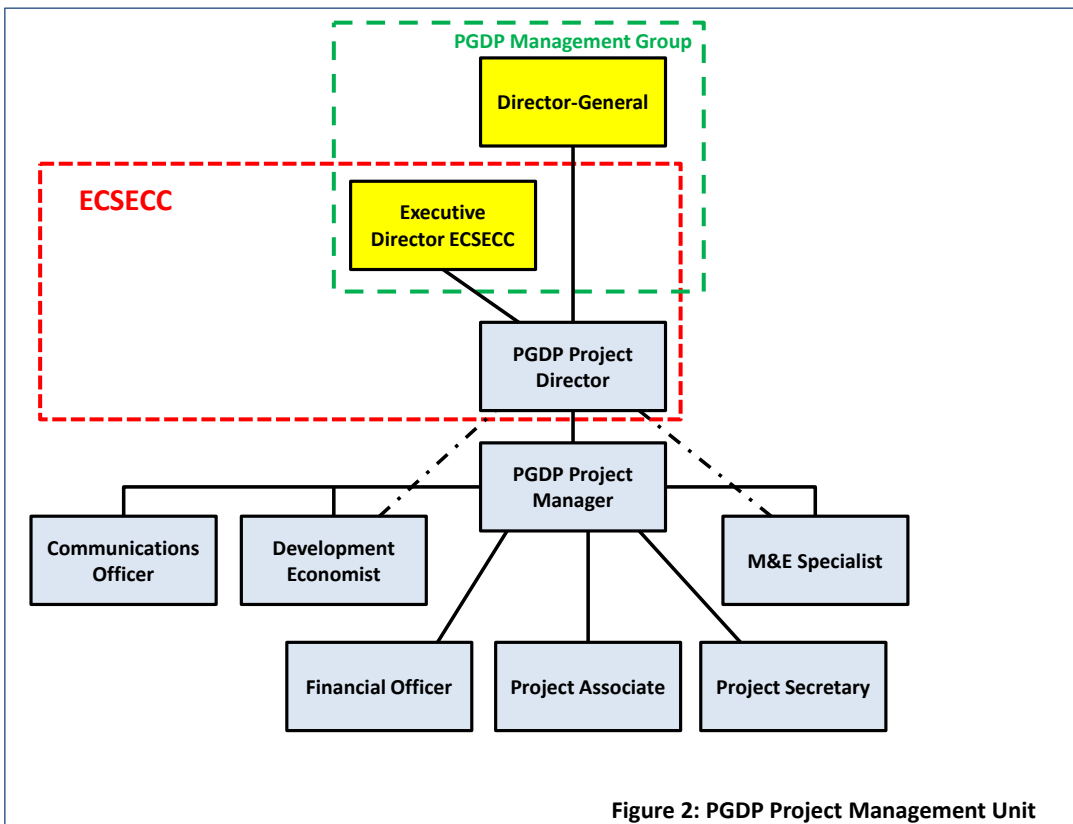


Figure 2: PGDP Project Management Unit

Management of the process was undertaken through a Management Group (the erstwhile Working Group Zero), which was chaired by the Director-General of the Province, Dr Mvuyo Tom, and which included key members of the PMU and the ECSECC Executive Director, Dr Hans Ramharak (who never attended the Management Group's meetings, but who periodically intervened in the PGDP process in terms of his formal membership of the Management Group). A Project Director seconded from ECSECC was nominally in charge of the PMU, and was supported by other PMU members appointed on UNDP contracts. The PGDP Management Group (Working Group Zero), which met regularly in the Director-General's office – with these meetings often referred to simply as meetings between the Director-General and the PMU – focused on “operational, process and content issues and allowed for on-going accountability of the PMU to the Director General, who, in turn, was accountable to the Economic Growth and Development Cabinet Committee and, ultimately, the Executive Council” (PGDP PMU, 2003a: 14). This was a state-driven process into which inputs from representatives of identified stakeholder groups were invited.

Stakeholder participation in the development of the PGDP was managed through four PGDP Working Group and a PGDP Reference Group (see Figure 1). The following four PGDP Working Groups were established: (i) Economic Growth and Development Working Group, (ii) Governance Working Group, (iii) Social Needs Working Group, and (iv) Fiscal Working Group. The Fiscal Working Group had not been included in the original thinking, but became an important forum for discussion of the fiscal limits to state intervention. The working groups served as mechanisms for the identification of key issues within each focus area, identification of specialist investigations required in support of the planning process, consideration of the implications of such investigations for that process, and discussion of drafts of the PGDP planning documents.

The following people served as the leaders of these four PGDP Working Groups: Mr Mike Lewis, Research Manager at the ECDC, led the Economic Growth and Development Working Group; Ms Bea Hackula, Deputy Director-General in the Office of the Premier, led the Governance Working Group; Ms Zuki Cindi, Head of the Department of Social Development, led the Social Needs Working Group; and Mr Monde Tom, Superintendent-General of the Provincial Treasury, led the Fiscal Working Group. These four leaders of the PGDP Working Groups joined the members of the PGDP Management Group, key members of EXCO,

mayors of the District Municipalities and the Nelson Mandela Metropolitan Municipality, as well as “leading representatives of organised business, organised labour and civil society” as members of the PGDP Reference Group (PGDP PMU, 2003a: 14). The PGDP Reference Group provided strategic guidance to the planning process and approved all strategy and programme documents before submission to EXCO.

PGDP documentation only attained official status as provincial government documents once approved by EXCO. Submissions to EXCO were processed through the Economic Growth and Development Cabinet Committee, which was chaired by the Member of the Executive Council (MEC) for Agriculture, Mr Gugile Nkwinti, who was also the designated political champion of the PGDP process. As indicated previously, extraction of the Economic Growth and Development Cabinet Committee from the Reference Group insulated political decision-making from the broader process of stakeholder engagement. However, the latter engagement process did constrain decision-making within the Cabinet Committee and EXCO, at the very least by forcing EXCO members to consider the potential reactions of participants in the PGDP Working Groups and the PGDP Reference Group when EXCO made decisions. The broader stakeholder process provided some degree of protection should decisions taken in terms of the PGDP be challenged from the national sphere of government and/or the national ANC leadership.

The institutional structure described above was augmented by direct consultations with District Municipalities and the Nelson Mandela Metropolitan Municipality in the form of two district municipality workshops, as well as district-based consultations on the emerging PGDP. The district municipality workshops were attended by the Management Group, leaders of the Working Groups and key technical specialists, e.g. the Principal Economic Advisor. District-based consultations involved members of the PMU travelling to stakeholder gatherings to give presentations and to receive feedback. PMU members also undertook focused meetings with leaders of the Congress of South African Trade Unions (COSATU), Chambers of Business, the Eastern Cape NGO Coalition, the Eastern Cape Council of Churches, the Eastern Cape Department of Economic Affairs, Environment and Tourism, the Eastern Cape Department of Agriculture, and representatives of the Eastern Cape Land Reform Office (part of what was then known as the National Department of Land Affairs).

The PGDP PMU served as secretariat for the PGDP Working Groups and Reference Group, and facilitated the appointment of all specialists who undertook work in support of those working groups; as indicated previously, appointments of such specialists were made by the UNDP on recommendations by the Director-General of the Eastern Cape Province. The PGDP PMU also compiled PGDP documentation, and managed the consultation and communications processes.

The membership of the PGDP PMU was initially planned to include a project manager, project officer, communications officer, programme assistant and development economist. The original composition was subsequently changed to establish overall control of the PMU by a Project Director seconded from ECSECC (to whom the PGDP Project Manager reported), and mobilisation of content support to work with the principal writer until appointment of the development economist. The person who was seconded to the position of Project Director, Litha Mcwabeni¹⁸, was a former ANC youth leader in the province and a trusted confidante of the MEC for Finance and Economic Development, Enoch Godongwana, and the CEO of ECDC, Mcebisi Jonas; both of whom were close allies of the Premier, Makhenkesi Stofile, as indicated previously. This arrangement not only gave ECSECC an additional point of influence over the management of the PGDP process; it also gave key figures within the provincial ANC leadership comfort that their interests would be represented during the day-to-day planning process.

Provision was later made for a monitoring and evaluation specialist position, into which I, as the content support person, stepped; this allowed for continuity of support and linkage of the earlier planning process to the development of a monitoring and evaluation system.

Secondment of Litha Mcwabeni to the PMU as Project Director, my own mobilisation to take on content support responsibility, and mobilisation of an experienced communications and logistics consultant, Ms Pat Maqubela, to provide administrative support, allowed the PGDP process to start in October 2002, some three months before the appointment of the formal PMU. October 2002 also saw the appointment of Dr Chris Edwards, a retired economist from the University of East Anglia in England, as Principal Economic Advisor and Principal

¹⁸ After completion of the PGDP process, Mcwabeni would complete a Masters degree at the University of East Anglia, before being appointed as a Deputy Director-General in the national Department of Public Enterprises, followed by an appointment as Advisor to Alec Irwin, Minister of Public Enterprises.

Writer of the Strategy Framework. Edwards was known as a heterodox economist and had advised the Malaysian government, amongst others. He had also been Ramharak's doctoral supervisor.

As indicated previously, the secondment of the Project Director from ECSECC, as well as formal inclusion of the Executive Director of ECSECC in the Management Group, allowed for greater control of the PGDP process by ECSECC, which was a key institution supporting political management of the Eastern Cape bureaucracy, and was generally viewed as follows (Province of the Eastern Cape, 2002):

The Eastern Cape Socio-Economic Consultative Council (ECSECC) operates generally along the lines of Nedlac [National Economic Development and Labour Council] and involves the business community, labour and the non-government organisations (NGOs). This cooperation helps to bring a better understanding among these sectors on macro-policy and economic issues.

ECSECC staff members participated in meetings of the PGDP Reference Group and the PGDP Working Groups, and it undertook a specialist study for the Social Needs Working Group. ECSECC was also appointed by the UNDP to develop a provincial socio-economic database in support of the PGDP. ECSECC's M&E specialist supported the initial work on a provincial monitoring and evaluation system and took over my role at the end of my contract as a member of the PGDP PMU. ECSECC later took over management of the programme development phase of the PGDP process from the PGDP PMU, as is shown in chapter seven.

Edwards was given a tight schedule. He undertook two visits to the Eastern Cape Province during his appointment; one from 28 October 2002 to 7 November 2002, and the second from 16 November 2002 to 24 November 2002 (Edwards, 2003: 2). During December 2002, he wrote his *Baseline and Constraints Paper* (Edwards, 2003), based on interactions during his visits and a review of a range of documents and data sets, and submitted it to the Director-General of the Eastern Cape Province and to the UNDP in January 2003. He undertook a third visit to the province from late January 2003 to early February 2003 to work on the Strategy Framework. I worked closely with Edwards throughout his appointment.

The following PGDP PMU positions were filled in January 2003: Project Manager, Financial Officer, Project Associate, Project Secretary, and Communications Officer (a secondment from the Office of the Premier). My designation changed to Monitoring and Evaluation Specialist in March 2003¹⁹, and the Development Economist²⁰ and the ECSECC Information Management Unit were appointed in May 2003; the latter was motivated to the UNDP as an alternative to the appointment of a database specialist to the PGDP PMU as it would help to build capacity within an existing provincial institution.

It took time to set up the PGDP PMU offices, which were furnished and equipped between February and April 2003 (PGDP Project Management Unit, 2003a). This required PMU members to rely on their own resources and those of ECSECC for several months.

Key milestones of the PGDP process

The PGDP process, if measured from the initial mobilisation of the PGDP PMU in October 2002 to the launch of the full PGDP document in September 2004, lasted almost two years, which was much longer than had initially been anticipated. Although PGDP-related activities continued beyond that launch, they were focused more on implementation of the PGDP, and included assessment of capacity to implement PGDP programmes (Pillay & Zimmerman, 2004), assessment of alignment of the PGDP with national government programmes and parastatals (Pillay, 2005), and a donor conference.

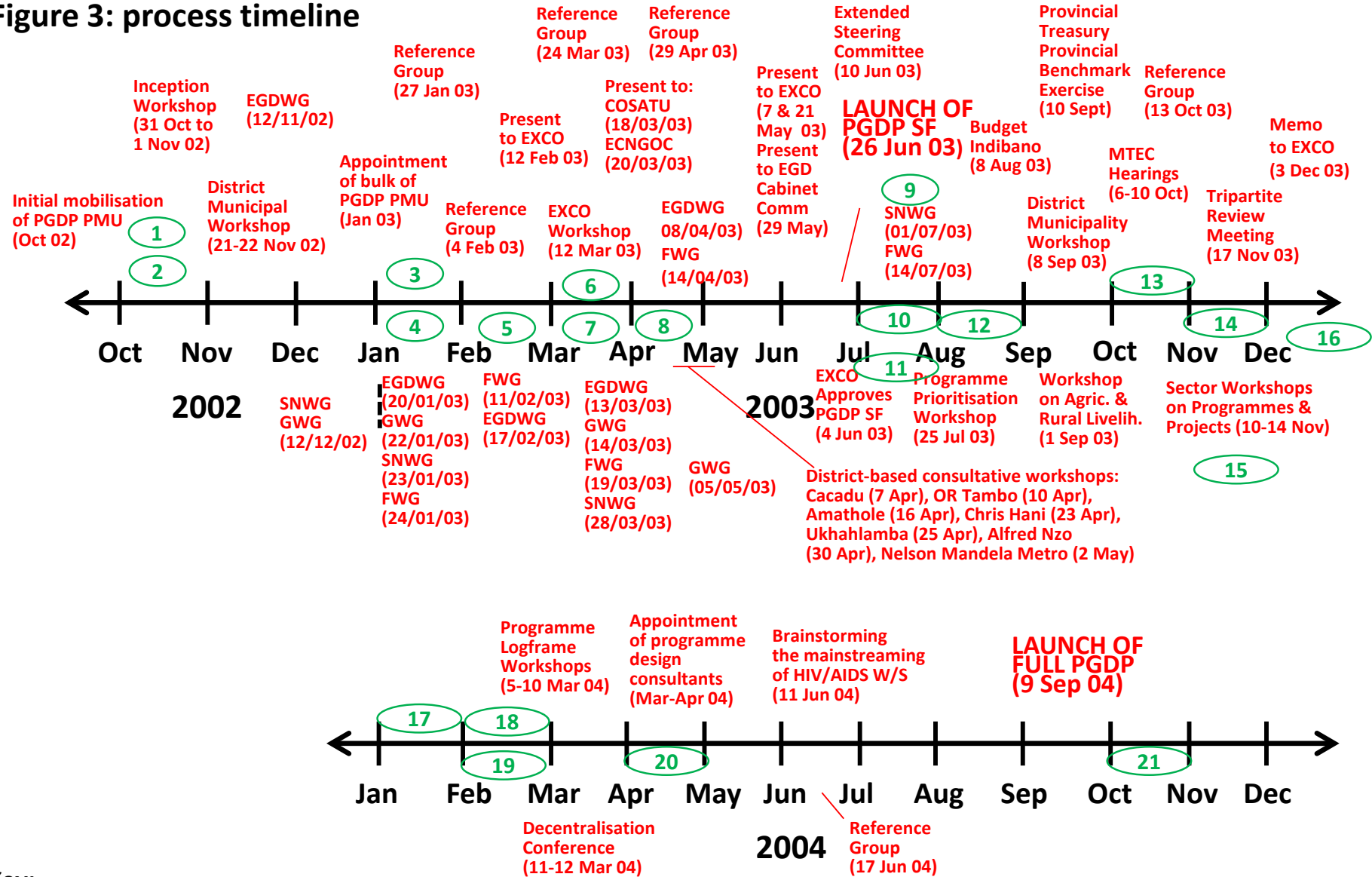
The timeline below summarises the PGDP process (Figure 3). It includes the dates of meetings of the PGDP Working Groups, the PGDP Reference Groups and other key meetings and workshops, as well as the dates of release of specialist studies, presentations to EXCO, of the launch of the PGDP Strategy Framework, and the launch of the full PGDP document. Key meetings and presentations were only included if documentary proof of their having taken place could be found; this means that some events – such as briefings to EXCO during the programme development phase – that might have taken place but were not recorded,

¹⁹ This appointment was from March to end September 2003, but was later extended to end November 2003. I left the PGDP PMU at the end of the extended contract.

²⁰ The Development Economist was appointed on a part-time basis from May to end December 2003, following negotiations around his rate that did not allow for a full-time appointment within budget.

are not represented. The timeline and the accompanying narrative description of milestones are intended as reference points for the journey into chapters seven and eight, where detailed analyses of the process are undertaken.

Figure 3: process timeline



Key:

EGDWG: Economic Growth & Development Working Group
 SNWG: Social Needs Working Group
 GWG: Governance Working Group
 FWG: Fiscal Working Group
 SF: Strategy Framework

- Meetings & events
- Specialist studies & related reports

- 1 *Socio-economic baseline for the Eastern Cape* (Adelzadeh & Eriksson, 2002)
- 2 *PGDP Concept Document* (Ramharak, 2002)
- 3 *Baseline & Constraints Paper* (Edwards, 2003)
- 4 *Obstacles to agricultural development in the communal areas of the Eastern Cape* (Hendricks, 2003)
- 5 *Addendum to Obstacles to agricultural development in the communal areas of the Eastern Cape* (Fraser, 2003)
- 6 *Review of governance challenges and responses* (Kabaki, Muthwa, Heideman & Timm, 2003)
- 7 *Public expenditure review of the Eastern Cape* (Pillay, 2003a)
- 8 *Decentralisation and local governance: towards a “home grown” solution in Uganda* (Barungi, 2003)
- 9 *Update of public expenditure review* (Pillay, 2003b)
- 10 *Tourism programme priorities in the Eastern Cape* (Grant Thornton Kessel Feinstein, 2003)
- 11 *Manufacturing in the PGDP: steps to supporting employment generation and relatively labour-intensive activities* (Roberts, 2003)
- 12 *Rapid review of LED in the Eastern Cape: recommended municipal support roles ...* (Hindson, Hindson & Preddie, 2003)
- 13 *Eastern Cape agricultural and rural livelihoods study* (Bank, Westaway, Minkley, Wotshela, Fay, Andrew & Ainslie, 2003)
- 14 *Malaysian Study Tour – lessons for the PGDP* (PGDP Project Management Unit, 2003b)
- 15 *Framework for monitoring and evaluation in support of the PGDP* (PGDP Project Management Unit, 2003n)
- 16 *A rapid review of capacity building needs at managerial level in the provincial and local government sectors ...* (Williams, 2003)
- 17 *Study on local government revenue and expenditure in the Eastern Cape* (Pillay & Mahlatsi, 2004)
- 18 *Mainstreaming Gender into the Provincial Growth and Development Plan (PGDP) 2004-2014* (Diouf, 2004)
- 19 *Mainstreaming environmental sustainability considerations into the PGDP* (Barbour & Snowman, 2004)
- 20 *Planning for policy implementation and delivery of services: developing appropriate institutional arrangements for the Eastern Cape Province* (Weir, Gwagwa & Pillay, 2004)
- 21 *Assessment of capacity to implement PGDP programmes* (Pillay & Zimmerman, 2004)

The participatory process started with an Inception Workshop, held from 31 October to 1 November 2002 in East London, which was aimed at introducing the process and kick-starting the four PGDP Working Groups. The Economic Growth and Development Working Group was the first working group to start its work thereafter.

A District Municipal Workshop was held from 21 to 22 November 2002, also in East London, and was focused on the contents of IDPs and how these might influence the content of the PGDP. District municipalities and the Nelson Mandela Metro continued to participate in PGDP Working Groups and the PGDP Reference Group, in addition to a number of further direct engagements. The latter included a second joint municipal workshop in early February 2003²¹, and a round of district-based consultative workshops held from April-May 2003 (PGDP PMU, 2003a). The latter allowed for discussion of the contents of the draft Strategy Framework document and growth and development priorities with a broad range of stakeholders in each district.

After the June 2003 launch of the PGDP Strategy Framework document, district municipalities and the Nelson Mandela Metro were involved in the general programme design meetings as well as in a dedicated district municipality workshop held on 8 September 2003. These meetings and workshops focused on ways of linking provincial and local plans and budget cycles, the requirements for effective decentralisation of government services, and suggestions regarding the PGDP programmes and their implementation. A Decentralisation Conference, held on 11-12 March 2004, was built around municipalities, and was focused on the requirements for the effective decentralisation of government services, particularly in the context of the PGDP.

Phase 1 of the PGDP process – which ended with the public launching of the PGDP by the Premier of the Eastern Cape on 26 June 2003 – saw the most intensive activity within the working groups and the PGDP Reference Group. The working groups virtually ceased functioning thereafter, and the PGDP Reference Group met only twice more. Phase 2 of the PGDP process – the programme development phase – became increasingly technical and embroiled in the provincial bureaucracy, including the budgeting process. It eventually showed signs of collapsing, until ECSECC intervened to bring the process to a close by taking

²¹ The date was not recorded, and no record of the workshop was found apart from a mention in the report on phase 1 of the PGDP process.

over its management, deploying a team of consultants (including me) to undertake the initial designs of programmes, and, finally, appointing me to pull all of the programmes together in a week, with the launch of the full PGDP by the new Premier, Nosimo Balindlela, imminent.

In the lead-up to ECSECC's intervention, the following meetings were undertaken in the process of developing the PGDP programmes: a Programme Prioritisation Workshop held on 25 July 2003 (aimed at identifying programme priorities and clarifying the programme design process), sector workshops on the prioritisation of PGDP programmes (to give opportunity for input into PGDP programmes of relevance to tourism, fiscal matters, manufacturing, human resource development, and agriculture), and programme logframe workshops. It was in February 2004, the month prior to the logframing process, that ECSECC started taking the lead in public, and ECSECC closed down the logframing process when it failed to emerge with concrete programme designs.

The first meeting of a PGDP Working Group – the meeting of the Economic Growth and Development Working Group – was held in November 2011, and the first meeting of the PGDP Reference Group was held on 27 January 2003. As already indicated, meetings of the Working Groups and the Reference Group were regular during the Phase 1 of the PGDP process (the phase focused on the development of the Strategy Framework), but the frequency of meetings declined dramatically thereafter, with Working Group meetings increasingly replaced by meetings of provincial government clusters and direct engagement with government officials on the contents of provincial government plans and budgets.

Attendance of Reference Group and Working Group meetings during Phase 1 of the PGDP process by COSATU, the Eastern Cape NGO Coalition, and chambers of business was generally good (PGDP Project Management Unit, 2003a). COSATU attended all of the Reference Group meetings and some meetings of the Governance and Fiscal Working Groups; COSATU showed particular interest in how public sector resources could be deployed for provincial development. The Eastern Cape NGO Coalition attended the bulk of the Reference Group meetings and focused its attendance on the Governance, Fiscal and Social Needs Working Groups, and made its strongest inputs on social needs and governance; emphasising its analysis of poverty and arguing for greater inclusion of NGOs

and community-based organisations in government initiatives without thereby blunting the critical voices of such organisations. The Eastern Cape NGO Coalition also encouraged individual NGOs to attend Working Group meetings, and attendance by some of the larger NGOs was noted in Governance Working Group meetings, including AFESIS Corplan, an NGO with particular interest in local government issues.

The Transkei Chamber of Business and the Border-Kei Chamber of Business were represented at half of the Reference Group meetings, both were very active in the Economic Growth and Development Working Group meetings, and they participated in Fiscal Working Group meetings. The Border-Kei Chamber of Business was represented by its President and Executive Director, with the former, Zolile Tini, attending all of the Economic Growth and Development Working Group meetings. NAFCO Eastern Cape attended the bulk of the Economic Growth and Development Working Group meetings. Chambers of Business representatives focused on how the provincial economy could be grown, what business opportunities could be opened up in the process, and how the provincial government could make it easier for business to be done and investments to be made.

Records of only two PGDP Reference Group meetings following the launch of the PGDP Strategy Framework could be found: one held on 13 October 2003, and another on 17 June 2004. Similarly, records of only two Working Group meetings after the launch of the PGDP Strategy Framework could be found: a Social Needs Working Group meeting held on 1 July 2003 and a Fiscal Working Group meeting on 14 July 2003. More frequent meetings might have allowed more continuity with Phase 1 of the PGDP process, and might have been a countervailing force to the workings of the state bureaucracy.

The only recorded meeting of what was called the Extended Steering Committee took place on 10 June 2003 – just days before the launch of the PGDP Strategy Framework – and focused on a progress report on Phase 1 of the PGDP process, which included an outline of the programme development phase to follow. A Tripartite Review Meeting on 17 November 2003 brought the UNDP, DFID and the Eastern Cape Provincial Government together to review progress for the period November 2002 to November 2003.

Presentations on drafts of the PGDP Strategy Framework document to EXCO took place on 12 February 2003, 7 May 2003, and 21 May 2003, with approval of the final (eighth) draft of

the PGDP Strategy Framework given on 4 June 2003, following presentation of the seventh to the Economic Growth and Development Cabinet Committee on 29 May 2003. A workshop with EXCO on Draft 3 of the Strategy Framework was held on 12 March 2003, facilitated by Mcebisi Jonas, CEO of ECDC, and including senior representatives of the UNDP and DFID. Comments made by EXCO members during this meeting included concern that the socio-economic circumstances of people in the province had been presented in an overly negative fashion and that the role of the manufacturing sector in the province had not been given its due. Although EXCO was reluctant to completely overrule the PGDP process to date, and could not wish away the statistics used (although there was a request for their review), it did request a number of changes; this workshop and its significance is discussed more fully in chapter seven.

Presentations on the Strategy Framework were also given by members of the PGDP PMU to focused meetings with COSATU, organised business and the Eastern Cape NGO Coalition; evidence could be found of a meeting with COSATU on 18 March 2003, a meeting with the Eastern Cape NGO Coalition on 20 March 2003, and a meeting with business in the area of the Border-Kei Chamber of Business, in the form of a business breakfast, on 29 April 2003. These meetings functioned to give progress reports, answer questions and receive additional inputs. Mention of planned presentations to businesses at business breakfasts in Port Elizabeth and Mthatha were found in minutes of meetings (and I recall participating in the presentation in Mthatha), but no records of those meetings could be found and the dates on which they were held are unknown. Meetings with the Eastern Cape Council of Churches, the Eastern Cape Department of Economic Affairs, Environment and Tourism, the Eastern Cape Department of Agriculture, and representatives of the Eastern Cape Land Reform Office (part of what was then known as the National Department of Land Affairs) were also noted in the report on Phase 1 of the PGDP process (PGDP Project Management Unit, 2003a), but no records of those meetings could be found and the dates are unknown. These meetings were undertaken to gather additional perspectives on existing initiatives, challenges and opportunities.

Specialist studies

A number of specialist studies were undertaken in support of the PGDP, the release dates of which are also shown in Figure 3 above. The overview of these studies is presented in terms of the phase of the PGDP process in which they were undertaken.

Specialist studies undertaken during Phase 1 of the PGDP process

In October 2002, a socio-economic baseline for the Eastern Cape (Adelzadeh & Eriksson, 2002) and a PGDP concept paper (Ramharak, 2002) by Dr Hans Ramharak, Executive Director of ECSECC were presented by their authors at the PGDP Inception Workshop. The socio-economic baseline, which provided a sobering account of the socio-economic challenges facing the province, served as one of the inputs into Edwards' (2003) *Baseline and Constraints Paper*, which was released in January 2003. Ramharak's concept paper had been intended as a guiding framework coming from the PGDP Management Group, as had been suggested during the preliminary assessment by Samuels (2002). Both Ramharak's and Edwards' documents challenged economic orthodoxy, and argued that there were merits in pursuing a Keynesian approach, particularly given the rise, internationally, of the Post-Washington Consensus. Both of these papers challenged the national macroeconomic framework, with Edwards' being the most direct. This could be seen as the beginnings of the discursive framing of a potential counter-hegemonic project, arising in the fractures in the Tripartite Alliance and the fraying of ANC hegemony discussed in chapter three. This potential counter-hegemonic project, however, would not move beyond the discursive level, which itself would be eroded during the process, as is shown in the chapters below.

The *Baseline and Constraints Paper* informed deliberations of all of the PGDP Working Groups, and served as a foundation for the development of the first draft of the PGDP Strategy Framework. A paper by Prof Fred Hendricks of Rhodes University on obstacles to agricultural development in the communal areas of the Eastern Cape (Hendricks, 2003) had been commissioned at the request of the Economic Growth and Development Working Group, and was released at the same time as the *Baseline and Constraints Paper*. Arguing for a range of measures aimed at reintegrating the former Bantustans into the provincial economy, undoing apartheid planning, and establishing the foundations for agricultural

development and job creation, Hendricks' paper articulated well with Edwards'. Discussion of this paper was held back, however, until the February 2003 release of a response to the Hendricks paper on obstacles to agricultural development by Prof Gavin Fraser of the University of Fort Hare (Fraser, 2003). Fraser's paper was commissioned at the instruction of the Project Director, who wanted the input of an economist on Hendricks' arguments. Fraser followed an orthodox, ahistorical approach, arguing for individualised solutions, and emphasising improvements in inputs and business support; i.e. getting the markets right and avoiding the "tragedy of the commons". Hendricks rejected Fraser's arguments and objected to the joining of the two papers into one document by the PGDP PMU.

At the request of the Fiscal Working Group, a public expenditure review of the Eastern Cape (Pillay, 2003a) – prepared by Dr Pundy Pillay, a former Deputy Director-General in the Presidency and former Head of the Financial and Fiscal Commission – was released in March 2003. Pillay provided a comparative analysis of provincial public expenditure, and pointed to the difficulties of balancing the needs of the social sectors (which consumed more than 80% of the provincial budget) and the value of increased expenditure in the economic sectors, particularly given the provincial government's reliance on the division of national revenues for approximately 96% of its income. Pillay's paper and the discussions that it stimulated illustrate the national constraints on the reorientation of provincial expenditure.

A review of governance challenges and responses (Kabaki, Muthwa, Heideman & Timm, 2003) was also released in March 2003. This review paper showed the complexity of the web of governance challenges faced by both provincial and local spheres of government in the province, and proposed steps to deal with these.

In April 2003, a paper on the decentralisation experience of Uganda – the content of which had been presented at the Inception Workshop in October 2002 – was released (Barungi, 2003). In Uganda, a multi-layered planning system – going down to clusters of households – allowed for strong participation, but, together with a deconcentration of political power, it made coherence of planning and resource allocation difficult; with weaker areas losing out in competition for resources with stronger ones.

Subsequent papers were all prepared as inputs into Phase 2 of the PGDP process, which was the phase focused on programme design.

Specialist studies undertaken during Phase 2 of the PGDP process

The following studies were completed during July 2003: an update of the provincial public expenditure review, based on newly released expenditure figures, by Dr Pundy Pillay (Pillay, 2003b); a review of tourism programme priorities by the firm Grant Thornton Kessel Feinstein (Grant Thornton Kessel Feinstein, 2003); and a study on manufacturing in the province, with a particular focus on employment generation and labour-intensity by Dr Simon Roberts (Roberts, 2003), who would contribute to national industrial policy and later head up research at the national Competition Commission. These papers were all commissioned to feed into the design of PGDP programmes – with Roberts' paper highlighting the limitations of the national government's eschewal of active industrial policy – which meant that the provincial and local spheres of government had to consider a range of mechanisms to support localised manufacturing development in the face of international competition and liberalised trade. Roberts' very practical suggestions – including ways of optimising the investment that had already been made in the Coega IDZ – illustrated the increasing localisation of response that was associated with the competition state (cf. Jessop 2002).

A rapid review of local economic development in the Eastern Cape (Hindson, Hindson & Preddie, 2003) was completed during August 2003. This paper focused on strategic opportunities and programme priorities, and recommended municipal support roles. In many ways this paper was also symptomatic of the localisation of response that followed the embrace of neoliberalism by the national state apparatus. Dr Doug Hindson, one of the authors of this review paper, would later lead the initial design of a European Union funded local economic development support programme in the province, which would be incorporated in one of the programmes in the final suite of PGDP programmes.

October 2003 saw the completion of a study on agricultural and rural livelihoods in the Eastern Cape by a team of researchers mobilised by the Fort Hare Institute of Social and Economic Research (Bank, Westaway, Minkley, Wotshela, Fay, Andrew & Ainslie, 2003). This paper was a consolidation of six case studies that had been presented at a specially convened workshop on agricultural and rural livelihoods on 1 September 2003. These case

studies argued strongly for the respect of local knowledge and context, and against supply-driven interventions such as the provincial Department of Agriculture's Massive Food Production Programme.

In November 2003, a report on the lessons for the PGDP of the Malaysian study tour (PGDP Project Management Unit, 2003b) was completed. The study tour had taken place from 23 May 2003 to 1 June 2003, and the study tour delegation had included the following people: Mr Max Mamase (MEC for Agriculture and Land Affairs), Ms Neo Moerane-Mamase (MEC for Social Development), Dr Mvuyo Tom (Provincial Director-General), Mr Litha Mcwabeni (Project Director, PGDP PMU), Mrs Lungi Roji (Cacadu District Municipality), Ms Bronwyn Viege (Chris Hani District Municipality), Mr M Zungula (OR Tambo District Municipality), Dr Sibongile Muthwa (Fort Hare Institute of Government), Mr Andrew Murray (ECSECC), Ms Zanele Zeka (Eastern Cape NGO Coalition), Mr Xola Pakati (Provincial Secretary of COSATU), Mr Marshall Swana (NAFCOC), Ms Nandipha Bam (Alfred Nzo District Municipality), Mr Dumisani Mngadi (UNDP), and Mr Mlungisi Lumka (Eastern Cape Youth Commission).

A rapid review of capacity building needs at managerial level in the provincial and local government sectors and a related capacity building programme was prepared Mr Fezile Williams in December 2003 (Williams, 2003). This review was intended to inform the design of programmes in support of human resource development within the public sector, and was based on a presentation that had been given during a sector workshop focused on human resource development in November 2003.

A smaller number of studies were completed during 2004, which is the year in which the full PGDP was released. January 2004 saw the release of a study on local government revenue and expenditure in the Eastern Cape by the Sizaneng Centre for Research and Development (Pillay & Mahlatsi, 2004). The contents of this paper had been presented during a sector workshop focused on fiscal matters in November 2003, and drew attention to particular fiscal challenges faced by municipalities in the Eastern Cape.

In February 2004, the following two reports were released; one on mainstreaming Gender into the PGDP (Diouf, 2004), and the other on mainstreaming environmental sustainability considerations into the PGDP (Barbour & Snowman, 2004). These reports had been commissioned by the UNDP both as evaluations of the success of mainstreaming of these

two areas of interest, and to make concrete recommendations on how mainstreaming might be effected (see the section on mainstreaming of cross-cutting issues below).

The following reports were completed in April 2004: a report Mr Ian Weir, Dr Lulu Gwagwa and Dr Pundy Pillay on the institutional arrangements to support planning and implementation coordination by (Weir, Gwagwa & Pillay, 2004), and a whole series of draft programme designs by consultants appointed in a programme design process managed by ECSECC (refer to chapter eight for further details on the role of these consultants). This report by Weir, Gwagwa and Pillay directly addressed the third component of the PGDP as described in the UNDP's (2002) Support Initiative document. It recommended the creation of a dedicated Planning, Coordination and Monitoring Unit, reporting to a new Deputy Director-General post, which would also have responsibility for the Cabinet Office that provides secretariat support to EXCO.

Pillay was involved in yet another study, this time with Marcel Zimmerman, in October 2004, after the launch of the full PGDP document – which was an assessment of capacity to implement the PGDP programmes (Pillay & Zimmerman, 2004). Following that, in 2005, Pillay was the author of a report on the PGDP's alignment with national government programmes and parastatals (Pillay, 2005).

The contents and influence of specialist studies are discussed in greater detail in chapters six, seven and eight. Not all studies were equally influential, and are treated accordingly in the more detailed analysis in the chapters below.

Mainstreaming of cross-cutting issues

The UNDP had emphasised the mainstreaming of gender and HIV/AIDS since the initial assessment undertaken by Samuels (2002), and, following the World Summit on Sustainable Development (WSSD), the UNDP increasingly emphasised the mainstreaming of environmental issues. However, it was never clarified just how mainstreaming of gender and the environment was to be effected in Phase 1 of the PGDP process (i.e. in the development of the PGDP Strategy Framework), short of emphasising that these issues should be considered in all aspects of the PGDP process and PGDP implementation. Consideration of

the HIV/AIDS pandemic was of particular importance, given the evidence of the human cost of the pandemic and the need to implement a provincial response in view of President Thabo Mbeki and the Minister of Health's embrace of the views of AIDS dissidents and the associated limitations of the national response.

In time, the UNDP mobilised specialists to deal with each of these cross-cutting issues, perhaps prompted by dissatisfaction with the manner in which these issues had been dealt with in Phase 1 of the PGDP process, but particularly to influence the development of PGDP programmes and implementation modalities in Phase 2. The most intensive of these interventions was in support of gender mainstreaming. That input had started with a report prepared in March 2003 by a Gender and Development Specialist based in the UNDP in Pretoria (Kabeberi-Macharia, 2003), followed by a gender-based analysis of programme priorities prepared for the programme prioritisation workshop of 25 July 2003, and then by the appointment of a specialist consultant to work with officials in the provincial government bureaucracy to identify practical ways of mainstreaming gender in PGDP Programmes and government plans.

The gender mainstreaming work consisted of eight initiatives: gender sensitive departmental strategic plans; gender advocacy to institutions; PGDP awareness raising with Gender Focal Points (these were designated officials in each department who were to assist departments in factoring gender concerns into their work); gender training programmes; PGDP PMU gender training/support; linking of gender and PGDP advocacy; establishment of an Eastern Cape Think-Tank on Gender; and a recommendations document for PGDP implementation (Diouf, Mlakalaka and Macharia, 2003). This work was facilitated by a gender specialist, Ms Imelda Diouf, in partnership with a Gender and Development Specialist based in the Bureau for Development Policy in the UNDP, Ms Janet Macharia, and the head of the Office on the Status of Women in the Office of the Premier, Ms Zuki Mlakalaka. By 13 November 2003 the following had taken place: analyses of departmental plans and follow-up meetings with senior management of government departments were more than half-way done; the PGDP Reference Group meeting of 13 October had been attended and reporting at the planned December Reference Group meeting was foreseen; further participation in budget hearings on 17-19 November was foreseen; awareness raising with gender focal points was largely complete; gender training needs had been

discussed and development of a gender training strategy was being planned; participation in discussions of programmes and projects, monitoring and evaluation, communications strategy and capacity building had been completed and with further input into programme development foreseen; the Think-Tank on Gender had held its first meeting on 31 October 2003 and was poised for further support to the Office on the Status of Women; and finalisation of a recommendations document was planned for submission towards the middle of December 2003.

This gender mainstreaming input was concluded with a report on the mainstreaming of gender that was submitted in February 2004 (Diouf, 2004). The gender mainstreaming support work was undertaken on a broader front than the work done for any of the other cross-cutting issues, looking beyond recommendation regarding strategy and programmes to practical support to officials working within the province.

In the case of the environment as a cross-cutting issue, Mr Eddie Russell commented on the treatment of the environment in the third draft of the PGDP Strategy Framework on behalf of the UNDP. His short written input was not named, but appeared in Appendix O of the report on phase 1 of the PGDP process (PGDP Project Management Unit, 2003a). Russell generally approved of the focus of the PGDP Strategy Framework, but pointed to the importance of halting the land degradation that was affecting both crop and livestock production. He also pointed out, in a general sense, the various services provided by the natural resource base – such as food, flood mitigation, bio-diversity and health – and pointed the value of nature-based tourism as more compatible with current agricultural activities in the OR Tambo and Alfred Nzo District Municipalities than extractive activities such as mining. Russell recommended further work on land use choices in those two district municipalities, a programme of land and environmental restoration, improvements to the agricultural extension service, and an investigation of the reasons for decreasing agricultural activities in one of the areas in the former Transkei. Further input on the mainstreaming of environmental sustainability was made in February 2004 (Barbour & Snowman, 2004), during the programme development phase of the PGDP (Phase 2). This paper, in 2005 – released in the name of the Environmental Evaluation Unit of the University of Cape Town – was very critical of the absence of the principles and language of sustainable development in the PGDP, and the limitation of the term “environment” to the biophysical rather than as

encompassing the social and economic as well; its recommendations included building environmental management capacity in all provincial government departments.

HIV/AIDS featured strongly in the *Baseline and Constraints Paper* (Edwards, 2003) and in the initial thinking about the advantages of strengthening of homestead production. Further input on the mainstreaming of HIV/AIDS was given by Ms Anne Githuku on behalf of the UNDP (PGDP Project Management Unit, 2003a). In addition, the UNDP organised a brainstorming workshop on the mainstreaming of HIV and AIDS in the province on 11 June 2004. A dedicated HIV/AIDS and TB programme was included in the programme package in the final PGDP document.

Mainstreaming of these cross-cutting issues proved difficult to achieve to the satisfaction of these various experts. An attempt was made to emphasise these issues in the Strategy Framework and in the PGDP programmes; e.g. the dedicated HIV/AIDS & TB programme. The specialists were mainly concerned with their areas of expertise, and added further layers of complexity requiring additional technical support. Their inputs contributed to the on-going broadening of the PGDP to encapsulate all aspects of the functioning of the provincial administrative state apparatus to the detriment of a core strategic focus, and rendering increasingly it difficult to hold together a coherent integrated development discourse. At the time, it was not clear how various measures proposed by the specialists would be prioritised and incorporated into a complex mix of systems, human resource and implementation processes already proposed, or how these measures would fit with the particular configuration and challenges of the provincial state apparatuses.

Communications

Work on a communications strategy lagged behind the unfolding of Phase 1 of the PGDP process. The process of developing a strategy started with a communications strategy workshop that was held on 23 January 2003 (PGDP Project Management Unit, 2003c). This workshop – which was attended by people involved in communications within district municipalities, provincial government departments, some national government departments and public entities, and the national government's Government

Communication and Information Services – made recommendations on how the PGDP planning process and the PGDP itself should be communicated and how participation in the PGDP development process could be encouraged. The recommendations were very broad, and did not give much more than general statements of what ideal communication should achieve, identification of broad stakeholder groups, and motivation for the appointment of a public image team. The workshop facilitators developed a draft communications strategy in February 2003 (PGDP Project Management Unit, 2003d). This communications strategy was further refined during April and May 2003, and the final version was adopted on 19 May 2003 (PGDP Project Management Unit, 2003a); just days before the launch of the PGDP Strategy Framework. This meant that the communications strategy came at the end of the phase of the PGDP process that could have derived most benefit from it. Ironically, it was during Phase 2 of the PGDP process – i.e. after adoption of the communications strategy – that broader stakeholder participation in the PGDP process declined, and the process was drawn more deeply into the bureaucracy.

Following adoption of the communications strategy, work commenced on a programme for the launch and rollout of the PGDP Strategy Framework. It was in preparing for events and putting together glossy publications, usually showcasing key political leaders, that the communications work seemed most effective. The real work of communication at the core of the planning process – namely listening to and digesting inputs and sharing ideas and progress – was something the PMU members not tasked with communications did, and the most significant part of this effort occurred while the communications strategy was being developed.

The progress report for November 2002 to November 2003 (PGDP Project Management Unit, 2003e: 9) reported that a communications strategy was being implemented through the communications officers in the provincial government's departments and in district municipalities. The implementation involved publications, radio, and the press. Publications included a pamphlet on the PGDP process and a shorter popular version of the Strategy Framework. Radio talk shows and radio advertisements had also been aired on three national radio stations and all the regional and community radio stations in the province. Newspaper articles and advertisements had also been published in all three large regional newspapers.

The communications function was further strengthened in preparation for the release of the full PGDP (including the PGDP Programmes) under cover of branding using a PGDP logo that was purpose-designed, and came to be used on provincial government plans, advertisements and reports. In later years, the PGDP logo would be featured prominently on provincial government documents. However, effective application of the PGDP to effect coordination of the activities of the Eastern Cape Provincial Government required more than advertising and public events.

A document entitled *The Eastern Cape PGDP – a best practice case study in developing long term growth and development plans for provincial governments in South Africa* (Della Togna, 2004) was later developed by communications consultant, Ms Martina Della Togna. Although billed as a description of the PGDP process, this “case study” was more of a public relations exercise, and was short on detail and critical reflection. Its title misled the Presidency into using it as a reference point for its assessment of the participation process (Mohamed, 2005). These shortcomings – the very limited focus on content and the lack of detail on milestones and participation – in the “case study” document contributed to some of the inaccuracies within the review report, and strengthened the hand of the Presidency in calling into question compliance with the PGDS Guidelines.

Concluding remarks

The development of the PGDP was supported by the UNDP and DFID at the request of the Eastern Cape Provincial Government, giving it resources for the management of a participatory planning process. ECSECC, which had facilitated the initial work on a PGDP – then still labelled as a second PGDS – prior to the allocation of resources of a PGDP PMU, remained centrally involved in the PGDP process. Its Executive Director served on the PGDP Management Group, a member of its staff was seconded to head up the PGDP PMU as Project Director, it mediated inputs from key members of the executive political leadership, it provided specialist input into the work of the Social Needs Working Group, and it played an increasingly central role in the development of the PGDP programme until taking over the final stages of programme design, relegating the PGDP PMU to the role of secretariat to its work.

The UNDP and DFID funding provided the space for the tightening of process design and the mobilisation of resources, with only the specialists in cross-cutting issues “imposed” by these donor agencies. Rather than side-lining ECSECC as a facilitator of dialogue between members of the provincial ruling bloc and the leadership of its “social partners”, the establishment of the PGDP PMU was managed in a way that ensured that ECSECC, as trusted advisors and facilitators, could assert significant influence over the PGDP process.

ECSECC’s engagement with processes in all three spheres of government, its institutional memory, its established relationships and its direct access to key members of the provincial ruling bloc allowed it to serve as link between EXCO and leaders of the Alliance partners and the PGDP PMU. When the Project Director of the PGDP PMU reported to EXCO, he did so as a known ECSECC staff member, and he interpreted concerns raised by representatives of the provincial ruling bloc. However, development of the content of the PGDP Strategy Framework and programmes was not a simple result of instructions issued through ECSECC as through a relay station. This was but one aspect of the development of content. Although EXCO had ultimate authority to accept or reject documents emerging from the PGDP process, it had to consider the strategic consequences of its treatment of the views expressed by the leaders of its “social partners” during that process. In some cases, more quiet interventions in content prior to the release of documents into a consultative process that would culminate in a submission to EXCO could limit the potential for standoff between EXCO and the PGDP Reference Group.

The analysis in the chapters below shows that although the views of key EXCO members, such as the MEC for Finance, Economic Affairs, Environment and Tourism, were influential, they were not necessarily definitive, were often more than simply an expression of personal preference – e.g. pushing the inclusion of the IDZs in the PGDP Strategy Framework – and were interpreted by layers of people involved in the development and processing of content. Also, inputs from specialists had consequences, not only in preserving and interpreting data within a larger consultative process where responses could not be controlled, but also articulating challenges to hegemony; this was so particularly in the input from the Principal Economist, Chris Edwards. In Edwards’ case, a prior heterodox perspective, combined with engagement of alternative policy positions emerging from the ANC Alliance partners at a low point in relations between them and the ANC leadership,

made for a powerful discursive challenge to hegemony, backed up by statistical evidence of the depth and distribution of poverty and unemployment.

Perspectives raised within the PGDP Working Groups and the PGDP Reference Group also had to be reflected, particularly where those were presented on behalf of constituents, e.g. the Eastern Cape NGO Coalition. With an approaching election, views expressed within the PGDP participatory meetings took on particular significance as a gauge of potential electoral preference, but could also have accounted for some of the sensitivities around critique expressed by EXCO members. The counter-offensive launched by the national ANC leadership against a challenge from the left strongly associated with the Eastern Cape, as argued in chapter three, also closed options for policy challenge.

In addition to these dynamics, the analyses in chapters seven and eight show other aspects of the strategically selective terrain on which the PGDP was developed, including fiscal restrictions, budgetary rules and structures of authority. This requires engagement with details of content and process, which is done not just for their own sake, but to demonstrate the complex dialectic of agency and structure, or action on a strategically selective terrain.

CHAPTER 5: Provincial government political priorities 2002-2004

Following the broader overview of the dynamics within the Tripartite Alliance and the fraying of ANC hegemony in chapter three, this chapter engages more specifically with political priorities as articulated in the Eastern Cape in the period 2002-2004, during which the PGDP was developed. My intention is not to privilege these priorities above all other considerations, but rather to provide evidence of the views of key political leaders, particularly Premier Stofile and MEC Godongwana – the MEC for Finance, Economic Affairs, Environment and Tourism – before engaging with their interventions in chapters six to eight. Drawing on the Hansard of the Eastern Cape Legislature, against the backdrop of my analysis in chapter three, I provide an account of the way in which the PGDP was positioned and the priorities that were articulated prior to and during its development. Amongst other things, this account allows me to show continuities between priorities that were in existence prior to the commencement of the PGDP process and what was contained in the PGDP programme package, even before my more detailed engagement with the programme development phase in Chapter 8.

Where I draw links between publicly expressed priorities and particular PGDP programmes, it is not to imply a neat progression from expressions of priorities to programme content, but rather to foreground the problematic reincorporation of existing priorities and initiatives before considering – in chapters six to eight – how these came about during the policy process.

Drawing on the statements made by political leaders – particularly the Eastern Cape Premier and MEC for Finance, Economic Affairs, Environment and Tourism – in the Eastern Cape Legislature allows me to access political priorities as expressed to the legislative body that has to appropriate provincial budgets, before they can legally be spent, and which has the constitutional authority to hold the provincial administration to account for its performance. Key events in the legislature are its annual opening – where the Premier formally lays out his/her government's priorities for the year – and the annual budget speech – made by the MEC responsible for finance – in which the key priorities against which budget allocations are made are given. Other debates, often in relation to the budget votes of particular

government departments, give access to the political salience of the particular issues (e.g. the PGDP process) and to points of debate or contention.

In this chapter, I also show how the privileging of the IDZs was more than an articulation of the commitment to export-oriented manufacturing associated with existing national policy. Arising from preparatory work done by a collection of business owners in Port Elizabeth, the Coega IDZ became a useful site for the location of arms deal offsets, contributing to the justification of the massive investment in arms by showing how one of the poorest provinces would benefit (Haines & Hosking, 2005; Bond, 2011).

For offsets to work, they had to be channelled into tangible ventures that could be linked to existing policy frameworks. The Coega and East London IDZs – particularly the former – allowed for tangible linkage of offset contributions to the building of infrastructure for export-oriented manufacturing, but also raised the stakes of such investment, as effective challenge to the IDZs could threaten offset agreements and, ultimately, strengthen opposition to the arms deal itself.

I start this chapter with an account of priorities as articulated in President Mbeki's opening address to Parliament in 2002, the year in which social movements and challenge within the Tripartite Alliance came to a head. This address not only illustrated his continued commitment to macroeconomic policy, but also the national profile of the Coega IDZ.

Presentation of this account prior to accounts of Eastern Cape EXCO priorities articulated in 2002-2004 also shows that dynamics within the Tripartite Alliance were more complicated than a coherent challenge being launched against a monolithic policy position. There were both continuities and discontinuities between the priorities articulated by the national and provincial executive political leadership, as leaders themselves acted on a strategically selective terrain. Not only did they have to make strategic decisions in terms of their own political trajectories or consider strategic compromises in a larger war of manoeuvre; they also faced a range of other strategic selectivities, including those related to powers and functions of the three spheres of government, fiscal and public procurement commitments and path-dependent institutional and policy trajectories.

Far from policy being the outcome of the interactions of powerful political leaders, these leaders themselves operated on a strategically selective terrain. This terrain was made even more complex, in the case of the PGDP process, by the opening up of the policy process to direct inputs by the leaders of the “social partner” organisations in designated working groups and by channelling submissions to EXCO through a Reference Group whose decisions were minuted. Although EXCO did not make final decisions regarding the content of PGDP documents with participants in the PGDP Reference Group, thereby creating space for its own private strategic deliberations, it had to consider the implications of overruling Reference Group recommendations.

National government priorities in 2002

In 2002, the year in which the PGDP process was started, President Mbeki opened the national Parliament with bold reflections on the role of Africa in the world. Included in his opening address (Parliament of the Republic of South Africa, 2002), were announcements of the hosting by South Africa of the founding summit of the African Union and the World Summit on Sustainable Development in that year – the very summit where social movements challenging land policy and service delivery would draw international attention (cf. Hart, 2013). Placing strong emphasis on the need to free South Africa of poverty and underdevelopment, he proclaimed that “...gradually, step by step, we are progressing towards the achievement of the historic goal of the eradication of a centuries-old legacy of colonialism, racism and apartheid” (Parliament of the RSA, 2002: 3).

Reminding the nation that he spoke on behalf of “a Government elected by the overwhelming majority of our people” (Parliament of the RSA, 2002: 16), he sketched the achievements of the past year, as well as the key plans for the coming year. In relation to the economy, he stated that in 2002, “the Government will further increase its focus on the issue of achieving higher rates of economic growth and development ... [including] the promotion of domestic and foreign investment, trade promotion, a social accord and the convening of a growth summit” (Parliament of the RSA, 2002: 18). That growth summit eventually occurred in July 2003, just before the launch of the PGDP Strategy Framework. As indicated earlier, GEAR, the non-negotiable macroeconomic framework, and rapid trade

liberalisation had wreaked havoc in the domestic manufacturing sectors, and industrial policy was still minimalist, ad hoc and reactive.

Mbeki emphasised the need for a social accord that would embody “congruence in expectations and certainty in such matters as inflation, wage and salary demands, rates of investment, positioning of the country in the global arena, our role in Nepad [the New Partnership for Africa’s Development], job creation and poverty alleviation” (Parliament of the RSA, 2002: 39-40). This “congruence in expectations” would be forged on a discursive terrain defined by neo-classical orthodoxy, and limited by the strategic selectivities of the policy choices already made.

Mbeki proclaimed the success of macroeconomic policy, stating that macro-economic stability had been achieved, and that a low budget deficit and improved revenue collection by the state would serve as a good foundation for an increase in “expenditure in real terms, especially on such important areas as social services and economic infrastructure” (Parliament of the RSA, 2002: 33). This was a challenge that was later taken up by the Premier of the Eastern Cape in his opening address to the Eastern Cape Provincial Legislature, when he seized upon this promise of an increase in expenditure to promote a “costed-norms approach” in which expenditure would be based on universal service norms and the requirements for the attainment of those norms in particular contexts (Eastern Cape Provincial Legislature, 2002a: 20).

Although Mbeki (Parliament of the RSA, 2002) made multiple references to pushing back the frontiers of poverty – a phrase that would later appear in various forms in policy discourse with the Eastern Cape – he emphasised the facilitation of exports through the Eastern Cape. Particular mention was made of the Coega Industrial Development Zone (IDZ), which had already been designated, and the commencement of work on the Port of Nqurha, around which the Coega IDZ was to be based. Later that year, in the Eastern Cape Provincial Legislature, Enoch Godongwana, the Eastern Cape MEC for Finance, Economic Affairs, Environment and Tourism, proudly stated that the Eastern Cape Provincial Government had allocated R80 million to the Coega IDZ in the previous financial year, complementing the R3.2 billion set aside for the development of the port by the national Port Authority, as well as the allocation by the Eastern Cape Provincial Government of an additional R50 million to

the East London IDZ in anticipation of its declaration as an IDZ by the national government (Eastern Cape Provincial Legislature, 2002b: 9). This stood in contrast to the following allocations to the Integrated Sustainable Rural Development Programme, described by him as a priority for the 2002/3 financial year: R25 million by the provincial government and R91.3 million by the national government during 2002/3, up from a R5 million allocation by the provincial government and a R20 million allocation by the national government in 2001/2 (Eastern Cape Provincial Legislature, 2002b: 7-8). It was clear from both the President's and the MEC's speeches that infrastructure for export-focused industry was the real priority, regardless of the rhetoric about poverty and rural development, and that the IDZs were *fait accompli* even before the commencement of the PGDP process.

The Coega IDZ, which was the first IDZ to be proclaimed in South Africa, developed from initial efforts by Port Elizabeth business interests to promote development of a port at the Coega River mouth (Haines & Hosking, 2005). By 1996, promotion of the idea of a port and an IDZ, spurred by a confluence of factors – including adoption of an export promotion strategy by the national government, rising demand for larger cargo ships, relative costs of expansion of capacity at the Durban harbour and interest from Gencor in the development of a zinc refinery – was escalated by the establishment of a dedicated Section 21 company (Haines & Hosking, 2005). The Port Elizabeth Regional Chamber of Commerce and Industry was a strong backer of this initiative. However, changes in market conditions for phosphoric acid and zinc, and competition from other potential sites, led to withdrawal of identified private investors and erosion of the economic viability of the venture.

However, identification of the Coega site as a recipient of investment under an offset agreement, associated with the arms deal, resuscitated government interest, particularly as it would bring that investment to one of the poorest provinces in South Africa that was also seen as the heartland of the ANC (Haines & Hosking, 2005). Investment was to be focused on steel-related manufacturing provided for in the offset agreements, with the national government developing supporting infrastructure in an export-processing zone. By 2000, however, these investments appeared increasingly unlikely, following delays in ratification of the offset agreements and challenges from existing South African steel manufacturers. Following reconception of the Coega IDZ as a diversified export-oriented industrial park, a private shipping partner for the port infrastructure was found. National government

confirmed R4.5 billion in investment in infrastructure associated with the Coega IDZ in early 2002, and the Eastern Cape Provincial Government channelled funds into the Coega Development Corporation via the ECDC. Following protracted engagement with a Canadian company (which changed ownership during the process) regarding their investment in an aluminium smelter – during which controversial electricity concessions were offered (Haines & Hosking, 2005; Bond, 2011) – the Coega IDZ entered the early PGDP implementation period without an anchor tenant. The offset arrangement associated with the arms deal was effectively cancelled in 2003, and by 2004, the proposed aluminium smelter was being downscaled (Haines & Hosking, 2005) before being abandoned. Attention of the German Submarine Consortium which had initially been included in the offset agreement investment in the Coega IDZ, shifted – in 2004 – to the Magwa Tea Estates, in the former Transkei; linked to a clearing of the estate’s debt by the South African government (Haines & Hosking, 2005).

By 2005, an estimated R7.5 billion had been invested in the Coega IDZ (Haines & Hosking, 2005), in spite of criticism from business and civil society (see also Bond, 2011). As argued earlier, tying of this investment to the arms deal offset package had not only justified this public investment (with no significant private investment to match it), but had raised the stakes of support to the Coega IDZ by a government intent on defending the arms deal against rising criticism from the public and within the ANC (cf. Feinstein, 2007).

Eastern Cape Provincial Government priorities in 2002

Although there was synergy between provincial and national priorities in 2002 – most notably in the emphasis, in word and funding, on export-oriented manufacturing linked to IDZs – there were also points of divergence. Most notable was the challenge issued by Premier Stofile, in his opening address to the Eastern Cape Provincial Legislature (2002a: 22-25), to national policy on HIV/AIDS. Stofile emphasised the importance of nevirapine to prevent mother-to-child transmission of HIV, and stated the provincial government’s determination to go beyond the national requirement of two pilot sites per province, even though references to the “rolling out” of such treatment appeared no longer to be acceptable. Yet, in spite of this willingness to challenge the national government on an issue

about which President Mbeki had expressed strong, AIDS dissident views, Stofile spoke strongly against attempts by outsiders to accuse the government of genocide with regards to HIV/AIDS. In this and other cases, he strove both to protect his party (the ANC) and himself from criticism, while showing a willingness to challenge the national ruling bloc on particular issues.

In addition to his commitment to rolling out nevirapine, in 2002, Stofile referred to the growth of a human rights culture in the province, including “[g]ender issues, the rights of people with disabilities, children’s rights and all these things – these matters are at the top of the provincial agenda and indeed at the top of the agenda of all NGOs, the private sector, the religious community and all sectors of society” (Eastern Cape Provincial Legislature, 2002a: 6). This was fertile soil for the insertion of the cross-cutting issues into the PGDP process, as described in chapter four.

In addition to concerns with the functioning of the provincial bureaucracy, Stofile also pointed to deficiencies in the coordination of planning and resource allocation between the spheres of government using, as examples, the planning of infrastructure development by national government departments without the involvement of the provincial government, and the requirement for effective participation by provincial departments in the development of Integrated Development Plans (IDPs) by municipalities. He placed strong emphasis on the location of development planning within local government, and stated that all must “participate in the development, resourcing and implementation of the IDPs, always led by the local government sphere” (Eastern Cape Provincial Legislature, 2002a: 11). The issue of the assignment of powers and functions to the local sphere of government was still in flux at the time that Stofile made this statement, and decentralisation later emerged as a strong theme in MEC Godongwana’s budget speech (Eastern Cape Provincial Legislature, 2002b) and in the PGDP process, leading – during Phase 2 – to a decentralisation conference to discuss how decentralisation might be effected in the Eastern Cape. This process can be viewed as part of what Hart (2013) described as the delegation of poverty management to the local sphere of government while leaving intact those macro policies that facilitated the reproduction of inequality and poverty, leading to the rise of a movement beyond movements, or a disorganised rebellion of the poor.

Not mentioned by Stofile or anyone else in the Provincial Legislature during 2002, was the deployment of the Interim Management Team (IMT) to intervene in four provincial government departments that, together, were responsible for 93% of the total provincial budget. If indeed this had occurred at his request, as he claimed in 2003 (Eastern Cape Provincial Legislature, 2003a: 15-16), one would have expected an announcement to have been made proactively in 2002. Either the IMT deployment was forced on the provincial government or there was reluctance to proclaim it before critical opposition parties and the press – in either case, failure to declare or debate an intervention of such magnitude in the Provincial Legislature exposed real limitations to legislative oversight of the provincial executive.

As indicated previously, the IMT intervention ran in parallel with the PGDP process. Although interactions between the PGDP PMU and the IMT technical team were minimal, attempts were made by the PGDP PMU to incorporate IMT outcomes into proposals regarding public sector transformation and human resource development, but only from 2003, when this intervention had emerged in the public domain.

What then were the economic priorities articulated by the provincial executive in 2002? Although Stofile acknowledged that the growth of the automotive sector – which was the leading manufacturing sector in the province – produced limited employment opportunities due to its capital-intensive form, he presented this growth as a vote of confidence by investors; the “driving force behind this has been the Motor Industry Development Programme, the ease of access to export markets through our ports, the undervalued rand and confidence in the Eastern Cape leadership” (Eastern Cape Provincial Legislature, 2002a: 12).

Stofile also emphasised the renewed growth of the clothing and textiles industry, as well as growth in information and communications technology, horticulture and the game industry; in many ways shadowing private sector trends rather than proclaiming the outcomes or intentions of government industrial policy (with the exception of the Motor Industry Development Programme). He also described the potential of tourism – particularly heritage tourism – the realisation of which would require market knowledge, planning and development of tourism infrastructure that the provincial government (including the

Eastern Cape Tourism Board) could not provide on its own. Godongwana later, in his budget speech (Eastern Cape Provincial Legislature, 2002b: 3), pointed to “the growth of private game reserves and hunting and the mushrooming of backpacker lodges along the Wild Coast” as evidence of the growth of the tourism sector, not allocating significant state resources to what the Premier referred to as heritage tourism. Later in the year, in Godongwana’s policy speech during the budget vote for his second department – the Department of Economic Affairs, Environment and Tourism (the other department being the Provincial Treasury) – he pointed to the need to develop a tourism master plan to guide tourism investment (Eastern Cape Provincial Legislature, 2002c).

What drew praise from Godongwana in his budget speech in March 2002 were the ECDC’s trade and investment promotion activities and support to small, medium and micro enterprises, as well as the development of the two IDZs and developments in Port St Johns, which had earlier been linked into the Wild Coast Strategic Development Initiative (Eastern Cape Provincial Legislature, 2002b), an investment-led initiative that did not live up to its promise (Reynolds, 2003). Stofile had completely overstated the interest of investors in the IDZs in his opening of the Legislature (Eastern Cape Provincial Legislature, 2002a: 13):

... what scares us is not the scarcity of investors, but rather the avalanche which is occurring at the very time that all our efforts are coming to fruition. Remember Coega. We started this discussion in 1996 already, but it is now being overtaken by other investment projects – Coega, East London, Wild Coast, Port St Johns. They all seem to be reaching a stage of maturity at once, and this results in terrible pressure for poor MEC Godongwana over there.

Such claims of interest stood in contrast to the real difficulties experienced in attracting investors to the two IDZs, particularly given the setbacks in the arms deal offset agreements to which I referred earlier. Investor interest had to be talked up, particularly to justify the significant state expenditure on the IDZs.

The sizes of the provincial and national government investments in the Coega and East London IDZs, as provided in MEC Godongwana’s budget speech of 7 March 2002 (Eastern Cape Provincial Legislature, 2002b), is shown above. This investment was more than double what was allocated to the Integrated Sustainable Rural Development Programme (ISRDP) in

the province. National government expenditure was even more skewed; with the initial investment in the Coega IDZ alone almost twenty-nine times the size of the investment in the ISRDP over two financial years, though the ISRDP targeted those parts of the province in which almost two-thirds of the population lived. This emphasis on government investment in the two cities that had traditionally been at the heart of economic development in the province was later echoed in the NSDP, to which I referred in chapter three. Although both Godongwana and the MEC for Agriculture, Max Mamase, would later in the year point to increased crop production, including sugar beet, little was said about concrete plans and resources for agro-processing (Eastern Cape Provincial Legislature, 2002c).

For Godongwana, the IDZs represented a turnaround for the Eastern Cape, which developed at the periphery of the minerals-energy complex, as a symbol of economic change for “regions such as the Eastern Cape, which had no value in terms of minerals and mining, were rural backwaters, home to migrant labourers and lacking in basic infrastructure” (Eastern Cape Provincial Legislature, 2002b: 2). Interestingly, Godongwana accepted Fine & Rustomjee’s (1996) characterisation of the structure of the South African economy, as well as the need for state investment in the economy, but, for him, that investment was not to be targeted at the development of local productive capabilities as much as on the attraction of foreign investment linked to export market opportunities. This was likely to be more than just a personal preference, given the profile given to the Coega IDZ as the flagship of the offset agreements associated with the arms deal (cf. Haines & Hosking, 2005).

The large investments directed towards the IDZs and the provincial executive’s public commitments to these, worked against later attempts through the PGDP to facilitate the prioritisation of investment in agriculture and agro-processing, particularly in a context where – as Godongwana (Eastern Cape Provincial Legislature, 2002b) put it – only a relatively small portion of the provincial government budget was under the provincial government’s discretionary control. Reprioritisation would later, during Phase 2 of the PGDP process, be further constrained by the historical budgeting approach adopted by the Provincial Treasury, in terms of which standard escalations in departmental budgets would be all that the Provincial Treasury would be prepared to discuss; this is considered more fully in chapter eight. Ultimately then, the size of provincial budget – 99% of which came from the national sphere of government – and the force of national priorities, left relatively

little for provincial discretionary spending, and what was available was locked into priorities and systems that would make reprioritisation extremely difficult in practice.

No references to the PGDP process could be found in the records of discussions within the Eastern Cape Provincial Legislature in 2002, even though the PGDP process was launched in that year. The only reference to growth and development planning were in the form of comments on the review of the first PGDS, which had covered the period 1997-2001 (Eastern Cape Provincial Legislature, 2002c: 17; 2002d: 1; 2002e: 3; 2002f: 25; 2002g: 28). Those references were very brief and indicated varying ideas of what the review of the PGDS entailed and what might emerge from it. They gave no hint of the multi-faceted PGDP process that was to emerge towards the end of 2002 – supported by the UNDP and DFID – even though the Speaker, MPLs and staff of the Provincial Legislature had been interviewed during the UNDP’s preliminary assessment (Samuels, 2002). References to the review of the first PGDS rather than the PGDP were most likely a reflection of how the PGDP process had emerged from the review of the first PGDS, as discussed in chapter four.

Eastern Cape Provincial Government priorities in 2003

The PGDP gained political currency in 2003, featuring prominently in the Premier’s opening of the Provincial Legislature and in the budget speech delivered by the MEC for Finance, Economic Affairs, Environment and Tourism. It also featured in a number of instances where problems were framed or government policy was justified.

In his opening of the Provincial Legislature on 21 February 2003, Premier Stofile positioned the PGDP as a neat continuation of the programme of government, incorporating the three “planks” of the second draft of the PGDP Strategy Framework that had been presented by the PGDP PMU to EXCO on 12 February 2003: (i) “the systematic eradication of poverty and the creation of a fiscally sustainable social security system”, (ii) “agrarian transformation and food security” and (iii) “consolidation, development and diversification of the strength of our existing manufacturing capacity” (Eastern Cape Provincial Legislature, 2003a: 18). To these he added infrastructure development, predating its inclusion in later drafts of the PGDP Strategy Framework, and “doing battle on the scourge of HIV/AIDS, TB and other

menacing diseases”. Although not ever featuring as a strategic objective in any of the drafts of the PGDP Strategy Framework, HIV/AIDS and TB later came to feature in a *Comprehensive HIV/AIDS and TB Programme* that formed part of the package of PGDP programmes (Eastern Cape Provincial Government, 2004a). It was in the proactive manner that Stofile was pushing a provincial response to the HIV/AIDS pandemic that he most strongly opposed President Mbeki.

Stofile described the Coega and East London IDZs and the Wild Coast SDI (which was still waiting for the much-vaunted private investment, see Reynolds, 2003) as “our flagships of economic activity” (Eastern Cape Provincial Legislature, 2003a: 5), and Godongwana, in his budget speech, emphasised “continued export-led growth of the manufacturing sector”, particularly “the investment planning processes of our vehicle assemblers” and “growth associated with our two IDZs” (Eastern Cape Provincial Legislature, 2003b: 3). Again, the existing patterns of support for the IDZs and Stofile and Godongwana’s public expressions of support were linked in complex ways to larger processes such as the arms deal offset agreement. Support to the IDZs had become a path-dependent process. This did not mean that the outcomes of support or future investment were inevitable; rather, each set of commitments – financial and rhetorical – locked the state deeper into support to this initiative, with the stakes rising the more fragile the investment prospects became, given the large resources invested there by the state.

Both Stofile and Godongwana referred to the development of agriculture, with the Premier announcing what he called the “Massive Food Production Strategy”, the implementation of which had started in September 2002, and for which a budget of R350 million over five years had been developed (Eastern Cape Provincial Legislature, 2002a: 4). Godongwana later linked what he called the massive food production programme to the Provincial Government’s Rapid Impact Programme, which was “to improve rural incomes through interventions in agriculture, forestry, tourism and infrastructure”, and which was, for him, to be the rural equivalent to what the IDZs and the Urban Renewal Programme would do for urban areas. The *Massive Food Production Strategy* would, in 2004, be repackaged as the *Massive Food Programme* for inclusion in the final package of PGDP Programmes, to which R50 million was allocated in 2003/04, and another R120 million in 2004/05, divided equally between crop production and a mechanisation scheme (Eastern Cape Provincial

Government, 2004a). This is one amongst a number of examples of the hitching of an existing government initiative to the emerging PGDP priorities. The other components of the Rapid Income Programme mentioned by Godongwana were later, in 2004, shaped into other PGDP programmes, such as the *Integrated Agricultural Infrastructure Programme*, the *Timber Industries Development Programme*, the *Tourism Programme*, and the *Strategic Infrastructure Programme* (Eastern Cape Provincial Government, 2004a). The last of these included a transport infrastructure implementation plan, strategic rail and road infrastructure, the IDZs and feasibility studies for an Umzimvubu Hydroelectric Project and the Gariep Water Transfer Project.

In May 2003, during the debate of the report of the Standing Committee on Agriculture and Land Affairs, the MEC for Agriculture and Land Affairs cautioned that what he described as the Massive Food Production Programme did not constitute the sum total of his department's strategy to deal with poverty – a key document for him was the Integrated Food Security Strategy (Eastern Cape Provincial Legislature, 2003c: 45). The PGDP process would later include a programme focused on the encouragement of homestead food production, called the *Siyazondla Homestead Food Production Programme* (Eastern Cape Provincial Government, 2004a).

During his opening address to the Provincial Legislature, Premier Stofile also enjoined business to embrace opportunities created by the AU and NEPAD, and referred to steady increases in the social wage – which encompassed everything from basic services, health, education, housing and land reform – but emphasised the importance of reducing the number of people dependent on grants (Eastern Cape Provincial Legislature, 2003a: 18). There would be increasing hostility towards references to a social security system during the course of 2003, in spite of the reference to fiscal sustainability in the wording of the first draft of the PGDP Strategy Framework, leading, ultimately, to such references being excised from the PGDP Strategy Framework. This reflected policy agreements reached at the ANC's 51st National Conference, as discussed in chapter three. Support was emerging for an *Expanded Public Works Programme* – the planning of which was being coordinated by the national Department of Public Works – which would be launched nationally in 2004, and would be included as one of the programmes in the final package of PGDP programmes (Eastern Cape Provincial Government, 2004a).

The PGDP was also invoked in relation to the more effective coordination of the provincial government, first by Premier Stofile in March 2003 (Eastern Cape Provincial Legislature, 2003d), and then in April, when an ANC MPL, Mr P Nkayi, expressed the hope that what he called the Provincial Growth and Development Strategy would improve the planning, monitoring and coordination of the work of the provincial government, and that strengthened government clusters would help with the development and implementation of integrated programmes (Eastern Cape Provincial Legislature, 2003e: 25). Later in the year, in November, Ms N Kiviet, an ANC MPL and future Speaker and Premier, expressed concern about poor staffing in the Office of the Premier to support policy research, planning and strategy development, and serious problems regarding the functioning of government clusters – this during presentation of the report of the Standing Committee on the RDP and Corporate Services (Eastern Cape Provincial Legislature, 2003f: 3). She also pleaded for strengthening of knowledge of the PGDP amongst members of the Provincial Legislature; referring to a workshop on the PGDP being organised by the Office of the Premier for department officials, Kiviet asked that members of the Provincial Legislature also be invited to attend “because it becomes pointless for us, as members of the Legislature, to be expected to oversee implementation of something we are not aware of” (Eastern Cape Provincial Legislature, 2003f: 3).

Another member of that same standing committee and ANC an MPL, Mr GT Snell, used this occasion to emphasise the value of the PGDP Strategy Framework in focusing and integrating the work of government “and its development partners such as the private sector, donors and NGOs” (Eastern Cape Provincial Legislature, 2003f: 20). This reflected the spirit in which the PGDP Strategy Framework had been launched in June 2003, as described in chapter seven.

Strengthening of coordination capacity within the provincial government was one of the stated intentions of the PGDP, and the final PGDP document contained arrangements for the creation of a new planning and monitoring capability within the Office of the Premier (Eastern Cape Provincial Government, 2004a). However, coordination remained problematic, limiting the effectiveness of implementation of the PGDP, as concluded during the review of the PGDP in 2007/08 (Office of the Premier of the Eastern Cape, 2009). As argued in chapter two, state coordination is always a contingent achievement, not unique to

the Eastern Cape. Although the PGDP Strategy Framework was a useful discursive framework for coordination, on-going interventions were required from dominant nodes of power within the Eastern Cape Provincial Government to improve and maintain coordination.

The Department of Safety and Liaison emerged as a strong supporter of the PGDP during 2003, with its MEC referring very positively to the PGDP in the Provincial Legislature in 2003 (Eastern Cape Provincial Legislature, 2003g: 23) and its representative in the PGDP Social Needs Working Group contributing enthusiastically to debates there, including description of a new approach to the empowerment of victims of crime that had attracted funding from the European Union. These inputs were later rewarded with the inclusion of a *Victim Empowerment Programme* in the final package of PGDP programmes (Eastern Cape Provincial Government, 2004a).

The same MEC was also responsible for the Department of Transport, and announced during the Budget Vote for that department in the Provincial Legislature that the completion of a Rural Transport Plan, a joint initiative of the department, ECSECC, the national Council for Scientific and Industrial Research (CSIR) and the Development Bank of Southern Africa (DBSA) was being delayed “so as to ensure proper integration with the Provincial Growth and Development Plan” (Eastern Cape Provincial Legislature, 2003h: 11). That transport plan would eventually be slotted into a PGDP Programme called the *Strategic Infrastructure Programme* (mentioned earlier) as the first Key Performance Area, and entitled the *Integrated five-year transport infrastructure implementation plan* (Eastern Cape Provincial Government, 2004a).

The IMT (Interim Management Team) intervention in the provincial departments of Education, Health, Social Development, and Public Works was mentioned for the first time in the Provincial Legislature in 2003, even though it started in the previous year. This mention came during the Premier’s opening address to the Provincial Legislature, when he characterised the intervention as something he had formally requested (Eastern Cape Provincial Legislature, 2003a: 15-16). This announcement set off a flurry of commentary from MPLs over a number of sessions of the Provincial Legislature (Eastern Cape Provincial Legislature, 2003i: 5, 2003j: 35-40, 2003d: 11, 2003k: 11, 2003l: 9, 2003m: 18, 2003e: 15,

2003n: 7 & 31, 2003c: 23, 2003o: 9, 2003p: 13 & 24, 2003q: 28-29 & 35, 2003f: 17, 2003r: 18, 2003s: 15-16) that completely overshadowed any discussion of the PGDP process.

Comments ranged from the IMT being evidence of the extent of chaos and corruption in the provincial administration, to the IMT supporting the provincial administration in making tangible improvements in administration in the affected parties. The turnaround plans developed through the IMT intervention – which ran in parallel with the PGDP process – were eventually incorporated into the final package of PGDP programmes as the *Improved Service Delivery in Health, Education, Social Development and Public Works Programme* (Eastern Cape Provincial Government, 2004a).

What is remarkable is how many of the programmes included in the package of PGDP programmes released in 2004 were already in circulation in 2003; either as political priorities or as programmes already at some stage of design independently of the PGDP process, as evidenced by this analysis of statements made in the Provincial Legislature. I was unaware of these priorities at the time, as I was focused on issues raised in the PGDP Working Groups and on the development of the PGDP Strategy Framework (Phase 1 of the PGDP process), and as I played a diminishing role in the PGDP programme development phase (Phase 2 of the PGDP process). When I was pulled back into the process to rapidly write up the PGDP programmes, I was presented with a list that clearly had more to do with existing government (provincial and national) initiatives that had to be framed in terms of the PGDP than to do with original programme design work that needed to be put into a common format (the programme design phase of the PGDP process receives focused attention in chapter nine).

Finally, it was in 2003 and 2004 that the two most senior ANC members in the province and the most senior members of EXCO, Stofile and Godongwana, revealed in categorical terms that they saw government intervention in the economy as confined to creating an enabling environment for investment; partly explaining their emphases on interventions such as the IDZs. During the debate on Premier Stofile's opening address in 2003, Godongwana said that "it is also important to reiterate that the function of Government is mainly to create an enabling environment which allows private sector investment to occur", and positioned the ECDC as occupying "a critical institutional space at the nexus of public/private interactions" (Eastern Cape Provincial Legislature, 2003j: 31). In 2004, during his opening address to the

Provincial Legislature, Stofile said that “[o]ne of the most important functions of government is to create an environment in which the private sector feels comfortable to do business”, and he referred to the views and actions of the big car manufacturing companies as proof of the provincial government’s success in this regard, as well as the importance of projects such as Kei Rail (linking the East London IDZ to Mthatha), Coega, the East London IDZ, and the Urban Renewal Programme (Eastern Cape Provincial Legislature, 2004a: 7-8). These statements were perhaps the clearest confirmation that the initial attempts during the PGDP process to shift the focus of government work had failed, and illustrated the complex dynamics within the provincial ruling bloc and the Tripartite Alliance, where the Eastern Cape political leadership was associated with a policy and leadership challenge in the national ANC, on the one hand, while, on the other hand, there were points of common interest in aspects of economic policy. The predominance of neoliberal ideology in national policy, the advice given by neoclassical economists, and the press also shaped the possibilities of conceiving of alternatives to expensive courting of investors.

Launch of the PGDP Strategy Framework

Premier Stofile launched the PGDP Strategy Framework on 26 June 2003 in Bhisho, the provincial capital. Communications consultants had prepared a glossy, 10-page version of the document, which was distributed at the event. It included a range of supporting statements by organisations that had participated in the process (Government of the Eastern Cape Province, 2003a: 11); representatives of each of these organisations also gave verbal support to the PGDP Strategy Framework at the launch events, as shown below.

In his written statement, Mr Andile Sidinile, Director of the South African Local Government Association in the Eastern Cape, praised the PGDP process, which he said had been “very much appreciated by all in the Local Government sphere, as the process was consultative and an opportunity to input into the planning process was given to a wider audience in various structures of the Unit [the PGDP PMU]” (Government of the Eastern Cape Province, 2003a: 11). The PGDP PMU was given particular praise. Municipalities had indeed been active in all aspects of the PGDP process, as reflected in the minutes of meetings of the Working Group and the PGDP Reference Group, and records of attendance of a range of

other engagements (PGDP Project Management Unit, 2003a). The PGDP process would later support efforts to define the powers and functions that should be delegated or assigned to municipalities, particularly in the form of a Decentralisation Workshop that took place in March 2004 (see chapter 9).

Mr Xola Pakati, Regional Secretary of COSATU, supported “the efforts of the provincial government to develop a medium to long term growth and development plan” in his written statement, and characterised COSATU’s participation in the process as “informed by a desire to address major structural deficiencies in our economy, and facilitate social progress for the creation of a better life for all our people in the province” (Government of the Eastern Cape Province, 2003a: 11). COSATU had been actively pushing a more radical approach during the PGDP process, arguing strongly against macroeconomic policy, and showing particular interest in the question of how to increase public sector spending in support of the economy.

COSATU later held the provincial government to account, when – in 2007 and 2011 – it filed notices with NEDLAC in terms of Section 77 of the Labour Relations Act in protest against poor service delivery by the Eastern Cape Provincial Government; such a notice indicates an intention by workers to protest in protection of their socio-economic rights, and NEDLAC is required to attempt a resolution of differences. COSATU would lose an ally in Stofile in 2004, but would continue to work closely with ECSECC to influence provincial policy, even as its own capacity declined. Represented on the ECSECC Board and provided with support – including training – by ECSECC, COSATU was generally represented in policy processes managed by ECSECC on behalf of the Eastern Cape Provincial Government.

In his statement, Mr Zolile Tini, President of the Border-Kei Chamber of Business, expressed cautious optimism, stressing the financial limitations faced by a province trying to deal “with numerous wants and needs aggravated by a growing intensity of poverty and a jobless growth rate”, and describing the linking of the provincial budget to the plan and a performance management system as “a tall order” (Government of the Eastern Cape Province, 2003a: 11). What is interesting is that the statement contained neither a commitment by the private sector to invest in the economy, nor for the chamber to facilitate or promote such investment. Key interests expressed by organised business during

the PGDP process had been improving government expenditure (particularly on economic infrastructure that would attract investment), and identification of business opportunities in government programmes; in spite of Tini's personal enthusiasm throughout the PGDP process and beyond, the approach by the business community, in general, was to gain the required outputs from government rather than mobilising private sector commitments.

The most muted written statement came from Mr Marshall MM Swana, President of NAFCOG in the OR Tambo District of the province, who simply congratulated the provincial government on the launch of the PGDP Strategy Framework, and wished "the Premier and the teams success in its implementation" (Government of the Eastern Cape Province, 2003a: 11). NAFCOG had made limited inputs during the PGDP process – although it attended meetings – and, like its sibling chambers of business, it was more interested in how government would improve service delivery and create economic opportunities than in facilitating the mobilisation of private sector investment around common objectives.

In her written statement, Ms Bernie Dolley, Chairperson of the Eastern Cape NGO Coalition, welcomed "in particular the recognition that efforts to realise the socio-economic rights enshrined in our Constitution must be through the co-ordinated efforts of key sectors in society", and stated the Coalition's commitment "to encouraging the participation of community and non-governmental organisations in the implementation, monitoring and review of the plan as it rolls out, to help ensure that the laudable goal of impacting on poverty is realised" (Government of the Eastern Cape Province, 2003a: 11). The NGO Coalition had been an active participant in the process, and had been influential in the phrasing of the PGDP strategic objective focused on poverty eradication (refer to chapter seven), and was actively taking ownership of the product.

The Director of the Coalition, Ms Sarah Hugow – who had been an active participant in the PGDP process – spoke on the Coalition's behalf at the launch event, proudly proclaiming this influence. Instead of valuing this indication of ownership, in his speech, which came after the statements of support, Premier Stofile attacked what he termed people who knew nothing of poverty telling the leadership of government, who knew poverty, about it. He then proceeded to say explicitly that the key partnership for growth and development was between business, labour and government, and disputing the role of NGO's in articulating

the needs and aspirations of the poor. This statement came in the context of concerns about the representivity of NGOs (see chapter four). His statements caused deep anger amongst the members of the Eastern Cape NGO Coalition who were present at the launch, and threatened their continued commitment. This anger arose particularly from the very active contributions that the Coalition had made to the PGDP process, and their having taken – in good faith – the invitation to the “social partners” to share responsibility for growth and development.

In an attempt to remedy the situation and maintain the Coalition’s commitment to the PGDP process (which was just entering Phase 2 of the PGDP process), the Director-General facilitated a follow-up meeting between the Premier and the Coalition during which the Premier apologised and expressed his appreciation for the Coalition’s work. Hugow was later also included in the Budget/PGDP Alignment Team that supported the development of PGDP programmes (see chapter eight). Very limited opportunity was provided for participation by the NGO community (and the other “social partners”) in PGDP implementation – the assessment of the PGDP in 2007/08 found that the support that had been built up during the PGDP process had eroded by 2007, partly because the PGDP Working Groups had been absorbed into the provincial government clusters, and the PGDP Reference Group had fallen into disuse (Office of the Premier of the Eastern Cape, 2009). The implications of this are considered further in chapter eight.

As shown in Chapter 3, the launch of the PGDP Strategy Framework took place soon after Stofile’s re-election as Provincial ANC chairperson, in spite of opposition by the national ANC leadership that included nullification of his election at an elective conference in late 2002. Although the PGDP Strategy Framework no longer presented a challenge to national policy, unless the implication of its targets were followed through, the provincial ANC leadership was on the back foot following the defeat of the left in the Alliance at the ANC’s 51st national conference. Civil society critique of the resources allocated to the IDZs and promotion of alternative development strategies (cf. Haines & Hosking, 2005; Bond, 2011) would not have sat well in such a context.

The PGDP Strategy Framework was clearly claimed as provincial government strategy, judging not only by the statements by the representatives of chambers of business, but by

Stofile's reaction to the Eastern Cape NGO Coalition's claim of ownership. Failure to maintain the functioning the PGDP Working Groups and the Reference Group during the PGDP implementation (and their significant downscaling during the programme development phase) contributed to erosion of "social partner" participation in implementation and its holding the provincial government to account (cf. Office of the Premier of the Eastern Cape, 2009).

Eastern Cape Provincial Government priorities in 2004

The year 2004 was a year of a general election, which would elect new members of the National Assembly and the nine provincial legislatures. Following the setting of the election date by the President as 14 April 2004, the Eastern Cape Provincial Legislature accepted a motion for the dissolution of the current Legislature in preparation for the elections without allowing Bills and other legislative business to lapse before the inauguration of the new Legislature (Eastern Cape Provincial Legislature, 2004b). This was to allow for continuity of the Legislature's work even with a change in membership.

The ANC in the Eastern Cape went into the 2004 elections with Stofile as its chair and Godongwana as its deputy chair. Stofile made what would be his last address as Premier on 13 February 2004 (Eastern Cape Provincial Legislature, 2004a). He was succeeded on 26 April 2004 by Nosimo Balindlela, who had been appointed as Premier by President Mbeki, as discussed in chapter three.

In his final address to the Provincial Legislature, Stofile expressed irritation at analyses showing the depth of unemployment in the province (such as had been done in the Baseline and Constraints Report and the PGDP Strategy Framework), saying that "statistics are often the lowest form of lie" (Eastern Cape Provincial Legislature, 2004a: 7); this could have been in preparation for the elections, when the unemployment rate could well feature in criticism of the ANC. In addition to his usual support for the IDZs and his statement on the limited role of government in the economy (see above), Stofile listed the following "flagship projects/programmes" that would be included in the package of PGDP programmes then under development (Eastern Cape Provincial Legislature, 2004a: 10): Agricultural

Infrastructure Package; Vukuzakhe Labour-Based Infrastructure; Lead Housing, Water and Sanitation Projects; Premier's Bursaries & Learnership; Comprehensive HIV and AIDS Treatment Plan; and Auto-Sector Research and Development Programme. In chapter eight, I show how the priorities emerged during the process of developing PGDP programmes under pressure from the political leadership and were contained in a document dated 6 October 2003 (Government of the Eastern Cape Province, 2003b).

All of these "flagship project/programmes" would end up in the final package of PGDP programmes launched on 9 September that year by Stofile's successor; the Agricultural Infrastructure Package would appear as the *Integrated Agricultural Infrastructure Programme*, the Vukuzakhe initiative would be included in the *Expanded Public Works Programme*, the lead projects in housing and in water and sanitation would be packaged as the *Water and Sanitation Programme* and the *Housing Programme*, the Premier's Bursaries and Learnership would become the *Provincial Learnership Programme*, the Comprehensive HIV and AIDS Treatment Plan would become the *Comprehensive HIV/AIDS and TB Programme*, and the Auto-Sector Research and Development Programme would become the *Automotive Industry Development Programme* (Eastern Cape Provincial Government, 2004a).

Godongwana, in his budget speech of 26 February that year, emphasised alignment of departmental budgets with the PGDP, and announced that "[b]y the close of books next year we will have invested more than R1.2 billion in the Coega IDZ and will have netted a R16 billion anchor industry", and that the provincial government would "also be investing just under R400 million in the ELIDZ [East London IDZ] over the next three years" (Eastern Cape Provincial Legislature, 2004c: 14-15). Clearly, the provincial executive had been putting its money where its mouth had been, and export-oriented manufacturing was still its focus. Bond (2011: 166) would later estimate that total public investment in the Coega IDZ would come to at least R12 billion, including a R2 billion tax break for Alcan – the company that was then still planning the development of an aluminium smelter in the Coega IDZ – and large quantities of land, water and electricity, and would displace jobs – Alcan would later cancel its plans to invest, in spite of government concessions, and the Coega IDZ struggled until recently to attract industrial tenants. Godongwana's only reference to the strengthening of local demand was to the linking of Eastern Cape SMMEs to state

procurement with the support of the ECDC; this would continue to be the holy grail of provincial policy even by 2011, when a Provincial Local Economic Development (LED) Support Programme – funded by the European Union and included under the *Enterprise Development Finance Programme* in the final suite of PGDP programmes – would be drawing to a close. Godongwana made no mention of investment and storage and processing facilities in rural areas, which had been called for in the PGDP Strategy Framework; his the emphasis was on agricultural production, not processing, with even the Agricultural Infrastructure Programme focusing on “dipping tanks, fencing and small-scale irrigation infrastructure” (Eastern Cape Provincial Legislature, 2004c: 16).

This meant that by February 2004, when the development of PGDP programmes was stalling (see chapter eight), the provincial political leadership had already named at least fifteen of the final twenty-seven PGDP programmes, with other priorities – such as the Provincial LED Support Programme – eventually included in some form or another. Rather than marking the PGDP programmes as simply the outcome of the priorities of the political executive, however, this illustrated the path-dependent nature of policy processes and the strategically mediated actions of political, administrative and technical support actors in fashioning the PGDP programmes. It was not just that the procedures and policies framing the work of the provincial administrative state apparatus or the framing of the powers and function of the provincial sphere of government, or even the power plays within the Tripartite Alliance and the wider South African society, framed the design of the PGDP programmes. Even more mundane factors, such as poor management of technical inputs and the imposition of launch deadlines, shaped the content of the PGDP programmes by limiting time and opportunities for more considered programme design, as is shown in chapter eight.

ECSECC’s taking over the programme development process in February 2004, as discussed in chapter eight, not only brought to the fore its facilitator role in the PGDP process and in the maintenance of hegemony in the province, but also demonstrated its value to the new Premier – Nosimo Balindlela – appointed by President Mbeki. It gave her, with my help, a package of programme interventions to launch into the public domain just over four months into her term as Premier. Although politically aligned to the provincial ruling bloc associated with Stofile, ECSECC quickly made itself indispensable to Balindlela, the new political head of the department that funded it.

In her first address to the Provincial Legislature as Premier when she opened the Provincial Legislature on 28 May 2004 – before her launch of the full PGDP document – Balindlela embraced the PGDP, and described the following principles that informed the development of government plans (Eastern Cape Provincial Legislature, 2004d: 3): “State-facilitated growth, with stakeholders and all our people partnering to address poverty and unemployment; efficiency and efficacy of the State to support growth and development; strengthening of local government as a primary site of delivery; collective financing of the PGDP roll-out, inclusive of the fiscus, private sector and donor communities; and an industrial strategy”. Development of a provincial industrial strategy would become a Key Performance Area of the *Industrial Support Programme* in the final suite of PGDP programmes (Eastern Cape Provincial Government, 2004a).

Launch of the full PGDP document

Balindlela launched the full PGDP document on 9 September 2004. Her speech (Balindlela, 2004) located itself within President Mbeki’s discourse, firstly by turning his notion of “a people’s contract for a better tomorrow” – used in his opening address to Parliament in 2003 (Parliament of the Republic of South Africa, 2003: 60-61) – and of “a people's contract to build a better South Africa and a better world” – used in his first address to Parliament after the 2004 national elections (Parliament of the Republic of South Africa, 2004a: 42) – into her own “People’s Contract to create work and fight poverty”. She also situated her analysis of the Eastern Cape economy within Mbeki’s notion of a first and second economy, as he had articulated in his opening address to Parliament in February 2004 (Parliament of the Republic of South Africa, 2004a) and in May 2004 (Parliament of the Republic of South Africa, 2004b), after the 2004 national elections. As argued by Hart (2013), the discourse of the second economy rather than constituting a commitment to transformation of South African social relations, signalled and emphasis on management of the poverty resulting from South Africa’s existing accumulation path.

Her discursive credentials thus, Balindlela then proceeded to outline the broad contents of the PGDP, noting that the “Flagship Programmes ... in many instances are already being implemented”. Rather than indicating the degree of commitment and efficiency of the

provincial government following adoption of the PGDP by EXCO, this confirmed the inclusion of many existing government programmes (provincial and national) into the PGDP, in some cases with slight rephrasing or emphasis. Under the agrarian transformation focus area she made mention of the “promotion of industrial crops, such as cotton, hemp and sugarbeet, for the stimulation of agro-industry”, and under the manufacturing diversification and tourism focus area, she highlighted the “development of agro-industries based upon expanded agricultural production in the former homelands”. Even though an *Agro-Processing Support Programme* had been included in the package of PGDP programmes, and included key performance areas focusing on existing commercial crops, expanded vegetable/greenhouse crops, new plants, animal products and crafts, the bulk of the programme had no budget allocated to it; the only components of that programme that had received budget allocations were R20 million for the Magwa Tea Estate (which was one of the projects identified in the infamous arms deal offsets and required its debts to be settled before the German Submarine Consortium would consider investing there – see Haines & Hosking, 2005), R5 million for a sugar beet project and R55 million for a hemp processing plant. Both sugar beet and hemp were recycled provincial government priorities.

Balindlela also mentioned that agrarian transformation would require a “focus on land redistribution and land tenure reform to release land for poor households and for new commercial farming enterprises”. This was in line with what had been argued in the PGDP Strategy Framework, but lay within the competence of the national Department of Land Affairs and the National Land Claims Commission, both of which failed to make headway nationally; by 2011, 90% of the small number of farms that had been allocated nationally through the land redistribution and restitution programmes had failed, and only 6% of white-owned land had been redistributed (Hendricks, 2013). In the Eastern Cape, the former Bantustans were spatially still intact, with the commercial farming industry still dominated by the large white fraction of agricultural capital.

Like her predecessor as Premier, and like MEC Godongwana, whom she excluded from her EXCO, Balindlela emphasised the IDZs and transport infrastructure linking these to Mthatha and each other, as well as “the feasibility of other mega infrastructure projects such as the Trans-Karoo Water Transfer Project and the Umzimvubu hydro-energy project”. Rather than representing a discontinuity with the economic policies of her predecessor and his allies, she

reaffirmed the same priorities as they had. As argued previously, many of these priorities had a history and prominence that stretched beyond the boundaries of the province, and Balindlela claimed the PGDP as her own, rather than a legacy of the previous EXCO.

Concluding remarks

The conjuncture within which the PGDP was developed was described in chapter three, and was given a more immediate provincial focus in the current chapter. Not only were Premier Stofile and members of his EXCO bound up in national ANC and Alliance politics; they were enmeshed in policy and project commitments that stretched beyond the provincial boundaries. The IDZs, which absorbed significant resources, dominated not only official discourse on economic development, but ended up consuming significant resources in relation to key PGDP programmes. Not only was there an opportunity cost associated with investment in the IDZs (cf. Haines & Hosking, 2005; Bond, 2011), they also represented the kind of capital-intensive, export-focused development that the early PGDP documentation had argued against, as is shown in the next two chapters. Rather than representing the triumph of political leaders over an attempted challenge, however, these leaders themselves operated on a strategically selective terrain, supporting initiatives that had had local beginnings, but had got caught up in offset arrangements justifying an arms deal that was consuming significant national public resources and was facing increasing public scrutiny, while fitting with the export-focused manufacturing paradigm promoted in terms of GEAR.

Although there were many similarities between the economic development priorities proclaimed by senior EXCO members in the Eastern Cape and President Mbeki, grounded in an increasingly dominant neoliberal ideology, there was evidence of divergence on the terrain of social policy, particularly with regard to the response to the HIV/AIDS pandemic. Challenges such as these, together with involvement in a more expansive challenge to the ANC national ruling bloc from within the Tripartite Alliance, placed the provincial ruling bloc on a collision course with the national leadership. The launch of the PGDP Strategy Framework occurred in the same month that Stofile managed to regain the position of provincial Chairperson of the ANC, after cancellation by the national ANC leadership of his

previous re-election. This did not save him from “redeployment” or the provincial ruling bloc from disruption, and, after the 2004 elections, Mbeki’s new appointment as Premier, Nosimo Balindlela, claimed the PGDP as her own. Foregrounding of ECSECC’s role in the PGDP process to save the programme development phase also reminded Balindlela and her EXCO of ECSECC’s value and helped secure policy continuity between the two EXCOs, as well as the status of the PGDP as a discursive framework for provincial hegemony, both within the reorganised provincial ruling bloc and over the fractured provincial administration. As shown by the 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009), however, this did not guarantee effective coordination of the provincial administrative state apparatus or effective implementation of the PGDP.

CHAPTER 6: Preparing for the writing of the PGDP Strategy Framework

As argued in Chapter 2, policy development needs to be examined in spatio-temporal context, and is more than an expression of the will of a power bloc or ruling bloc, or the outcome of the actions of rational actors. Chapters three and five have served to sketch part of the strategically selective terrain on which the PGDP was developed, and chapter four contained an overview of the entire PGDP process. The details of that process, which occurred in terms of two broad phases – the first focused on the development of the PGDP Strategy Framework, and the second on the development of PGDP programmes – are examined in chapters six to eight. In this and the next chapter, I focus on the first phase of the PGDP process; the development of the PGDP Strategy Framework.

State policy has both a discursive and a material reality. Rather than a discursive phase simply giving birth to a resourcing phase which, in turn, gives birth to an implementation phase, however, existing resource allocations and path-dependent institutional processes also shape discursive content. This has already been shown to be the case with regard to the inclusion of the IDZs within the PGDP. Discursive content is also shaped by ideology, which defines what is right, what exists and what possible (Therborn, 1980).

In my account of the development of the content of the PGDP Strategy Framework, I explore the multiple ways in which the content of the PGDP Strategy Framework was shaped. I treat the writing of the PGDP Strategy Framework as a discursive moment in a larger policy process in which it was located. I also show how the writing process, although given materiality by the formulation of documents by individual agents, was strategically selective, not just in terms of the location of individual consciousness within the discursive terrain of ideology, but also through institutionally mediated calculations of strategic possibilities. Rather than the writers of policy documents starting with blank paper, they come to the writing process already embedded in discourse and attempt – in their own discursive contributions – to make sense of the strategically selective terrain of the state. I take texts seriously, but not as objects within a purely textual universe. As my account of ideology in chapter two – including the ascendancy of neoliberalism – shows, texts are materially grounded. Policy texts, conceived and shaped on the strategically selective terrain

of the state – itself a social relation – reflect and shape the broad social relations within the social formation to which they refer.

In the current chapter, I consider the texts and their treatment in the run-up to the writing of the PGDP Strategy Framework. These were texts specifically located within the PGDP process and encountered through the state-sanctioned participatory arrangements created for this process. This means that my account has to consider not only the texts, but also the meetings in which participants in the PGDP process engaged with those texts and/or identified key issues for inclusion in them. It is through engagement with those details that the immense complexity of an integrated provincial planning process – particularly in the spatio-temporal context within which the PGDP process took place – is demonstrated, that the complex interface between agency and the structural selectivities of the states can be explored, that linkages with wider processes can be made, and claims of consensus can be understood and critiqued. Disaggregation of issues supported by selective references to texts and meetings would lose the reality of interlocked processes. The narrative in this chapter had to be constructed from many documentary sources, and analysis required the contextual and theoretical accounts in the preceding chapters. Some of the texts and events do not necessarily have immediate consequences in the process, but stating them here allows later analyses to make reference to them in their concrete-specific contexts.

As indicated in chapter four, October 2002 was the month in which initial mobilisation of the PGDP PMU was undertaken; this included the secondment of Litha Mcwabeni from ECSECC to serve as Project Director, Dr Chris Edwards' appointment as Principal Economic Advisor and Principal Writer of the Strategy Framework, and my own appointment to provide content support. The content support role initially entailed working closely with Edwards in gathering material for his *Baseline and Constraints Paper*, and co-authoring the first draft of the Strategy Framework document with him. Late 2002 also saw the initiation of the participatory process through which stakeholder input into the PGDP would be facilitated. The formal records of meetings of the PGDP Working Groups and the PGDP Reference Group contained the issues raised and decisions made, rather than blow-by-blow accounts of who said what. This had been done not just for the sake of management of information, but also to create a space where people could make controversial statements without having those ascribed directly to them in formal records of meetings, and where

people could also shift position without being obliged to explain that shift from what had been ascribed to them in records of previous meetings. This approach did help in creating a safe space for dialogue, but did make ascription of agency more difficult to make in my analysis of the process. This difficulty was overcome by reference to minutes of PMU meetings with the Director-General and my own records.

The first event in the participatory process was an Inception Workshop, which was held from 31 October 2002 to 1 November 2002. The first meetings of the four emergent PGDP Working Groups – as defined in the UNDP Support Initiative document – were held on the second day of this workshop, followed by the first formal meetings of three of those working groups later in 2002. The four PGDP Working Groups were (i) the Economic Growth and Development Working Group, (ii) the Fiscal Working Group, (iii) the Social Needs Working Group, and (iv) the Governance Working Group. A District Municipal Workshop was held on 21-22 November 2002, followed by completion of the *Baseline and Constraints Paper* in December 2002 for release in January 2003. Each of these initial meetings and workshops and the content of the Baseline and Constraints Paper are discussed below, paying particular attention to how they would later contribute to the content of the PGDP Strategy Framework.

Inception workshop

The PGDP Inception Workshop, organised by the emergent PGDP PMU, was aimed at launching the PGDP process, framing its key outcomes, and identifying the initial content of the work of the four PGDP Working Groups. Approximately sixty people attended this workshop, including representatives of provincial government departments, national government departments (e.g. Land Affairs and Water Affairs and Forestry), district municipalities, COSATU, chambers of business, the Eastern Cape NGO Coalition, individual NGOs, public entities, universities and donors (PGDP Project Management Unit, 2002a). Participants were generally enthusiastic about the possibilities of this new process, and expressed their hopes that it would lead to a better life for the people of the province.

The Inception Workshop was opened by the MEC Godongwana, and included presentations on a socio-economic profile of the Province by Dr Asghar Adelzadeh (representing the UNDP), a draft PGDP Concept Document by Dr Hans Ramharak (ECSECC), sub-national planning in Uganda by Ms Barbara Barungi (UNDP), and remarks on planning challenges by Mr Paul Barbour (DFID).

The meetings of the PGDP Working Groups were informed by a document describing their role (PGDP Project Management Unit, 2002b). In the description of the roles of the four PGDP Working Groups and their place in the PGDP process, a number of sub-themes were identified that had already emerged from previous discussions and reports in the province. In addition to these sub-themes, which spoke directly to the main theme of each working group (i.e. economic growth and development, fiscal issues, social needs and governance), a number of cross-cutting themes were also identified that would have to be considered by all of the working groups – these included alignment of the existing Provincial Poverty Eradication Programme with national initiatives, mainstreaming of gender into the PGDP, integration of work on the Youth Development Strategy into the PGDP process, consideration of the existing Integrated HIV/AIDS Implementation Plan, environmental sustainability of development initiatives, and the implications of the socio-economic rights enshrined in the Constitution. The idea was to highlight the scope of the issues that would need to be considered rather than prescribing the specific outcomes of the work of each working group, although, ultimately, working groups would need to contribute concretely to the development of an overarching provincial plan. Implicitly, however, this was already an acknowledgement that the development of an overarching provincial plan was not an unmediated process inscribed on a blank slate.

Workshop participants were asked also to consider the implications of the socio-economic profile that would be presented by the UNDP on the first day, as well as the programme for and composition of each Working Group. It was recommended that each Working Group meet at least four times between October 2002 and February 2003, with the first meeting identifying critical issues, the second identifying specialist studies, the third considering reports on those studies, and the fourth focusing on the first draft of the Strategy Framework. Thus, from the start of the PGDP process, Working Group participants were encouraged to consider textual inputs into their deliberations.

In his opening address at the Inception Workshop (written with support from ECSECC staff), MEC Godongwana emphasised the depth and geographic distribution of poverty, the rural nature of the Province, the need to consider a range of existing integrated and spatial planning initiatives, the need to use public investment to crowd in private investment, and the need to consider planning and protected area boundaries that do not neatly coincide with district municipal boundaries (PGDP Project Management Unit, 2002a: 4-6). He pointed to a number of considerations for effective implementation, including avoidance of fractured planning by provincial government departments, the creation of a provincial planning centre, making the PGDP practical enough to be implementable, building of capacity for implementation, and a critical look at budgeting arrangements in support of integrated planning and PGDP implementation. Ultimately, the PGDP should provide a macro perspective that would guide sectoral planning interventions, support and guide IDPs, provide a context for spatial planning, and shift the economic growth focus to impoverished areas. Unfortunately, the economic priorities articulated in relation to the provincial budget contradicted the last point, as was shown in chapter five.

Included in the list of important strategic approaches that Godongwana urged participants to consider were the ISRDS, the Urban Renewal Programme, the SDIs and IDZs, the Promotion of Rural Livelihoods Programme (an initiative funded by the Deutsche Gesellschaft für Technische Zusammenarbeit, or GTZ, and linked to the Office of the Premier), transport investments (including a Wild Coast Toll Road and an East London-Mthatha Railway), a number of provincial protected areas, the Eastern Cape Tourism Master Plan, and a number of existing provincial initiatives around industrial development support, rapid delivery of services in rural areas, social development, and public sector transformation. The message was that the Eastern Cape Provincial Government was dealing with the key issues, but needed to improve linkages, coordination and focus. In reality, the ISRDS never received the resources and technical support required to make a significant impact, the Promotion of Rural Livelihoods Programme would struggle to attain significant traction and funding within the provincial administration to shift government resources (and would later function as an NGO), and the Wild Coast SDI (with which the toll road was associated) never attracted the investment that had been promised (Reynolds, 2003). What did continue to draw resources were the IDZs, the Tourism Master Plan and the East

London-Mthatha Rail project (later dubbed Kei Rail, and included in the *Strategic Infrastructure Programme* in the PGDP), as shown in chapter five.

Dr Asghar Adelzadeh, Principal Author and Coordinator of the 2003 South African National Human Development Report brought out by the UNDP, presented a socio-economic profile of the Eastern Cape (PGDP PMU, 2002a: 6-9); further development of this review – with contributions from Thomas Eriksson, also from the UNDP – led to a paper (Adelzadeh & Eriksson, 2002) that was later used in the development of the *Baseline and Constraints Paper* (Edwards, 2003). Adelzadeh (PGDP PMU, 2002a: 6-9) identified manufacturing as the lowest contributor to employment in the province, with agriculture as the top contributor, followed by the wholesale and retail and the community, social and personal services sectors. There was a growing informalisation of employment, and the Eastern Cape lagged behind all other provinces in terms of the rate of increase in tertiary qualifications. In addition, the Eastern Cape had seen declining provision of basic services, increasing informalisation of housing, and an average annual decrease of income in the Province of almost R6,000 during the period 1995-2000. Decreases in the following poverty indicators were noted for the same period: life expectancy at birth, life expectancy index, combined gross enrolment index, educational attainment index and the human development index. However, there had been increases in the adult literacy index and adjusted real GDP per capita. More than ninety percent of people in the province earned less than R5,400 per annum, more women than men lived below the poverty line in the Eastern Cape and the larger South Africa, more than ninety percent of people living below the poverty line in the Eastern Cape and in South Africa as a whole were black, and more than a third were single parents. It was estimated that more than R5 billion would be needed to provide social grants to all who were eligible in 2002.

Adelzadeh's (PGDP PMU, 2002a; Adelzadeh & Eriksson, 2002) analysis pointed to the huge social needs and associated budgetary requirements within the Eastern Cape Province, provided a counterpoint to the more upbeat tone of Godongwana's account and provided grounds for questioning the economic policies adopted nationally and in the province since 1994. The budgetary demand for social service provision (broadly defined) on the fiscus and the implications for the scope for allocation of fiscal resources in support of economic development later featured as notable constraints for the PGDP.

Following Adelzadeh's presentation was one by Dr Hans Ramharak, Executive Director of ECSECC and a member of the PGDP Management Group. Ramharak's presentation focused on his Concept Document, which he later imposed on the fifth draft of the PGDP Strategy Framework, as is shown in chapter seven. Amongst other things in his presentation, Ramharak indicated that there was space for more interventionist state action of a neo-Keynesian kind opened up by the international trend towards a Post-Washington Consensus, that the province needed to find opportunities within the national macro-economic framework (even though GEAR could be characterised as a constraint on growth and development in the Eastern Cape), that agricultural development was needed to address inequalities in the Province, that subsistence producers in the former Bantustans needed to be empowered and organised, and that we had to face the reality of an urbanised labour force in the rural areas (PGDP PMU, 2002a: 10-11). Thus while promoting an alternative discursive framework for macroeconomic policy, Ramharak was grappling with the strategic opportunities available within the current framework. The initial drafts of the PGDP Strategy Framework would later have a marked Keynesian flavour, which would systematically be watered down through edits to the drafts, with a final excision being made by the Development Economist in the PGDP PMU, Philip Cole, soon after his appointment in May 2003.

Summary remarks made at the end of the first day included the observation that "the province can use institutions created for inter-governmental cooperation and governing party processes to influence policy and planning frameworks" (PGDP PMU, 2002b: 11). It is not clear who made this remark, but it did indicate that there was consideration of how the PGDP process might influence national policies by showing the effects of those on the people of the province. This constituted one of the strands of possibility of a counter-hegemonic project, which could potentially build a broad consensus within the province that could challenge hegemony, and could simultaneously work within the state apparatuses and the Tripartite Alliance to help facilitate a shift away from a neoliberal approach.

As argued in chapter three, relations between the ANC, COSATU and the SACP were at a low point at this time, and the Eastern Cape ruling bloc was associated with a challenge to neoliberalism that was partially neutralised at the ANC's 51st National Conference in December 2002 (two months after the start of the PGDP process). At the time of the PGDP

Inception Workshop, this challenge was still active, although increasingly strident comments about the activities of “ultra-leftists” were emerging from the national ANC leadership, particularly President Mbeki.

The first case study to be used to inform the PGDP process, namely the Ugandan example, was introduced at the Inception Workshop by Ms Barbara Barungi of the UNDP (PGDP PMU, 2002a: 11-13, and Barungi, 2003). Barungi, who hailed from Uganda, indicated that provincial planning did not work in Uganda, as this did not fit with its long history of decentralised planning at far more localised levels. A negative consequence of this deconcentration of political power had been the creation of obstacles to coherent planning and resource allocation, including capacity constraints in some areas that had made it difficult for them to attract scarce resources. The danger of weakening already weak areas – by asking them to compete for resources with better capacitated and resourced areas – was one of the issues picked up in the discussion that followed. This challenge was also expressed in relation to provincial planning focused on place marketing and tax incentives, which could degenerate into a race to the bottom. The Ugandan case study was not particularly influential in the PGDP process, but did highlight themes that later emerged in relation to local municipalities and decentralisation.

The first meetings of the emergent working groups on the second day of the Inception Workshop, and discussion of those meetings in plenary, added layers of complexity to the sub-themes included in the document on the role of the working groups; e.g. participants in the meeting of the emergent Economic Growth and Development Working Group emphasised labour-intensity and potential for employment growth as key priorities in industrial development, and pointed to constraints on agricultural development, including limited resources for land reform, poor agricultural development support, and administrative weaknesses (PGDP PMU, 2002c). Discussion of these ideas in plenary elicited pleas to consider urban-rural linkages, and “how the rural economy could benefit from the port development in the Coega IDZ” (PGDP PMU, 2002a: 15). As became clearer later on, the issue was not only that the Coega IDZ was already *fait accompli* and might as well be leveraged to optimal effect, but that the IDZs were a clear provincial government priority and would remain so regardless. For instance, in the PGDP programme package that was released in September 2004 (Eastern Cape Provincial Government, 2004a), the Coega and

East London IDZs, as components of the *Strategic Infrastructure Programme*, attracted a budget of R 484,431,000 for the 2004/05 financial year (R359,431,000 for the Coega IDZ and R 125,000,000 for the East London IDZ), whereas the *Massive Food Programme*, the *Siyazondla Homestead Food Production Programme*, the *Integrated Agricultural Infrastructure Programme* and the *Agro-processing Support Programme* combined attracted R214, 525,000 for the 2004/05 financial year; less than half the amount allocated to the two IDZs combined, and only 60% of the amount allocated to the Coega IDZ alone. This was a very tangible demonstration of priority, which would not be rewarded with private sector investment for many years.

The preliminary meeting of the Fiscal Working Group identified a number of challenges, and recommended that a fiscal study be undertaken to examine the status quo and look at improvement of fiscal management and the scope for reprioritisation of provincial expenditure (PGDP PMU, 2002a: 17). The PGDP PMU subsequently facilitated the appointment of Dr Pundy Pillay – former head of the Financial and Fiscal Commission and former Deputy-Director General in the Presidency when Mandela was President – to undertake this study.

The preliminary meeting of the Governance Working Group identified a number of governance priorities related to service delivery, integrated planning, the role of the public sector in support of economic growth and transformation of the public service (PGDP PMU, 2002a: 19). The description of the role of the public sector included in the summary of this working group's discussion said little about the content of state action in support of economic growth, and implied a circumscribed role. This Working Group would later request that a study on governance challenges be commissioned, which would feed into the shaping of the content of two of the strategic objectives in the PGDP Strategy Framework, namely *Public Sector and Institutional Transformation* and *Human Resource Development*.

The preliminary meeting of the Social Needs Working Group engaged with the statistics presented by Adelzadeh, called for greater coordination between government and civil society, and identified the following priority areas (PGDP PMU, 2002a: 19-20): access to basic services, HIV/AIDs and TB, poverty alleviation, social infrastructure, and crime prevention and victim empowerment. These priorities were already receiving attention

from the provincial government, and would later find expression in the following programmes in the suite of PGDP programmes (Eastern Cape Provincial Government, 2004a): *Expanded Public Works Programme, Water and Sanitation Programme, Housing Programme, Comprehensive HIV/AIDS and TB Programme, and Victim Empowerment Programme.*

The Inception Workshop effectively launched the PGDP process as a participatory planning process that would take seriously the inputs of stakeholders participating in the process. There was nothing overtly counter-hegemonic about it; the Inception Workshop highlighted the huge socio-economic challenges in the province were the focus of discussion, and indicated a space for neo-Keynesian alternatives in the context of the conjunctural vulnerability of ANC hegemony.

Meetings of the Working Groups during the remainder of 2002

As can be seen in Figure 3 in chapter five, only three of the PGDP Working Groups met after the Inception Workshop in 2002 – these were the Economic Growth and Development Working Group, the Social Needs Working Group, and the Governance Working Group.

The meeting of the Economic Growth and Development Working Group, held on 12 November 2002 (Government of the Eastern Cape Province, 2002a), identified manufacturing, agriculture and tourism as the key economic priorities, backed by human resource development, economic infrastructure, business development and employment creation support, and research and development. Manufacturing was to build on the province's natural resource base, make the two IDZs work for the province, link manufacturing priorities with infrastructure and human resource development, develop an integrated manufacturing framework, and establish links for small, medium and micro enterprises (SMMEs). Particular provincial manufacturing priorities identified included agro-processing, integration of IDZs with the wider economy, diversification of the automotive industry, targeted niches in clothing and textiles, metals and plastics processing, feedstock production, and leather goods.

In addition to the issues raised during the Inception Workshop, participants in this meeting discussed the potential of shifting the balance between social and economic infrastructure expenditure towards the latter, and the importance of interacting with the provincial government's Strategic Transport Development Framework that was then under development, as well as its Housing Development Plan, in order to identify ways in which employment and business opportunities could be optimised. The opportunity cost associated with the large investments in the IDZs was not raised.

The members of the Economic Growth and Development Working Group also discussed the interlinked support requirements needed for the development of agriculture – particularly in the former Bantustans – that would include infrastructure development, land reform, improved and focused agricultural extension services, finance and business and human development support. It was agreed that Prof Fred Hendricks be commissioned to undertake a study on the constraints to agricultural development that would inform the working group. It did not foresee any other sector studies for Phase 1 of the PGDP process, as the existing body of information – which was being studied by the Principal Writer of the Strategy Framework, Dr Chris Edwards – was sufficient for strategy development purposes. They discussed additional studies that might be considered during Phase 2 of the PGDP process (in support of the development of PGDP programmes) that could include a study on the optimisation of backward and forward linkages to the two IDZs, development of an economic model to test growth scenarios, and a study on skills development in support of economic development.

The Social Needs and the Governance Working Groups both met on 12 December 2002. The meeting of the Social Needs Working Group (Government of the Eastern Cape Province, 2002b) – which was well attended by government departments and public entities – amended its list of priorities slightly from what had been discussed during the Inception Workshop, to include basic services, systems for service delivery, HIV/AIDS and Tuberculosis (TB), safety networks (including social grants), human resource development (including education), nutrition, and social crime prevention and victim empowerment. Systems for service delivery were already the focus of the IMT and would later be taken up in the PGDP programme entitled *Improved Service Delivery in Health, Education, Social Development and Public Works Programme* that would build on the IMT work, and nutrition would later be

taken up in the PGDP programme entitled *Comprehensive Nutrition Programme* (Eastern Cape Provincial Government, 2004a). Human resource development would become one of the six strategic objectives of the PGDP, under which six PGDP programmes would be developed.

This meeting of the Social Needs Working Group also took further discussion of ways of integrating government and NGOs in service delivery, and how to build the capacities of communities to organise themselves and manage projects crafted around their needs. The Eastern Cape NGO Coalition was particularly vocal on these points, and would later contribute significantly to the framing of the PGDP strategic objective focused on poverty, as is discussed in chapter seven. It was agreed that a situation assessment be undertaken prior to the next meeting of the working group, and that this should include a review of social needs challenges, current strategies and programmes of a range of social actors, potential new approaches to service delivery, and the challenges of integration of service delivery. Andrew Murray of ECSECC was subsequently asked to undertake this assessment.

The meeting of the Governance Working Group (Government of the Eastern Cape Province, 2002c) was attended by a range of government departments and entities, as well as representatives of COSATU, NGOs and the Fort Hare Institute of Government. However, there was some concern over the absence of many heads of department and members of the social needs cluster of the provincial government. Although the latter might be explained by the fact that members of the social needs cluster had participated in a meeting of the Social Needs Working Group on the same day, the participation by heads of provincial government departments in the PGDP Working Groups in general was raised a number of times during the process, prompting the Director-General, in May 2003, to undertake to raise the issue in the Intergovernmental Forum and directly with the heads of provincial government departments (Appendix I, PGDP Project Management Unit, 2003a). The implications of limited participation by heads of government departments are considered further in chapter seven.

The Governance Working Group requested that a review be undertaken of governance challenges in the province, including current strategies and programmes and potential new approaches. Following this request, the PGDP PMU facilitated the appointment of a

specialist team to undertake this task; including Dr Sibongile Muthwa (Director of the Fort Hare School of Government and later Dr Mvuyo Tom's successor as Provincial Director-General), Ms Jane Kabaki (also from the Fort Hare Institute of Government), Mr Jeremy Timm (local government specialist who also worked as project manager in support of the IMT), and Ms Lu Heideman (a local government specialist in ECSECC).

These meetings of three of the PGDP Working Groups identified themes to be taken up in the development of the PGDP Strategy Framework, and set in motion key studies that would inform their future deliberations and serve as source material for drafts of the PGDP Strategy Framework. Combined with themes raised during the PGDP Inception Workshop, the outcomes of these Working Group meetings laid bare the complexities of integrated planning across policy domains, each with its own structural selectivities.

District Municipal Workshop

In addition to these meetings of three of the PGDP Working Groups held in the remainder of 2002, a District Municipal Workshop was held on 21-22 November 2002 in East London (PGDP Project Management Unit, 2003f). This workshop was aimed at presentation and discussion of key strategic issues relevant to the PGDP Strategy Framework that had emerged from the district municipal IDPs, and was attended by representatives of all of the six district municipalities, the leaders of the PGDP Working Groups, the Director-General, representatives of the Eastern Cape Youth Commission and Office on the Status of Women, representatives of the PGDP PMU, and representatives of the UNDP.

A complex picture of the emerging local government dispensation emerged. The first local government elections in terms of the new demarcation, structures and systems of local government had been held in November 2000, just two years before the start of the PGDP process. During the district municipal workshop (PGDP Project Management Unit, 2003f), representatives of the new municipalities explained some of their challenges. These included the fact that the roles of district municipalities vis-à-vis local municipalities were still being defined, and that the recent establishment of the Nelson Mandela Metropolitan Municipality had deprived the Cacadu District Municipality of the bulk of its budget and

staff. Municipal skills were still weak, particularly considering municipalities' new developmental mandate, budgets and planning were not sufficiently aligned, and provincial and national government plans and budgets were poorly communicated to municipalities; who had no input into those plans and budgets, and who experienced projects raining from above. A number of municipalities indicated that they were quite willing to change their priorities based on funding allocations from provincial government, given their own limited finances and given that budgets were attached to such interventions. The processes of decentralisation of service delivery and of delegation of powers and functions – which were still underway (this within a context of significant and geographically skewed service delivery backlogs) – were complicated further by lack of synchronisation between the boundaries of provincial government service delivery districts and those of municipalities (e.g. regarding health and education).

Although the PGDP would include a strong commitment to the decentralisation of service delivery (Province of the Eastern Cape, 2003; Eastern Cape Provincial Government, 2004a), including organisation of a decentralisation conference to attempt to define more clearly the requirements for effective decentralisation (see chapter eight), this would prove to be a difficult process, in spite of the inclusion of a *Local Government Capacity Building Programme* in the suite of PGDP programmes released in 2004 (Eastern Cape Provincial Government, 2004a). That capacity building programme would allocate very limited resources to local government capacity building, bearing in mind that it could even have reflected national resources – the most significant resources would be R10 million for the establishment of an Eastern Cape Municipal Development Corporation (which was never established), R38.5 million for the staffing of a Chief Directorate of Developmental Local Government in the provincial Department of Housing, Local Government and Traditional Affairs, almost R13 million for LED projects, and just over R9 million for the strengthening of financial management by municipalities. These resources would have to support the development of capacity of six district municipalities and more than fifty local municipalities, all of which were new and were required to manage own revenues, fiscal transfers from the national and provincial spheres of government, and provide a range of services linked to the programmes of provincial and local government.

Development priorities and challenges raised during this workshop were similar to those raised during the Inception Workshop and Working Group meetings, but inflected by the organisational challenges facing municipalities. Municipalities confirmed that the ISRDP had not been implemented as planned; e.g. national budget envelopes were supposed to have been constructed around local priorities, but municipalities were asked instead to choose from portfolios of large projects to which provincial budgets had already been allocated with little or no input from them.

The workshop ended with statements from the leaders of the four PGDP Working Groups, the Eastern Cape Youth Commission, the Office on the Status of Women, the Principal Writer of the PGDP Strategy Framework (Dr Chris Edwards), and the Project Director of the PGDP PMU about the key issues to take forward in the PGDP process. Edwards indicated that it had become clear that agricultural development needed to be seen as a key component of economic development in the Eastern Cape, and that specialist inputs on the constraints to agricultural development would further inform the collective understanding.

The District Municipal Workshop did not simply raise additional issues to be woven into a coherent strategy; it highlighted the complexities of forging a new local government dispensation, as well as challenges that would require more than discursive resolution. The focus on developmental local government in a province palpably marked by the spatial legacy of apartheid without significant alteration of the spatial distribution of public expenditure, would achieve little more than the management of poverty (cf. Hart, 2013).

Baseline and Constraints Paper

Dr Chris Edwards drew on his participation in the Inception Workshop and the District Municipal Workshop, the contents of a range of reports, key informant interviews and statistics held by ECSECC and Statistics South Africa to prepare his *Baseline and Constraints Paper* (Edwards, 2002), which he completed in December 2002. The *Baseline and Constraints Paper* would be a landmark document that provided an unambiguous challenge to the neo-classical orthodoxy that informed government thinking, and would serve as a foundation for the first draft of the PGDP Strategy Framework, which Edwards and I co-

authored. Given its temporal location at the start of the PGDP process, the document could attain an uncluttered conceptual clarity that would be difficult to sustain during a participatory process in which multiple views had to be considered.

The writing of the *Baseline and Constraints Paper* unfolded differently from what had been anticipated in the terms of reference for the study. It had been foreseen that he “would respond to papers from the Working Groups and draw on the findings of the sectoral studies” (Edwards, 2003: 3), but, in practice, his *Baseline and Constraints Paper* had to be written during the early stages of the work of the Working Groups and before the completion of any of the sectoral studies. This was due to delays in initiating the planning process, including delays in mobilising members of the emergent PGDP PMU. He thus positioned his *Baseline and Constraints Paper* “to provoke reaction from, and discussion by the four Working Groups and others” (Edwards, 2003: 3).

In the introductory section of his paper, Edwards listed the first sector studies to be commissioned in support of the PGDP (as opposed to the “scene-setting” papers delivered at the Inception Workshop): (i) a review of obstacles to agricultural development in the Eastern Cape by Prof Fred Hendricks with additional commentary by Prof Gavin Fraser, and (ii) a review of public expenditure in the Eastern Cape by Dr Pundy Pillay. The additional commentary by Fraser had come at the insistence of the PGDP Project Director, Litha Mcwabeni, who felt strongly that an economist’s view had to complement the first paper.

Edwards’ (2003) paper would ruffle many feathers, and my own close association with its argument would elicit feedback, via Mcwabeni, that Enoch Godongwana was unhappy that I was pushing a “livelihoods approach” rather than modern economic development that could lift the province from backwardness. This feedback signalled not only Godongwana’s own personal preoccupation with the notion of “backwardness” but, also, a strong commitment to the provincial government’s existing emphasis on foreign investment and export promotion as bases for economic growth.

In his review of the socio-economic profile of the Eastern Cape, Edwards (2003) showed the continued spatial legacy of apartheid; as seen in the concentrations of income poverty, illiteracy, poor health outcomes (including under-five mortality rates, prevalence of diarrhoea, and HIV and TB prevalence) in district municipalities that contained the largest

portions of former Bantustans. These areas were still not being targeted effectively by expenditure on agriculture, education or health.

The greatest value addition occurred in those districts that contain the urban centres of Port Elizabeth, East London and Mthatha; with 62% of all value addition occurring in the Nelson Mandela Metro, which includes Port Elizabeth and the automotive factories in Uitenhage (Edwards, 2003). The largest contribution to provincial agricultural value addition (35%) was made by the Cacadu District, a traditional area of white commercial agriculture, with the next largest contributor, the OR Tambo District (within the former Transkei) contributing only 19%.

Over the period 1995-2001, the Eastern Cape had experienced a slower growth in GDP, a sharper drop in employment and the fastest growth in the population of working age than the rest of South Africa, and a worsening of access to basic services (Edwards, 2003), as also pointed out by Adelzadeh and Eriksson (2002). This in a context where South Africa was one of the most unequal countries in the world, as measured by the Gini coefficient, and had a very low ranking on the Human Development Index (Edwards, 2003).

South Africa had limited prospects for the rapid economic growth that had been experienced in the East Asian countries such as South Korea, Taiwan and China from the 1960s, given South Africa's inequality, the absence of another geographic centre (a flying goose) to which it could hitch its own growth, and, as a middle-income country, its poor prospects of receiving significant foreign aid (Edwards, 2003: 14). Also, the structure of its economy, characterised in terms of a minerals-energy complex (drawing on the work of Fine and Rustomjee, 1996) supported by reserves of unemployed and underemployed labour, placed limitations on economic growth. Compared to other middle-income countries, South Africa was "both under-urbanised and under-agriculturalised" (Edwards, 2003: 15), with slower growth, and with a lower debt burden. The first draft of the PGDP Strategy Framework would later directly promote the development of agricultural production as a foundation for the province's economic development.

This was a situation not at all suited to a macroeconomic policy such as GEAR. Edwards (2003) showed how – contrary to the expectation of GEAR – growth had been lower than anticipated, interest rates had risen instead of falling, foreign direct investment flows had

been negative during 1994-1998, and unemployment had increased. He expressed scepticism about whether the increase in investment – a combination of increases in both the capital-to-increase-in-output ratio and the investment-to-GDP rate – that was needed for economic growth would occur without an increase in public investment. However, again, rather than increasing public investment, the shares of government and public corporations of total investment had fallen from 1990-2000, and, in 1998, “capital expenditure by the South African government was only 1.2% of GDP, less than half the rate of other middle-income countries” (Edwards, 2003: 20). This analysis called into question the Eastern Cape Provincial Government’s emphasis on attraction of foreign investment, on which both its own and the national sphere of government’s infrastructure investments (such as the IDZs) were focused.

Edwards (2003) not only challenged the record of GEAR – he also challenged the neo-classical thinking that underpinned it. For example, he pointed out that analysts using the neo-classical approach (Edwards, 2003: 39):

...assume that higher government expenditure means higher interest rates and the ‘crowding out’ of private investment. In their estimates, investment is constrained by savings. This is a very different approach from that of a Keynesian model in which investment is determined not by savings but by aggregate demand and real interest rates and in which savings are a function of aggregate demand.

His critique of the neo-classical approach in analysing the impacts of policy choices and resource allocations also emerged in his treatment of the Taylor Committee’s (a committee set up by the national Department of Social Development in 2000 to review South Africa’s social security programmes) recommendation of a Basic Income Grant (BIG). He showed how those arguing from a neo-classical perspective would arrive at a pessimistic view of the potential impact of such a grant. Reflecting on the work of Thurlow on the BIG, he stated that (Edwards, 2003: 43):

Thurlow uses a neo-classical model in the sense that the model incorporates a savings-driven closure under which the savings rates of households and enterprises are fixed and investment adjusts to savings, not the other way round...Given this

assumption, it is hardly surprising that real investment spending declines given that there is a shift in income towards low-income (and low-savings) households.

And when reflecting on Thurlow's emphasis on the potential welfare-dependency created by the BIG, he asks (Edwards, 2003: 44):

Is Thurlow's thinking here in danger of being like that of so many neo-classical economists who, in Galbraith's words, believe that; "the rich don't work because they are not paid enough, and the poor don't work because they are paid too much"

With hindsight, it is not surprising that Edwards' (2003) paper ruffled feathers. His critique went to the core of neo-classical orthodoxy, challenging not only economic policy, but the very discourse in terms of which economic policy had been conceived. His analysis contained echoes of the critique made in the MERG report – with which he was familiar and to which he frequently referred in conversations – and its exploration of Keynesian alternatives. When later, on 20 January 2003, he presented his paper to the Economic Growth and Infrastructure Working Group, he was be attacked by Hugh Scott of DFID – who had never been seen in the province before and would not return thereafter – for his approach to economics. Scott accused Edwards of trying to foist Marxist ideas on the province, to which Edwards replied that his suggestions were Keynesian at best. As I recall, there was polite silence during this exchange, and Edwards later expressed his astonishment at this type of reaction from an organisation for which he had done work before. Scott's critique questioned Edwards' intentions and bona fides from the perspective of neoliberal ideology.

As if his critique of GEAR and neo-classical orthodoxy were not enough, Edwards (2003: 46) made the following recommendations for the PGDP Strategy Framework in his *Baseline and Constraints Paper*:

- *to put pressure on the South African government to introduce a Basic Income Grant*
- *to put pressure on the South Africa government to change macro-economic policies and to follow a more expansionary path*
- *to expand provincial expenditure (especially capital expenditure) and re-orientate it towards agriculture and towards the areas of poverty*

These recommendations constituted a fundamental challenge to the macroeconomic policies of the South African state, including fiscal and monetary policy, and made clear that the people of the Eastern Cape had to look beyond the provincial boundaries in attempting to shape a new trajectory for growth and development. Edwards was keenly aware of the strategic limitations to provincial economic policy-making, as was also evidenced in his later work on a provincial industrial development strategy (Edwards, 2006).

Edwards presented his *Baseline and Constraints Paper* to the Economic Growth and Development Working Group on 20 January 2003, to the Social Needs Working Group on 23 January 2003, and to the Fiscal Working Group on 24 January 2003. In discussion with the Leader of the Governance Working Group, the PGDP PMU had decided against a presentation of the report itself to that working group, given its coverage in the other working groups; in the meeting of the Governance Working Group held on 22 January 2003 (Government of the Eastern Cape Province, 2003c), the *Baseline and Constraints Report* served as a backdrop for presentations and discussions focused particularly on the governance challenges in the province.

In his presentation to the Governance Working Group, Xola Pakati, Provincial Secretary of COSATU argued for an emphasis on the state's obligations to society, which were difficult to meet under the macroeconomic framework adopted by the national government. He argued that it was important to change ownership patterns in South Africa and direct resources to the attainment of developmental objectives, and he approved of the direction taken in the *Baseline and Constraints Paper*. In addition, Pakati noted that particular challenges, such as the return of migrants and the collapse of the textile industry had to be considered during the PGDP process, and pointed out that the Wild Coast SDI and the ISRDP had not yet delivered what had been promised. Planning needed to be integrated, the issue of outsourcing had to be investigated, and an institutional framework to deal with corruption and good governance needed to be established. Pakati's comments shared continuities with the policy challenge that had been partially neutralised in the run-up to and during the ANC's 51st National Conference, as discussed in chapter three.

This was the only presentation in this working group meeting that spoke to the macro issues raised in Edwards' (2003) paper. All the other presentations, made by representatives of the

district municipalities and the Eastern Cape NGO Coalition, focused on micro and systems issues. Whereas the district municipal representatives focused strongly on the challenges of building the capacity of the local sphere of government and the interface between the three spheres of government, the representative of the Eastern Cape NGO Coalition focused on the promotion of self-reliance and wide access to resources, good governance, accountability and engagement with the people of the province.

The Economic Growth and Development Working Group considered the *Baseline and Constraints Paper* on 20 January 2003 (Government of the Eastern Cape Province, 2003d). In addition to the exchange between Edwards and Scott mentioned above, there was a vibrant discussion on the nuances of economic development in the Eastern Cape, with a number of people agreeing that public investment was critical for growth and for the redress of inequities in the province. Some participants cautioned that the promotion of increased state investment came when the ANC's 51st National Conference had reaffirmed its commitment to existing economic policies. At the end of the discussion, the members of this working group agreed on the importance of agricultural development as a means to deal with poverty and food insecurity and to lay the foundations for economic growth. This would need to "include optimal linkages with the manufacturing sector, by ensuring sufficient attention to storage and processing of agricultural products and ensuring consolidation and development of, and diversification from, the current strengths of the manufacturing sector" (Govt. of the EC Province, 2003d: 4). This was to be done within the constraints on public expenditure which would have to be targeted more effectively to the poor. As indicated earlier in this chapter, these aspects attracted comparatively little funding in the final PGDP programme package reflecting, amongst other things, the opportunity costs associated with the investment in the IDZs.

During the Social Needs Working Group's discussion of the *Baseline and Constraints Paper* on 23 January 2003 (Government of the Eastern Cape Province, 2003e), there was agreement that there was much value to be found in strengthening agricultural production, but a number of members of the working group emphasised some of the complexities of livelihoods strategies and sources of income, and the importance of focused initiatives to encourage people in general – as well as particular categories of people such as women and the youth – to participate in farming. The value of small-scale agriculture – based around

homesteads, improving household livelihoods, and soaking up excess labour – was also to be found in support to households dealing with HIV/AIDS, and could compliment treatment and prevention programmes by improving nutrition.

The discussion included consideration of the potential value of the BIG, the budgetary and service delivery implications of the national government's increase in the age of children eligible for the Child Support Grant, as well as a range of other systems issues pertaining to the delivery of social services and social infrastructure. Although the BIG had been rejected at the ANC's policy conference and its 51st National Conference – as discussed in chapter three – it was still being considered in the PGDP process. It was agreed that the next meeting would consider a review of social needs challenges to be prepared by ECSECC, as well as the draft PGDP Strategy Framework.

The Fiscal Working Group considered the *Baseline and Constraints Paper* on 24 January 2003 (Government of the Eastern Cape Province, 2003f). A copy of a paper entitled *Public Expenditure Review of the Eastern Cape* – prepared by Dr Pundy Pillay on contract through the PGDP PMU – had been distributed to all members of the working group together with the *Baseline and Constraints Paper*, but would be presented and discussed at the next meeting. The members of the Fiscal Working Group did not come to a coherent position in relation to the Edwards' (2003) paper. There was a great deal of scepticism about the likelihood of increases in fiscal transfers to the provincial government and the prospects of the latter raising finance on its own, and much interest in what Pillay's paper would reveal. Fiscal constraints and priorities would prove to be fatal limitations on transformative economic policy.

On 27 January 2003, Edwards presented his *Baseline and Constraints Paper* and his initial thoughts regarding the contents of the Strategy Framework to the first meeting of the PGDP Reference Group (PGDP Project Management Unit, 2003a). No formal record of the content of discussions during this meeting could be found, but I do not recall any inputs that did not correspond with what had already emerged in the January 2003 meetings of the PGDP Working Groups.

Concluding remarks

The PGDP Inception Workshop, the initial meetings of the PGDP Working Groups, the Municipal Workshop and the *Baseline and Constraints Paper* raised concerns about the outcomes of existing national policy and raised a number of levels of discursive challenge, including a fundamental critique of economic orthodoxy, particularly in Edwards' (2003) contribution. This critique arose in articulation with the broader fracturing of ANC hegemony that became particularly evident in 2001 and 2002, and the policy and leadership challenge within the Tripartite Alliance that had come to a head at the ANC's 51st National Conference in December 2002. It set the scene for the potential emergence of the PGDP as the discursive framework for a counter-hegemonic project.

However, as is shown in the next chapter, this potential did not materialise much beyond the first two drafts of the PGDP Strategy Framework. What did remain, however, was the statistical account of the scale of poverty, unemployment and inequality in the province; that account and the quantitative targets defined during the course of the development of the PGDP Strategy Framework would keep attention focused on the outcomes of government policy, as was evidenced in the 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009).

CHAPTER 7: Development of the PGDP Strategy Framework

In this chapter, I consider the development of the PGDP Strategy Framework as the key text of the PGDP process. Although I take seriously its discursive form, this is not to lose the reader in circular textual references. As argued previously, state policy has a textual reality that does not neatly precede resourcing and implementation, but is both constituted by and constitutive of other texts, resource allocations, a range of path-dependent institutional processes, and the dynamics of the organisation of state power. To understand the complex character of state policy as developed on the strategically selective terrain of the state, in the conjuncture within which the PGDP process unfolded, one has to consider the details of the discursive moment of the policy process. It is in those details that one finds the marks of agency, the traces of other texts and social processes, and the discursive force of ideology. In this chapter I adopt a narrative approach that shows the interface between text and process, allows for the examination of the possibilities and limitations of agency, and allows for linkages of the PGDP process to larger path-dependent processes.

The PGDP Strategy Framework was developed over a five-month period and went through eight drafts before the final document – which included a foreword by the Premier of the Eastern Cape and a new vision for the Eastern Cape – was launched (PGDP Project Management Unit, 2003a). I consider each of the drafts in turn, focusing my attention on key themes. I consider not only the texts themselves, but the reactions these texts evoked, and the forms that agency took. It is only by taking each draft in turn that it is possible to trace the process dynamics implicated in the making of each draft, and to provide an account that illustrates the effects and limitations of agency. A thematic analysis working across the drafts would obscure these important dynamics and effects, as well as the challenges of achieving and maintaining discursive coherence in an integrated planning process in which a multiplicity of perspectives on a range of complex areas of activity were expressed.

Before delving into the various drafts of the PGDP Strategy Framework, however, I present an overview of the development of its eight strategic objectives and its targets. These were the components of the PGDP Strategy Framework on which participants in Phase 1 of the

PGDP process had most overtly agreed, and the targets provided the grounds for the 2007/08 assessment of the PGDP's impact (Office of the Premier of the Eastern Cape, 2009).

Table 1 below shows the changes in the wording of the strategic objectives and the targets over the course of the eight drafts of the PGDP Strategy Framework. It shows, for example, when the Millennium Development Goals were mainstreamed into the PGDP targets, and when an employment target was included.

Table 1: Development of strategic objectives and targets in the PGDP Strategy Framework

Draft of PGDP strategy framework	Development of the strategic objectives	Development of the targets
First draft	Not included – the focus was on the pros and cons of three scenarios for growth and development.	The following was included (Govt. of EC Prov., 2003e: 14): “long-term targets to 2013 should be food self-sufficiency in the former Transkei and a reduction by 80% in the proportion of household living below the poverty line”.
Second draft	<p>The following three “planks” were listed (Govt. of EC Prov., 2003f: 1):</p> <ul style="list-style-type: none"> • <i>A systematic eradication of poverty and the incremental creation of a fiscally sustainable social security system [...]</i> • <i>Agrarian transformation and food security [...]</i> • <i>Consolidation, development and diversification out of the strengths of our existing manufacturing capability [...]</i> 	<p>The notion of a quantified vision introduced, which consisted of the following targets that replaced the formulation of the first draft (Govt. of EC Prov., 2003f: 3):</p> <ul style="list-style-type: none"> • <i>An economic growth rate of between 5% and 8% per annum.</i> • <i>An 80% reduction in the number of households living below the poverty line by 2014.</i> • <i>The establishment of food self-sufficiency in the OR Tambo and Alfred Nzo District Municipalities by 2014.</i> • <i>Provision of clean water to all in the Province by 2008.</i> • <i>Elimination of sanitation problems by 2010.</i> <p>The first three targets built on recommendations in the <i>Baseline and Constraints Paper</i> (Edwards, 2003), although the growth target was effectively watered down due to concerns about the ability of the province to meet the 8% growth target (according to Edwards, the minimum required to deal with unemployment). The last two targets were based on targets set by the national Departments of Water Affairs and Forestry.</p>
Third draft	<p>Following a few cosmetic changes to the “planks” contained in the second draft, they read as follows (Govt. of EC Prov. 2003i:10)</p> <ul style="list-style-type: none"> • <i>Systematic eradication of poverty and the incremental creation of a fiscally sustainable social security system.</i> • <i>Transformation of the agrarian economy and establishment of food security.</i> • <i>Consolidation, development and diversification of our existing manufacturing capability and tourism potential.</i> <p>This draft saw the first appearance of a graphical representation of the three planks as the three sides of a triangle.</p>	<p>Following incorporation of the Millennium Development Goals (MDGs), as requested by the PGDP Reference Group at its meeting of 4 February 2003 (PGDP PMU, 2003g:3), the quantified vision included the following targets:</p> <ul style="list-style-type: none"> • <i>To maintain an economic growth rate of between 5% and 8% per annum.</i> • <i>To reduce by 80% the number of households living below the poverty line by 2014.</i> • <i>To reduce by 80% the proportion of people suffering from hunger by 2014.</i> • <i>To establish food self-sufficiency in the Province by 2014, with particular emphasis on the OR Tambo and Alfred Nzo District Municipalities.</i> • <i>To ensure that, by 2014, all children in the Province will be able to complete a full course of primary education and proceed to the first exit point in a secondary education.</i> • <i>To improve the literacy rate in the Province by 50% by 2014.</i> • <i>To eliminate gender disparity in education and employment by 2014.</i> • <i>To reduce by two-thirds the under-five mortality rate by 2014.</i>

Draft of PGDP strategy framework	Development of the strategic objectives	Development of the targets
		<ul style="list-style-type: none"> • <i>To reduce by three-quarters the maternal mortality ratio by 2014.</i> • <i>To halt and begin to reverse the spread of HIV/AIDS by 2014.</i> • <i>To halt and begin to reverse the spread of tuberculosis by 2014.</i> • <i>To provide clean water to all in the Province by 2008.</i> • <i>To eliminate sanitation problems by 2010.</i>
Fourth draft	<p>Following rephrasing of the second “plank” to make its meaning clearer, and a cosmetic change to the third, the three planks read as follows (Govt. of EC Prov., 2003n: 17-18):</p> <ul style="list-style-type: none"> • <i>Systematic poverty eradication and the incremental creation of a fiscally sustainable social security system [...]</i> • <i>Spatial integration and diversification of the agricultural sector and strengthening of homestead production [...]</i> • <i>Consolidation, development and diversification of our manufacturing based and tourism potential [...]</i> <p>These were followed by the following interventions required to “animate” the three planks (Govt. of EC Prov., 2003n: 18-19):</p> <ul style="list-style-type: none"> • <i>Public sector and institutional transformation [...]</i> • <i>Infrastructure development [...]</i> • <i>Human resource development [...]</i> <p>The graphical representation introduced in Draft 3 was changed to include the three “animating” interventions as segments of a circle in the centre of the triangle.</p>	<p>Following requests made at the Economic Growth and Development Working Group meeting of 13 March 2003 (Govt. of EC Prov., 2003j: 2), specific reference to the OR Tambo and Alfred Nzo District Municipalities was removed from the fourth target (also requested at the workshop with District Municipalities and the Nelson Mandela Metro), the target date in the HIV/AIDS target was changed to 2010, and provision for an employment target was made. Not having agreement on the latter, an “x” was inserted in place of a specific figure. This meant that the quantified vision read as follows (Govt. of EC Prov., 2003n: 31):</p> <ul style="list-style-type: none"> • <i>To maintain an economic growth rate of between 5% and 8% per annum.</i> • <i>To create x jobs by 2014</i> • <i>To reduce by 80% the number of households living below the poverty line by 2014.</i> • <i>To reduce by 80% the proportion of people suffering from hunger by 2014.</i> • <i>To establish food self-sufficiency in the Province by 2014.</i> • <i>To ensure that, by 2014, all children in the Province will be able to complete a full course of primary education and proceed to the first exit point in a secondary education.</i> • <i>To improve the literacy rate in the Province by 50% by 2014.</i> • <i>To eliminate gender disparity in education and employment by 2014.</i> • <i>To reduce by two-thirds the under-five mortality rate by 2014.</i> • <i>To reduce by three-quarters the maternal mortality ratio by 2014.</i> • <i>To halt and begin to reverse the spread of HIV/AIDS by 2010.</i> • <i>To halt and begin to reverse the spread of tuberculosis by 2014.</i> • <i>To provide clean water to all in the Province by 2008.</i> • <i>To eliminate sanitation problems by 2010.</i>
Fifth draft	<p>The name and content of the poverty plank were amended with input from the Eastern Cape NGO Coalition (which also got rid of the reference to a social security cluster that had been queried at the EXCO workshop of 12 March 2003), and by drawing on two texts recommended by the NGO Coalition’s representatives – Goldman (2001) and Pieterse & Van Donk (2002). The agriculture plank, the manufacturing and tourism plank, and the human resource</p>	<p>The quantified vision remained the same, but for the addition of the following target (Govt. of EC Prov., 3002q: 26): “To improve literacy rates amongst men and women”. It was not clear why this was included, as there was already a literacy target in the quantified vision; unless it was to emphasise that improvements were needed for both men and women.</p>

Draft of PGDP strategy framework	Development of the strategic objectives	Development of the targets
	<p>development supporting objective were renamed. This resulted in the following three planks and three supporting objectives (Government of the Eastern Cape, 2003q: 35-64):</p> <ul style="list-style-type: none"> • <i>Systematic eradication of poverty through a holistic, integrated and multi-dimensional approach to pro-poor planning.</i> • <i>Agrarian transformation and establishment of food security.</i> • <i>Consolidation, development and diversification of existing manufacturing and tourism capability in the Eastern Cape.</i> • <i>Public sector and institutional transformation.</i> • <i>The provincial labour market and Human Resource Development.</i> • <i>Infrastructure development</i> 	
Sixth draft	<p>The formulation remained the same as in the fifth draft, except for a cosmetic change to the agrarian transformation objective/plank, which now read (Govt. of EC Prov., 2003s: 35): “Transformation of the agrarian economy and the establishment of food security”.</p>	<p>The quantified vision was the same as the one used in the fifth draft, except for the removal of the employment target. It is not clear why this was done – it could have been due to difficulties in finding an acceptable target.</p>
Seventh draft	<p>The fifth objective was simplified, the agrarian transformation objective/plank was changed back to the formulation that had been used in the fifth draft, and the manufacturing and tourism objective/plank was shortened. The term “strategic objectives” was introduced to cover all six objectives, with what had previously been called the three “planks” now referred to as “key objectives” and the additional three objectives referred to as “foundation objectives” – this terminology would be retained into the final approved version of the PGDP Strategy Framework. The strategic objectives in the seventh draft read as follows (Govt. of EC Prov., 2003t: 27-48):</p> <ul style="list-style-type: none"> • <i>Systematic eradication of poverty and the incremental creation of a fiscally sustainable social security system.</i> • <i>Agrarian transformation and the establishment of food security.</i> • <i>Consolidation, development and diversification of the manufacturing based and tourism potential.</i> • <i>Human Resource Development.</i> 	<p>The extra literacy target introduced in the fifth draft was deleted, and the target referring to primary and secondary education was changed to read as follows (Govt. of EC Prov., 2003t: 21): “To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education”. The target dates for halting and reversing the spread of tuberculosis and providing clean water were changed to 2010 – these changes linked the target dates for the HIV/AIDS and TB targets and the dates for the water and sanitation targets.</p>

Draft of PGDP strategy framework	Development of the strategic objectives	Development of the targets
	<ul style="list-style-type: none"> • <i>Infrastructure Development.</i> • <i>Public sector and institutional transformation.</i> 	
Final approved version of the PGDP Strategy Framework	<p>The only change made to the naming of the strategic objectives was the insertion of the work “household” before “food security” in the agrarian transformation objective, and all remaining references a social security system in the descriptions of the strategic objectives were removed on the instruction of the Economic Growth and Development Cabinet Committee. The final set of PGDP strategic objectives read as follows (Govt. of EC Prov., 2003u: 25-51):</p> <ul style="list-style-type: none"> • <i>Systematic poverty eradication through a holistic, integrated and multi-dimensional approach to pro-poor planning.</i> • <i>Agrarian transformation and strengthening household food security.</i> • <i>Consolidation, development and diversification of the manufacturing base and tourism potential.</i> • <i>Human resource development.</i> • <i>Infrastructure development.</i> • <i>Public sector and institutional transformation.</i> 	<p>The poverty and hunger targets were softened by changing the specific target of 80% to a range of 60% to 80% - this followed concern by EXCO members about the feasibility of achieving an 80% reduction. In addition, all target dates were changed to 2014 (the end of the PGDP implementation period), and the phrase “maternal mortality ratio” was changed to “maternal mortality rate” (Govt. of EC Prov., 2003u: 21). Finally, just before releasing the final version of the PGDP Strategy Framework, the employment target adopted at the national Growth and Development Summit of 7 June 2003 was introduced (as discussed in chapter three).</p> <p>The final quantified vision of the PGDP Strategy Framework read as follows (Province of the Eastern Cape, 2003: 23):</p> <ul style="list-style-type: none"> • <i>To maintain an economic growth rate of between 5% and 8% per annum.</i> • <i>To halve the unemployment rate by 2014.</i> • <i>To reduce by between 60% and 80% the number of households living below the poverty line by 2014.</i> • <i>To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.</i> • <i>To establish food self-sufficiency in the Province by 2014.</i> • <i>To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education.</i> • <i>To improve the literacy rate in the Province by 50% by 2014.</i> • <i>To eliminate gender disparity in education and employment by 2014.</i> • <i>To reduce by two-thirds the under-five mortality rate by 2014.</i> • <i>To reduce by three-quarters the maternal mortality rate by 2014.</i> • <i>To halt and begin to reverse the spread of HIV/AIDS by 2014.</i> • <i>To halt and begin to reverse the spread of tuberculosis by 2014.</i> • <i>To provide clean water to all in the Province by 2014.</i> • <i>To eliminate sanitation problems by 2014.</i>

General overview of the development of the Strategy Framework

First draft of the Strategy Framework

The first draft of the PGDP Strategy Framework continued in the same vein as the *Baseline and Constraints Paper* – discussed in the previous chapter – and listed the following four key constraints to growth and poverty alleviation in the province (Government of the Eastern Cape Province, 2003g): “(i) slow economic growth in South Africa, (ii) the level and pattern of public expenditure in the Province, (iii) the backwardness of agriculture and the legacy of apartheid, and (iv) the HIV/AIDS pandemic” (Govt. of EC Prov., 2003g: 3). The two key trends emerging from the baseline were described as “a growing labour surplus and worsening poverty” (Govt. of EC Prov. 2003g: 4).

The following three scenarios for growth and development were then described:

- **More of the same**

This scenario was characterised as a continuation of the current policy “emphasis on export-oriented, urban-based manufacturing (mostly in East London and Nelson Mandela Metro), tourism, large-scale infrastructure, social development (education, health and social security) and basic service delivery” (Govt. of EC Prov., 2003g: 4). Although continuing with more of the same would benefit from “familiarity, historical momentum and the demonstration and motivating effect (both for politicians and for the population closely affected) of large-scale infrastructure projects” (Govt. of EC Prov., 2003g: 4), it would have to face the fact that the current policy emphasis has resulted in the following in the Eastern Cape Province (Govt. of EC Prov., 2003g: 6-7): “Real economic growth per capita has been zero; jobs in the formal sectors have declined and unemployment has risen; and there is little evidence of benefits trickling down to the poorest.” Manufacturing would be unlikely to grow fast enough to deal with both the current employment backlog as well as the projected increase in the population of working age.

- **Redistribution through growth (driven by capital accumulation)**

This scenario was characterised as “one of a faster economic growth rate generated by a massive increase in capital accumulation” (Govt. of EC Prov., 2003g: 7). The case for this scenario was characterised as follows (Govt. of EC Prov., 2003g: 8): “A rapid rate of growth would create real jobs and transform the mass of the households in the Eastern Cape from a lumpen-peasantry (surviving on a mixture of government jobs, private remittances, public transfers and subsistence agriculture) into an industrial working class.” However, the provincial economy would have to grow at 8% per year to deal with both the employment backlog and the projected growth in the population of working age, something that would require a rate of investment to GDP much higher than anything seen in South Africa in 1960-2000. Given that private investment was unlikely to increase without an increase in public investment, and given the fall in the public portion of investment in South Africa in 1990 and 2000, the maintenance of high interest rates by the South African Reserve Bank which acted

as a disincentive to investment, and the small size of total provincial public expenditure in relation to gross provincial product, ways would have to be found to increase provincial public expenditure significantly. The latter would not be easy; budget reallocation from the social to the economic sectors in the provincial budget would be difficult, even though a strong economic case could be made for this. Although the Province could theoretically borrow to finance increased expenditure, it was unlikely that it would be able to service such debts without an increase in revenue allocations from the national government, and, in general, significant increases in revenue share from the national government to finance capital expenditure were unlikely.

- **Growth through redistribution**

This scenario was focused on “an increase in social protection, an increase in the support for the rural economy (through small-scale agriculture, agro-processing, forestry and wood products) and a redirection of provincial public expenditure” (Govt. of EC Prov., 2003g: 10). It was noted that “while, under this scenario, the manufacturing and tourist sectors will continue to be promoted, the intention is that there should be a redirection of resources to the poorest two-thirds of households, most of whom are non-urban” (Govt. of EC Prov., 2003g: 11). The case for this scenario included the arguments that this scenario would increase the effective demand for industrial production for the domestic market, that it would strengthen agricultural production and rural industry, that it would provide an efficiency wage (i.e. the move towards food self-sufficiency in the province would aid labour productivity and give the rural population a better foundation for risk-taking) and, through improved nutrition and food self-sufficiency, strengthen the ability of households to deal with the effects of the HIV/AIDS pandemic. Development of small-scale agriculture focused on homestead gardens would “generate the pressure from below for *land reform* [emphasis in the original] and redistribution and the development of small businesses in the rural areas and in small towns” (Govt. of EC Prov., 2003g: 12), and would “redistribute income and resources to the poorest” (Govt. of EC Prov., 2003g: 12) – strengthened income equality through land reform could provide a foundation for rapid economic growth, as in the East Asian experience. The case against this initiative included the potential trade-off between increased take-up of social grants and budget availability for economic sectors (given uncertainty whether the national government would increase social grant allocations to meet increased coverage and take-up), and concerns about whether the administrative capacity existed to provide the integrated packages of service required to boost agriculture and related development, as well as effectively targeting expenditure to the poor.

The first draft of the PGDP Strategy Framework recommended the “Growth through redistribution” scenario, and pointed out that this would mean development of agricultural support, processes, facilities and networks, which would require a review of the organisational structure and programmes of the provincial Department of Agriculture and a budget increase for agriculture in the region of R600 million over a five-year period. The document also pointed to the implications for intergovernmental cooperation around agricultural and rural development, and the need for further examination of trade-offs

between alternative budget allocations between different departments and assessment of benefit-incidence of social services expenditure, consideration of administrative requirements within the provincial and municipal public service, alignment of service delivery boundaries and synchronisation of planning and budgeting cycles of the three spheres of government, and exploration of linkages with existing government programmes such as the ISRDP (flawed as it was in its implementation), the Urban Renewal Programme, the Nutrition Programme, the Victim Empowerment Programme (supported by EU funding), the Poverty Eradication Programme, the Integrated HIV/AIDS Programme, and a number of other social infrastructure programmes. These implications drew on inputs made in the various PGDP Working Groups.

This is where the PGDP Strategy Framework started. By the end of the process of eight successive drafts of the PGDP Strategy Framework, however, the province would effectively select the “More of the same” scenario, albeit with a discursive nod to agricultural development and a relatively small budget allocation to boost agricultural production only (rather than a larger agricultural value chain). The process of moving to that end is what is shown in the engagement with each of the drafts in turn.

The first draft of the PGDP Strategy Framework was presented to the PGDP Reference Group on 4 February 2003 by Litha Mcwabeni acting in his capacity as Project Director (PGDP Project Management Unit, 2003g). Although this meeting agreed that the focus of the PGDP should be on the agrarian economy, it also agreed that the province “had to build on the strengths of the manufacturing sector and had to continue investigating options for capital investment” (PGDP PMU, 2003g: 3), particularly given national policies and targets. Although the first draft of the Strategy Framework document acknowledged that promotion of the manufacturing and tourism sectors would continue under the “Growth through redistribution” scenario, additional emphasis was requested and reference was made to the national DTI’s emphasis on export-oriented manufacturing. As already shown, public expenditure on export-oriented manufacturing, in particular the infrastructure associated with the IDZs, would ultimately dwarf expenditure on agriculture.

This meeting of the Reference Group also agreed that a quantified vision be included in the PGDP Strategy Framework, possibly using as a guide Ramharak’s (2002) Concept Document,

and that the Millennium Development Goals, developed through the United Nations system and adopted by the South African Government, be integrated into the PGDP Strategy Framework (PGDP PMU, 2003g: 3). This meeting was attended by MEC Gugile Nkwinti – the Chairperson of the Economic Growth and Development Cabinet Committee – in a rare appearance in a PGDP Reference Group meeting. He took a very cautious tone in his closing remarks by emphasising resource constraints, and pointing out that EXCO “requires a Strategy Framework that has been formulated in a pragmatic way” (PGDP PMU, 2003g: 3). As the EXCO member assigned responsibility for the PGDP process by the Premier, Nkwinti’s comments had to be taken seriously, as he would be the one to shepherd documentation through EXCO discussions. His caution about the scope for significant policy challenge could be understood in the context of the closing of the space for policy challenge within the national ANC that was discussed in chapter three.

The first draft of the PGDP Strategy Framework was presented to EXCO after this Reference Group meeting, and caused EXCO to postpone its initial requirement that the document be finalised by end February 2003 (to allow the Premier to refer to it in his opening address to the Eastern Cape Provincial Legislature), to end March 2003, according to minutes of a meeting between the PGDP PMU and the Director-General on 5 February 2003 (Appendix I, PGDP Project Management Unit, 2003a). It was during this briefing that EXCO requested a workshop on the PGDP Strategy Framework. The postponement of references by the Premier to content emerging from the PGDP process could be read as an indication of concern about the content of the first draft of the PGDP Strategy Framework.

Second draft of the Strategy Framework

Edwards’ contract allowed him to work on only the first draft of the Strategy Framework, and this would be his last direct interaction with the PGDP process. ECSECC now started asserting itself in relation to the content of the PGDP Strategy Framework, particularly through Mcwabeni and Ramharak, and in response to concerns voiced to them by MEC Godongwana. I was required to drop the naming and description of the three scenarios from the second draft of the Strategy Framework, but I tried to weave some of the arguments into a general description of the deficiencies of the provincial economy. Although a

commitment to “agrarian transformation” was retained, references to the manufacturing sector were softened (Government of the Eastern Cape Province, 2003h). A description of three “planks” of the strategy were included for the first time; although “poverty eradication” and “agrarian transformation and food security” appeared as two of the planks, manufacturing was elevated to a third plank, worded as follows (Govt. of EC Prov., 2003h: 3): “Consolidation, development and diversification out of the strengths of our existing manufacturing capability”. This was the beginning of a discursive mediation of strategic selectivities within which this integrated planning process was unfolding. ECSECC, from its vantage point within the provincial government and in relation to the Alliance partners, was sensitive to the shifting dynamics of power as well as the range of path-dependent policy processes across sectors and the three spheres of government. However, members of ECSECC, just like me, had to make strategic calculations as to the possibilities of success or not of various courses of action, and were dialectically linked to the strategically selective terrain on which all of us operated. Apart from the possibilities of errors of calculation or judgement, we were all shaped by the very terrain we were trying to change.

As a member of the PGDP PMU tasked with content support, including responsibilities for the development of policy text, I occupied a position of relative power in that my own analyses could be directly inscribed in that text. However, the exercise of this relative and fragile power – being linked to a particular temporary technical support appointment rather than being more permanently based in one of the established institutions within the Eastern Cape Province – was strongly mediated by the responses of other actors to my discursive outputs. The institutional positions from which those actors engaged with the shaping of the policy text allowed varying degrees of scope for insistence that my textual contributions take the shape that they would like to see. My interpretations of their wishes or instructions (which were not always coherently or specifically articulated), and my own strategic calculations as to their relative power and the constraints and possibilities of future institutional approval processes, shaped my textual responses to their engagement with the draft texts. As someone who, at that time, had limited experience of the Eastern Cape provincial government system, I was prone to errors of judgement and reliant on advice from people like those employed by ECSECC. The departure of Edwards at the end of his contract left me without his broader experience in interpreting the strategic selectivities of

the terrain on which the PGDP Strategy Framework was being developed, as well as the actions of other agents.

The second draft of the Strategy Framework was presented to EXCO on 12 February 2003; according to the minutes of a meeting held between the UNDP and the PGDP PMU on 4 March 2003 (Appendix I, PGDP Project Management Unit, 2003a). There is no record of the exact changes required by EXCO in this case, apart from the instruction from the Director-General during his meeting with the PGDP PMU on 19 February 2003 that two sections be added to the Strategy Framework: (i) a section on lessons learned from the first PGDS, and (ii) a section showing how the PGDP would be developed beyond the Strategy Framework (Appendix I, PGDP Project Management Unit, 2003a). The first section would link the PGDP Strategy Framework to the first PGDS that the PGDP was meant to replace, and communicate policy continuity rather than the more radical policy break that had emerged from the PGDP process to date. The second section would give EXCO further clarity on how the programme development phase could potentially be managed.

Third draft of the Strategy Framework

A third draft of the PGDP Strategy Framework was prepared for a dedicated EXCO workshop scheduled for 12 March 2003. The explicit reference to the contributions of the PGDP Working Groups that had appeared in Drafts 1 and 2 were removed in favour of emphasis on the PGDP as “a formal planning instrument of the Provincial Government” (Government of the Eastern Cape Province, 2003i: 1) that drew on the strengths of participation by the “social partners”. This signalled a shift from a discursive positioning of the PGDP Strategy Framework as a social compact to a positioning of the PGDP Strategy Framework as a government plan to which the social partners had merely contributed. Given EXCO’s ultimate responsibility for approval of the PGDP Strategy Framework, this should probably not have been surprising.

Following feedback from Mcwabeni on discussion between himself, Godongwana and Jonas, the “Background” section in draft 2 of the Strategy Framework – which had included a number of overt references to a Keynesian approach – was replaced with a section the

review of the first PGDS, which was one of the sections the Director-General – based on EXCO’s instructions on 4 March 2003 – had instructed the PGDP PMU to include. This section positioned the PGDP not as fundamental rethink of the approach to growth and development in the province, but rather as a process emerging from the review of the first PGDS, and as an attempt to address the fragmentation of planning and implementation of government interventions in the province. This suggested continuities with existing policy, albeit with technical improvements.

This draft of the Strategy Framework included – for the first time – reference to the Coega and East London IDZs. This occurred in the final sub-section, entitled “Sequencing implementation of this Strategy Framework”, where it was stated that one of the focus areas of medium-term plans and programmes should be on “optimising investments made into the Coega and East London IDZs by creating backwards and forwards linkages into the provincial economy” (Govt. of EC Prov., 2003i: 24). This constituted an attempt to marry the reality of the IDZs with the need to develop economic infrastructure to serve the province more broadly. This compromise, however, came at a cost, as the IDZs ended up attracting (or continued to attract) significantly more resources than the agricultural programme initiatives developed during the PGDP process, effectively entrenching the resourcing of export-oriented manufacturing in the PGDP.

As argued in chapter five, the Eastern Cape Provincial Government’s own engagement with the IDZs was not a simple matter of choice between support or opposition, given the trajectories of the development of those IDZs and the complex dynamics of power within which political leaders were operating. This argument does not diminish in any way the force of the critique of the IDZs made by Haines & Hosking (2005) and Bond (2011); rather it acknowledges the strategic selectivities of the terrain on which actors within the ensemble of state institutions acted.

The third draft of the Strategy Framework document was subjected to the most intensive consultation of any of the drafts, including discussion during a dedicated EXCO workshop, a presentation to a workshop with district municipalities and the Nelson Mandela Metro, presentations to all of the PGDP Working Groups, presentations to COSATU and the Eastern

Cape NGO Coalition, and presentation to the PGDP Reference Group (PGDP Project Management Unit, 2003a).

The PGDP workshop that EXCO required was held on 12 March 2003, and was facilitated by Mcebisi Jonas, then CEO of the ECDC and chairperson of the provincial ANC's provincial committee on economic development²². Present at the workshop, in addition to members of EXCO, were the Provincial Director-General, the Executive Director of ECSECC, key members of the PGDP PMU, additional ECSECC staff members, the Resident Representative of the UNDP for Southern Africa (Dr John Ohiorhenuan), and a representative of DFID (Paul Barbour). Ohiorhenuan and Barbour had requested permission to attend, which had been granted through the Cabinet Office reporting to the Provincial Director-General. As representatives of the funders of this process, they had an interest in assessing first-hand the emergent process outcomes as viewed by members of EXCO; the body that had final approval authority over the PGDP process.

The agenda provided for presentation of the third draft Strategy Framework document, followed by discussion of each of the three key "planks", and then followed by agreement on the way forward. Drawing on my own notes taken during the meeting, the following key inputs can be highlighted.

A number of EXCO members were unhappy with the phrasing of the first eleven pages of this third draft of the Strategy Framework document; these included the introduction, the review of the first PGDS, the provincial baseline and constraints section, and the rationale for the strategy. Remnants of the first draft of the Strategy Framework document were contained in those pages. EXCO members argued that those pages constituted a strong attack on manufacturing – ignoring positives such as multiplier effects – while the rest of the document – which included the quantified vision (i.e. the targets), the principles guiding the Strategy Framework, the strategic objectives that had first been introduced in the second draft, and a description of the implications and sequencing of the strategy framework – gave manufacturing its due place. Those first eleven pages, contrary to the rest of the document, were also described as not providing the basis for the mobilisation of government and

²² Two Premiers later, he was to serve as MEC for Finance and Economic Development, and then for Economic Development and Environmental Affairs. He was also credited with development of the first PGDS and the establishment of ECSECC.

donor resources. EXCO members were clearly unhappy with the form that analysis of the status quo and policy options had taken.

Members of EXCO also questioned the sources of the statistics used (including the unemployment rate, and particularly the expanded definition of unemployment), and the effects of migration, but were happy to support the institutionalisation of benefit-incidence analyses. This questioning of the statistics used – all of which had come from the *Baseline and Constraints Paper* – would later also feature in a speech by the Premier in the Provincial Legislature on 13 February 2004 (Eastern Cape Provincial Legislature, 2004a). The questioning of the statistics at the foundation of the policy recommendations was one way of calling those recommendations into question and of justifying the drift back to “More of the same”.

The Premier and the MEC for Agriculture both expressed concern that there was no relationship between the Strategy Framework and the Provincial Spatial Plan, particularly with the latter’s emphasis on nodes. Spatial planning would later become controversial, as indicated previously, when the lack of compliance of the PGDP with the NSDP would cause a Presidency assessment to require a reformulation of the PGDP. The Provincial Spatial Development Plan (Eastern Cape Department of Housing and Local Government, 1997) – amongst other things – promoted the identification of Strategic Development Initiatives (SDIs), which were described as nodes or corridors where public sector facilitation and investment could attract private sector investment. The SDIs established in the province since the writing of that Spatial Development Framework were the Wild Coast SDI and the Fish River SDI; the latter was based mainly on the Coega and East London IDZs (Haines & Hosking, 2005).

Ramharak gave a speech on manufacturing that drew on his PGDP Concept Document to which nobody responded. He would later use the fact of his having said these things in the EXCO Workshop and their not being directly challenged as justification for the wholesale incorporation of his words into the fifth draft of the Strategy Framework document. Ramharak’s engagement with the text of the PGDP Strategy Framework came from an institutional position of strength as the Executive Director of ECSECC and a member of the PGDP Management Group, and demonstrated how agency based on personal preferences

was possible. The limits of such agency were also revealed, as is shown during my engagement with the fifth draft of the PGDP Strategy Framework below.

The Resident Representative of the UNDP, Dr John Ohiorhenuan, appealed to the members of EXCO to guide the technical team regarding the focus to be taken (following a divergent range of geographical and sectoral emphases). His opinion was that if two thirds of the population lived in rural areas then those areas must be a focus of the strategy. This intervention not only foregrounded the poverty focus of UNDP discourse, but also justified previous UNDP-supported analyses – such as the analysis of Adelzadeh & Eriksson (2002) – but it had no definitive effect on the PGDP process.

EXCO agreed on the following at the end of the EXCO Workshop: (i) the figures and numbers in the baseline and constraints section should be revisited, and [more positive] patterns should be emphasised; (ii) more needed to be said about demographic movements, drawing on additional input such as data held by the Institute for Social and Economic Research in East London²³; (iii) pages 1-11 needed to be revisited to show a more balanced approach; (iv) public sector transformation/restructuring needed to be prioritised; and (v) the Strategy Framework needed to outline the envisaged programmes for each of the “planks”. It was not clear that there was anything wrong with the figures and numbers questioned in the workshop, or that there was lack of balance in pages 1-11, but we had to accept EXCO’s decision as they would have to approve the final document.

Following this workshop – during the period 13-28 March 2003 – the third draft of the Strategy Framework document, and the changes required by EXCO, were presented by members of the PGDP PMU – Mcwabeni and myself – to all four of the PGDP Working Groups and the PGDP Reference Group. These were the last PGDP Working Group meetings to focus on the Strategy Framework; future meetings would turn to the task of programme development, including the commissioning of specialist studies to inform that work. This meant that the third draft of the PGDP Strategy Framework was the last draft formally discussed by members of the PGDP Working Groups; their last opportunity to refine their input in that document.

²³ Being moved from Rhodes University to the University of Fort Hare, which was taking over what had been the former’s East London campus.

The *Economic Growth and Development Working Group* (Government of the Eastern Cape Province, 2003j), supported the general thrust of the Strategy Framework, but a number of specific comments were made. These included the need for more to be said about tourism, the need for an unemployment reduction target, the removal of specific references to OR Tambo and Alfred Nzo Districts from the targets in the quantified vision (as requested by district municipalities at the district municipal workshop who felt that none of the district municipalities should be overtly privileged at the level of the overarching targets), the need for reconciliation between the HIV/AIDS target and the date used in the text, the need to strengthen the reference to local government as the primary site for delivery by including reference to IDPs, reiteration of the importance of land tenure reform and redistribution and increasing the budget for land reform in general, and some concerns that the proposed provincial planning commission on land and agriculture might lock resources at the provincial level rather than facilitate the flow of resources to districts. The recommended changes to the PGDP targets were made, as shown in Table 1 above.

A number of possible studies to inform the programme development phase of the PGDP process were identified during the meeting: a human resource development or labour market transformation study, a manufacturing study, an infrastructure development study, a best-practice study on small-scale agricultural development, a macro-economic modelling project, a study on the processing and storage requirements for agricultural production, a study on de-industrialisation and urban economic renewal in former homeland towns, and a study on rural livelihoods, de-agrarianisation and socio-economic development. Of these, only a manufacturing study and a study on agricultural and rural livelihoods would later be commissioned (refer to chapter eight).

The Economic Growth and Development Working Group had already considered two papers – by Hendricks (2003) and Fraser (2003) – on obstacles to agricultural development at its earlier meeting in February 2003 (Government of the Eastern Cape Province, 2003k). Hendricks' (2003) paper on obstacles to agricultural development in communal areas in the Eastern Cape painted a stark picture of the dualism between commercial farming and agricultural practice in the former Bantustans, which was a key aspect of the legacy of colonialism and apartheid. He pointed out the key role of land reform as part of a comprehensive programme of integrating the former Bantustans with the rest of the

province, boosting growth and building a foundation for more equitable sharing of the benefits of such growth. He suggested the establishment of a permanent commission on agriculture and land to anchor cooperation between the national Department of Land Affairs and the provincial Department of Agriculture, and argued strongly for the development of storage, marketing and processing infrastructure, backed by support for agricultural surplus production as a condition for agro-processing in the former Bantustans. He made a range of other practical suggestions regarding settlement, land management and support arrangements that would be worked into the PGDP Strategy Framework, but, unfortunately, would also be stripped of critical content and would not attract the required resources in the PGDP programmes.

Fraser's (2003) paper – which had been written as a response to Hendricks' – took a more narrow approach, arguing for the targeting of support to people deemed to “have the necessary skills and desire to become full-scale farmers” (Fraser, 2003: 6), and arguing against communal grazing based on the notion of the “tragedy of the commons”. This was a standard neo-classical approach based on methodological individualism, which emphasised individualised market-based solutions provision of marketing and other agricultural business support by entrepreneurs, supported through business incubators such as the University of Fort Hare's Agripark. The insistence by the PGDP Project Director that an economist's perspective be added to that of Hendricks, demonstrated the discursive power of the economics discipline, which – once invoked – often frames planning discourse in neo-classical terms and which relegates opposing perspectives – such as those of Edwards and members of MERG – to minority status. This is one aspect of the economics imperialism and the ideological function of economic theory described by Fine (1980, 2001 & 2010).

The *Governance Working Group* (Government of the Eastern Cape Province, 2003!) focused on whether public sector transformation, already mentioned in the detailed descriptions of the planks, should be given the status of a separate plank. The importance of this issue to EXCO was also mentioned. The meeting also included presentation and discussion of a document entitled *Review of governance challenges and responses* (Kabaki, Muthwa, Heideman & Timm, 2003) that had been commissioned for this working group.

This report covered governance challenges and responses from provincial government, local government, civil society and labour perspectives. The authors' presentation touched on a complex array of issues, including institutional mechanisms created to facilitate cooperative governance between the three spheres of government, integration of delivery and improvement of a district delivery system, incentivising innovation within government, evidence-based planning, e-governance, ways of strengthening systems and the capacity of civil servants, participation in planning and implementation by the people served by government (particularly through activity-based approaches), decentralisation of services and the roles of district municipalities, the funding crises experienced by many NGOs, organisation of NGOs and CBOs (many of the latter were focused strongly on micro-issues and had few mechanisms for collective action), organised labour and its influence through the Tripartite Alliance, the challenges to communication and participation in government presented by high rates of illiteracy and poverty, the roles of traditional authorities, engagement with business and the media, participation by civil society organisations in monitoring and evaluation, education on how government works, and the possibility of a more programmatic approach to local government training (e.g. through a School of Local Government attached to a tertiary institution in the province).

The text of this report was later used to frame the content of the institutional transformation and human resource development strategic objectives in the PGDP Strategy Framework, but the report included far more detail than could be reflected in a strategy document. The idea was that the details would inform programme design, which it did to a limited degree, given the deletion of some of its influences from the seventh draft of the PGDP Strategy Framework. As indicated previously, one of the authors, Dr Sibongile Muthwa, was later appointed as Director-General when Nosimo Balindlela became Premier, and served under two of Balindlela's successors, and it was to a new Deputy-Director under her that the Programme Coordination and Monitoring Unit – later established in support of the PGDP (see chapter eight) – would later report.

The *Fiscal Working Group* considered the third draft of the PGDP Strategy Framework on 19 March 2003 (Government of the Eastern Cape Province, 2003m). This meeting was poorly attended, but the leader of this working group – who was also the Head of the Provincial Treasury – indicated that he was generally satisfied that this draft, and what was proposed

for the next draft, dealt with the broad fiscal challenges, and he was looking forward to the work on the design of programmes and projects. It was not evident at this stage just how narrowly procedural his interest was – that was to become apparent during the Medium Term Expenditure Framework Hearings that he chaired, and which fell in Phase 2 of the PGDP process, as discussed in chapter eight below.

A better-attended meeting of the Fiscal Working Group on 11 February 2003 had considered a presentation by Dr Pundy Pillay on his public expenditure review (Government of the Eastern Cape Province, 2003n). An early draft of this report had been available when the first draft of the Strategy Framework had been written, and had been quoted therein. Pillay (2003a) showed that even though more than 80% of provincial government expenditure was on education, health and welfare – two-fifths of which was on education – expenditure per learner was the second lowest of all the provinces in South Africa in 2000/01, and health expenditure was significantly lower than the provincial average in 2000/01, which translated into deficiencies in a number of components of health care. Social development expenditure, on the other hand, was significantly higher than the national average in 2000/01; with 90.5% going to social grants. Personnel working for these three social services departments consumed 85% of provincial personnel expenditure in 2000/01, with total expenditure on personnel in the provincial government consuming 55% of total provincial government expenditure. The large civil service was one of the legacies of amalgamation of a component of the former Cape Provincial Administration with the administrations of the former Transkei and Ciskei in 1994.

Pillay (2003a) pointed to the difficulties of reallocation of provincial government expenditure between the social and economic sectors, with arguments to be made for both. With more than 96% of provincial revenues coming from the national government, there was little fiscal room for manoeuvring, particularly given social service backlogs in the province. However, Pillay believed that there was some scope for increased own revenue collection through creative exploration of new ways of raising revenue and building tax administration capacity. He also pointed to the scope for the raising of additional funds for capital expenditure through public-private partnerships (PPPs), using the National Treasury Regulations governing PPPs that had been promulgated in 2000. Generation of own revenue was never explored seriously during the remainder of the PGDP process, making reliance on

fiscal transfers from the national sphere of government a key constraint to the implementation of the PGDP. Combined with the priorities of the executive political leadership in the province and the prevailing macroeconomic approach, this placed significant constraints on public investment in the economy. The final version of the PGDP Strategy Framework contained cautionary notes about fiscal constraints and the difficulty of reallocation between economic and social expenditure, but it did not explore the additional avenues indicated by Pillay, and – following the reclamation of the Strategy Framework for neo-classical orthodoxy – the grounds for questioning of existing economic expenditure were significantly diminished.

The following possible further areas of work were discussed by the Fiscal Working Group during its meeting of March 2003 – when the third draft of the PGDP Strategy Framework was discussed – (Govt. of EC Prov., 2003m): a benefit-incidence study of public expenditure in the Eastern Cape, calculation of the fiscal implications of programmatic interventions required for each of the three planks, the requirements for a transitional fiscal regime that would lead into a fiscal transformation process in support of the PGDP, a study on local government expenditure, and a forward-looking public expenditure review that would give further guidance on the budgets and the institutional and systems requirements for government action in support of the PGDP. Many of these studies would have been useful aids in the difficult process of shifting provincial government fiscal allocations towards PGDP priorities, particularly if they took a strategic process perspective. No matter how well undertaken, however, such studies would not be able to shift a range of path-dependent processes within and beyond the boundaries of the province. If nothing else, these studies might have alerted participants in the PGDP process to the difficulties in shifting the existing fiscal regime and stimulated the formulation of a strategy to effect this shift, difficult as that might be in practice.

The only one of these studies that was later commissioned was a study on local government revenue and expenditure by Pillay & Mahlatsi (2004). It is not clear why this one was chosen, apart from the fact that it complemented the earlier fiscal sphere focused on the provincial sphere of government.

Issues raised by the *Social Needs Working Group* during its discussion of the third draft of the PGDP Strategy Framework (Government of the Eastern Cape Province, 2003o), included the importance of dealing with gender-based violence, consideration of the roles of sport and recreation in provincial growth and development, reemphasis of the need for labour-intensive manufacturing even though this might be difficult given international competitiveness pressures on industry, the need to include more on tourism in the Strategy Framework, the importance of alignment of the service delivery boundaries of provincial government departments with municipal boundaries, the importance of monitoring and evaluation, the importance of social partnerships, the roles of IDPs in relation to the PGDP, and the need for a job creation target in the Strategy Framework. These points again illustrated the complexity of interests and perspectives to be considered in an integrated planning process, and the difficulties of selection of those that would be foregrounded at the level of strategy and those that would be tackled as part of programming.

The Social Needs Working Group also considered a presentation on a review of social needs challenges and responses in the province undertaken by ECSECC (Government of the Eastern Cape Province, 2003o). The presentation was given by Mr Andrew Murray, the Manager of Public Sector Support at ECSECC (and later Ramharak's successor as Executive Director). After reviewing what he characterised as trickle-down, reformist or radical reformist, and radical social transformation approaches to poverty analysis and eradication, he reviewed the social needs challenges facing the province – which were characterised in similar terms to the *Baseline and Constraints Paper* (Edwards, 2003) – and described the provincial government's existing poverty eradication and HIV/AIDS programmes. In his analysis, a core challenge for the PGDP was to build social safety nets while – at the same time – moving towards structural economic transformation (particularly in the former Bantustans). Murray concluded by recommending the following components of a social needs framework for the PGDP: increasing social wage expenditure on the poor through improved targeting, benefit-incidence analysis, expenditure tracking and impact monitoring; establishing efficiency gains in the Departments of Health, Education and Social Development, building on the work of the IMT; strengthening the social needs cluster in the provincial government and the implementation of priority inter-sectoral programmes; development of a comprehensive social safety net (e.g. basic income grant, extended child

support grants, etc., but looking at affordability and opportunity costs); more effective coordination of delivery of social infrastructure and services, including with local government; development of pro-poor economic policies and programmes (e.g. by focusing on agriculture and rural industrialisation); and giving a voice to the poor by establishing institutional mechanisms for participation in the PGDP.

This framework showed strong continuities with previous discussions within the Social Needs Working Group, was compatible with earlier analyses such as the *Baseline and Constraints Report*, and gave serious consideration to provision of social services within fiscal limitations (also given the arguments for increased economic expenditure). Aspects of this analysis survived subsequent edits to drafts of the Strategy Framework, but a number of aspects, such as references to BIG, were stillborn; as discussed previously. Murray's was the last specialist input into Phase 1 of the PGDP process.

The presentation of Draft 3 of the PGDP Strategy Framework to the PGDP Reference Group took place on 24 March 2003 (PGDP Project Management Unit, 2003a: 15). A summary of the inputs received up to that point was also given, as well as a description of the district-based consultation process to follow. According to my notes of that meeting, attendance was poor. In particular, there were no representatives of the provincial government, insufficient representation of district municipalities and leaders of the PGDP Working Groups, and business representation was limited to a representative of the Border-Kei Chamber of Business. It is possible that poor attendance might have been due to the fact that all members would have participated in at least one of the other meetings on the PGDP Strategy Framework held during the month of March 2003, and were suffering from participation fatigue.

Finally, the Eastern Cape NGO Coalition also considered draft 3 of the PGDP Strategy Framework in March 2003, when they also presented on their own strategic approach. The NGO Coalition was broadly supportive of the PGDP initiative (Appendix K of PGDP Project Management Unit, 2003a). Representatives of the NGO Coalition stated that the role of civil society (which included NGOs and community-based organisations, or CBOs) was not to act as delivery agents; rather, its role was to broaden and strengthen dialogue around social change, build an accountable state, further democratic participation and rights realisation,

and build trust, cooperation and cohesion. These remarks went to the heart of the dilemma facing NGOs, namely how to access state resources to contribute to the transformation of South African society without thereby foregoing critical autonomy. At stake was the (provisional) pegging of the boundary between the state and civil society, and the implications thereof for the organisation of state power. The stakes involved were later demonstrated by Stofile's strong reaction to the Eastern Cape NGO Coalition's claims of influence made at the launch of the PGDP Strategy Framework, as discussed previously.

Regarding the content of the third draft of the PGDP Strategy Framework, my own notes indicated that representatives of the Eastern Cape NGO Coalition had expressed concern that the document was still firmly centred in a delivery paradigm, and that one should consider how one could increase opportunities for participatory policy formulation, planning and monitoring, and how one could enhance existing livelihoods strategies. Although these inputs could be viewed as an attempt to position NGOs as the facilitators or guarantors of participatory democracy – which would not be unproblematic (as suggested in chapter three) – the concerns were valid and not merely resolvable by shifting service delivery responsibilities to the local sphere of government. Apart from concerns regarding the capacity of civil servants within the provincial and local spheres of government, the shifting of service delivery responsibilities to the municipalities – who were physically closer to the people they served than institutions within the provincial and national spheres of government – while keeping the means of transforming social relations within the national sphere of government, would place municipalities in the difficult position of simply managing poverty and the rising tide of protest manifested most tangibly in their domain, and targeting their infrastructure and personnel (cf. Hart, 2013). Individual NGOs or the Eastern Cape NGO Coalition could not change this dynamic, in spite of the Coalition's work to strengthen NGO capacity and structuring itself in terms of tiered representation to streamline interaction with the Eastern Cape provincial government and municipalities.

Draft 3 of the PGDP Strategy Framework was subjected to the most intensive consultation of all of the drafts, in spite of the poor attendance of the PGDP Reference Group meeting. As indicated previously, it was also the last draft of the Strategy Framework that was formally discussed by the PGDP Working Groups. Further work on drafts of the PGDP Strategy Framework would, in the absence of feedback from the Working Groups, become

more of an interplay between specialists in discursive practice in the PGDP PMU and ECSECC, as discussed below.

Fourth draft of the Strategy Framework

In the PGDP progress report on Phase 1 of the PGDP process, the fourth draft of the Strategy Framework document was characterised as an internal draft and was never released for comment (PGDP Project Management Unit, 2003a: 16). However, the initial intention was to distribute fourth draft of the Strategy Framework document for comment on 7 April 2003, and, after incorporation of comments, to distribute a new (fifth) draft to members of EXCO on 30 April 2003 in anticipation of a formal presentation to EXCO on 7 May 2003; this from the minutes of a meeting between the Director-General and the PGDP PMU on 31 March 2003, seven days before the planned release of the fourth draft for comment (Appendix I, PGDP Project Management Unit, 2003a). The reason the fourth draft was never distributed beyond the PGDP PMU and the PGDP Management Group was that Ramharak objected to its contents in a formal letter to the Director-General (Ramharak, 2003).

Before getting to the substance of his objections, however, I will give a very brief overview of the content of this fourth draft of the Strategy Framework document. In working on the fourth draft, mediation of a number of demands was necessary. These included EXCO's instructions, the issues raised in the PGDP Working Groups and discussions with particular organisations (see above), and insistence by Ramharak that his words – particularly as used in the PGDP Concept Document – be included in the Strategy Framework.

The opening statement of the fourth draft characterised the Strategy Framework “as a structural intervention in the political economy of the Eastern Cape”, included a brief description of the historical links between the Eastern Cape and the development of the minerals-energy complex, and made reference to a “legacy of deep structural inequality [that] required far-reaching transformation encompassing all aspects of our collective life in the Province” (Government of the Eastern Cape Province, 2003p: 1). These statements would not survive beyond this draft. Although discursive emphases in policy documents do

not necessarily translate into resource allocations, the latter would be even less likely to occur without justification.

I restructured and extended the baseline and constraints section that had appeared in the previous draft to highlight, as headings accompanied by text, the following key constraints to growth and development: slow economic growth, low labour absorptive capacity of the provincial economy, highly unequal distribution of income, constraints on public expenditure, underdevelopment of agricultural potential, and the HIV/AIDS pandemic. These headings would be altered and muted in subsequent drafts, particularly by removal of words such as “slow”, “low” and “highly unequal”.

I also reintroduced an overt description of growth and development options to make clearer the argument against “more of the same”. The newly worded options were (i) continued reliance on the manufacturing sector for provincial growth and development, (ii) building the agrarian economy in support of the poor, (iii) aggressive capital investment as a basis for growth, and (iv) towards a multi-faceted strategic response to poverty and the constraints to growth and development (Govt. of EC Prov., 2003p: 12-17). The multi-faceted response was what was being promoted, and included an acknowledgement of achievements in the manufacturing sector, but called for diversification and linkages to all sectors of the provincial economy. This depiction would remain largely intact through all the subsequent drafts of the Strategy Framework, with some alterations to the text here and there.

This would be the last draft of the Strategy Framework that would contain an acknowledgements section. This section included not only acknowledgement of technical inputs, but also of the work of the PGDP Working Groups. The removal of this section was one of the outcomes of the editing process that followed Ramharak’s intervention, and confirmed the discursive positioning of the PGDP Strategy Framework as a provincial government document. Ramharak’s intervention and its outcomes illustrate the extent to which more personally motivated policy inputs could shape policy content, depending on the positioning of their proponents relation to the various nodes of relative institutional power, and the particular strategic selectivities within which they operate.

Until the internal release of the fourth draft of the Strategy Framework, Ramharak – who was formally a member of the PGDP Management Group but had never attended any of the

meetings between the Director-General and the PGDP PMU – had confined himself to verbal statements on how he saw the emerging strategy and on the importance of using the phraseology he used in his PGDP Concept Document. The fourth draft, however, provoked him into writing a formal letter to the Director-General, Dr Mvuyo Tom, dated 11 April 2003, and copied to me and the Project Director (Ramharak, 2003). It was not clear why he had not simply suggested edits directly in the text, but the formality of the letter required a response.

In this letter, Ramharak (2003: 1) argued that the fourth draft document was “fundamentally incomplete” and that “it does not in any substantive or coherent way reflect developments in strategic thinking and approach to issues of public sector transformation, human resource development and the labour market, infrastructure development and the approach adopted in relation to public policy and planning”. To rectify this, Ramharak proposed the reorganisation of headings and extensive integration of the text from his PGDP Concept Document; he was very specific about the pages of the PGDP Concept Document from which text should be taken for each of the reorganised sections of the PGDP Strategy Framework. The clear message was that only his exact phrasing would “do justice to the intended gravity, purpose and objective” (Ramharak, 2003: 1) of the Strategy Framework.

Ramharak’s letter was discussed during a meeting between the Director-General (Dr Mvuyo Tom) and the PGDP PMU on 15 April 2003 (Appendix I, PGDP Project Management Unit, 2003a)²⁴. It was agreed that general comments²⁴ could not be made at this late stage of the process, and that specific changes were what were needed. It was agreed that Mcwabeni and I would meet with Ramharak to make the necessary changes on 16 April 2003, and then submit the new document to the Director-General on 17 April 2003 – one day later. Tom also instructed that the content of the document may not be altered in any significant way as it had already been discussed with EXCO. He also confirmed that 7 May 2003 was still the

²⁴ It was also noted at this meeting that the appointment of the Development Economist in the PGDP PMU had still not been finalised, as the rates of the preferred candidate, Philip Cole, had been rejected by the UNDP. It was subsequently agreed between Cole and the Project Director that he would work on a part-time basis to allow his services to be obtained within the budget set aside for the Development Economist post – this would have implications for the programme development phase (see chapter 9), as other work took Cole away from the PGDP process at times that were not always ideal.

date for the presentation of the latest version of the Strategy Framework to EXCO, following presentation to the PGDP Reference Group at a meeting scheduled for 29 April 2003.

The notes on the follow-up meeting on the changes to be made to the fourth draft of the Strategy Framework were sent to all those who attended and the Director-General, and served as a reference point for the actual work on the fifth draft. Sections of the document were assigned to Ramharak, Mcwabeni and myself, and agreement was reached on a reorganised table of contents, which was the one used for the fifth draft. The relevant sections in Ramharak's Concept document that should be worked into the fifth draft of the Strategy Framework document were identified. It was agreed that the section on constraints to growth and development (entitled "Existing constraints & opportunities" in the actual draft 5 that emerged) would be structured in terms of principal constraints, structural constraints, and functional constraints (the word "opportunities" was added to the actual sub-titles in draft 5 of the Strategy Framework document).

Work on making the agreed changes did not progress as planned. During a meeting between the Director-General and the PGDP PMU on 24 April 2003, I presented the changes I had made to the document, and indicated that the document would be finalised by Ramharak and Mcwabeni (Appendix I, PGDP Project Management Unit, 2003a). The Director-General indicated that it was his intention to suggest 26 June 2003 to EXCO as the date for the launch of the PGDP Strategy Framework; this was the date on which the PGDP Strategy Framework was eventually launched.

The period 7 April 2003 to 2 May 2003, when the fourth draft of the Strategy Framework was being transformed into the fifth draft, was also the time that presentations on the PGDP Strategy Framework were made to meetings in the six district municipalities and the Nelson Mandela Metro (PGDP Project Management Unit, 2003a: 17). The presentations were to be based on the presentations on the third draft that had been made after the EXCO Workshop of 12 March 2003, given the uncertainties surrounding the next draft.

These municipal workshops were held in the main centres of each of the district municipalities and the Nelson Mandela Metro, and included a range of social partners based

in each area. Participants in the OR Tambo and Ukhahlamba workshops²⁵ confirmed the analysis of the *Baseline and Constraints Paper*, and the prioritisation of agricultural development, into which forestry and food processing were included. Most municipal representatives indicated that it was not clear to them exactly how the PGDP and their IDPs and LED strategies would interface, and some referred to previous bad experiences with initiatives such as the ISRDP and the Urban Renewal Programme. In the Cacadu meeting, a number of participants expressed concern at the linking of rural poverty to the Bantustans when there were pockets of poverty in small towns across the district. In all instances, particular local nuances and emphases were mentioned, many of which had more relevance to the content of detailed programmes than an overarching provincial strategy. This mediation between local interest and provincial perspective was an on-going dynamic.

Fifth draft of the Strategy Framework

The context within the fifth draft was prepared was discussed above. An incomplete version of the fifth draft of the Strategy Framework document was presented to the PGDP Reference Group on 29 April 2003 – the presentation was made by Litha Mcwabeni (PGDP Project Management Unit, 2003h). Neither the members of the Working Group nor I had seen the document prior to its presentation. Nonetheless, the meeting agreed with the broad thrust of the document, based on a description of the changes that had been made (and were being made) to the third draft of the Strategy Framework; which was the last version anyone had seen. It also agreed that a description of economic opportunities be added to the document. Finally, the PGDP Reference Group “agreed that the Strategy Framework Document would be presented to the Executive Council, Province of the Eastern Cape, for final approval once the required changes and additions have been made”, with the next meeting of the PGDP Reference Group to be called during the programme development phase of the PGDP (PGDP PMU, 2003h: 3). It was this mandate that was used to develop the sixth and seventh drafts of the Strategy Framework without further inputs from anyone but the technical support team, the executive political leadership of the

²⁵ Notes for the OR Tambo, Ukhahlamba and Cacadu district workshops were the only sets that could be found (Appendix D of PGDP Project Management Unit, 2003a).

provincial government, and with one final round of comments on the seventh draft by the Leaders of the four PGDP Working Groups.

Looking at the content of the document (Government of the Eastern Cape Province, 2003p) that was completed by Mcwabeni and Ramharak soon after the PGDP Reference Group meeting, a number of key points can be noted – these are important as way stations to the content of subsequent drafts. The bold reference to the PGDP as “a structural intervention in the political economy of the Eastern Cape” that had appeared in the fourth draft (Government of the Eastern Cape Province, 2003p:1) was removed from the introduction, which was changed – in the fifth draft of the Strategy Framework – to take a far more neutral technical tone (Government of the Eastern Cape Province, 2003q). No description of the structural problems inherited by the Eastern Cape Province was given, and the most critical point made was that the PGDP stood in “stark contrast to the somewhat fragmented, short-term and sometimes reactive planning that has tended to drive decision-making and resource allocation within the province to date” (Govt. of EC Prov., 2003q: 3). Although this softening of the tone could be explained in relation to a number of strategic factors, including anticipation of national political scrutiny, awareness of strategic opportunities, or maintenance of consensus – amongst others – the exclusion of a wider spatio-temporal critique robbed the document of a key justification for significant shifts in the allocation of public resources.

A new section entitled “General overview of policy & strategy since 1994 and lessons for the PGDP” (Govt. of EC Prov., 2003q: 5-9) gave very brief and neutral descriptions of the RDP, GEAR and what were termed micro-economic reform strategies, but gave no hint of the Keynesian critique that had been made in the *Baseline and Constraints Paper*, the early drafts of the Strategy Framework and even Ramharak’s own Concept Document. Although perhaps sensitive to the predominance of economic orthodoxy – which had been confirmed at the ANC’s 51st National Conference (as discussed in chapter three) – the toning down of references to a Keynesian perspective made it more difficult to sustain an argument for increased state investment and to challenge the national policies that make this difficult.

The critique of the first PGDS was watered down to refer only to insufficient internalisation within provincial government departments and the “social partners”, leading to delivery

being “constrained by the lack of functional integration across departments and spheres of government” (Govt. of EC Prov., 2003q: 7), and the positive of the PGDS was contained in its creation of an awareness of and focus on poverty.

Although the sub-headings for the description of constraints to growth and development in the fourth draft of the PGDP Strategy Framework were softened, the same text was retained. Two additional sub-sections were added, one of which used some of the text in the excised Draft 4 introduction, and the other, on labour market fragmentation, which drew on Borat, Leibbrandt, Maziya, Van den Berg & Woolard’s (2001) characterisation of the South African labour market in terms of the core consumer economy, the marginal modern sectors, and the peripheral labour force.

The description of provincial growth and development options was retained by shifting it from the section on our strategic response to the section on existing constraints and opportunities. This is where that description resided in all further drafts of the PGDP Strategy Framework.

Sixth draft of the Strategy Framework

The sixth draft of the Strategy Framework document was produced soon after completion of the fifth draft and in preparation for the EXCO meeting of 7 May 2003 for which the fourth draft had originally been prepared.

The description of the economic performance of the province between 1995 and 2001 was changed by deleting a reference – coming from the first draft of the Strategy Framework – to the Eastern Cape’s economic growth rate *per capita* being worse than for the South African economy as a whole, to emphasise the absolute rate of growth, which had previously been acknowledged (Government of the Eastern Cape Province, 2003r). This had the effect of placing a more positive spin on the document, and further diluted the grounds for an argument for more fundamental changes to economic policy. A section, emerging from ECSECC – through Mcwabeni – was then inserted, in which real GGP growth in the Eastern Cape (specifically not presented in per capita terms) was compared favourably with the rest of South Africa; and the credit for this growth attributed to manufacturing and

agricultural exports, and to “increased national and provincial public expenditure” (Govt. of EC Prov., 2003r: 13-14). Although the intended focus of this increased public expenditure was not defined, the figures given in budget speeches to the Eastern Cape Provincial Legislature and the frequently stated priorities of the provincial political executive – as discussed in chapter five – as well as the glowing references to exports in the newly inserted text of the sixth draft of the PGDP Strategy Framework, left little doubt that increased public expenditure referred to the IDZs. The insertion of these figures had the effect of justifying increased investment of the same kind, given the positive GGP growth figures with which exports were thus associated. In addition, industrial strategies were said to be needed to extend this very positive growth to “labour-intensive sectors including agriculture, agro-processing, clothing and light industry, especially in rural areas and in the district towns” (Govt. of EC Prov., 2003r: 14) – the message was that what was needed was not a fundamental reorientation of public expenditure, but rather additional strategies, the funding of which would not materialise, as it remained largely focused on “more of the same”.

Seventh draft of the Strategy Framework

The seventh draft of the Strategy Framework document (Government of the Eastern Cape Province, 2003s) was developed following feedback from EXCO on 7 May 2003, for presentation to another EXCO meeting on 21 May 2003. Responsibility for the preparation of the seventh draft was given to the newly appointed Development Economist, Philip Cole. Cole had been courted by Mcwabeni for a number of months, and was just completing an assignment for the ECDC in which he had packaged investment opportunities for public release.

In a meeting between the Director-General and the PGDP PMU on 13 May 2003, not attended by me, the Project Director reported that the leaders of the PGDP Working Groups had been asked to comment on the final draft, and that Cole would have the refined version ready for internal comment by 15 May 2003 to ensure that it was finalised for distribution to EXCO on 16 May 2003 (Appendix I, PGDP Project Management Unit, 2003a). It was agreed that after being briefed by the PGDP PMU, the Chair of the Economic Growth and

Development Cabinet Committee, MEC Gugile Nkwinti, would make the presentation to his colleagues in EXCO.

The launch date of the Strategy Framework of 26 June 2003 was confirmed by the Director-General – Dr Mvuyo Tom – and communications arrangements for this launch were discussed; including preparation of a one-page flyer and an eight-page summary of the Strategy Framework document for wide dissemination (Appendix I, PGDP Project Management Unit, 2003a).

Mvuyo Tom also expressed concern that only three months would be available for the programme design process (Phase 2 of the PGDP process), and suggested that the focus should only be on a few programmes that could serve to “kick-start the PGDP”. It was agreed that these would be a few flagship programmes built around the three “planks” and strategic economic growth sectors/areas/points for district municipalities, packaging and reviewing of existing government programmes (with “reviewing” meaning “identifying gaps”), and aligning and integrating existing IDPs with the plans and budgets of provincial and national government programmes (Appendix I, PGDP Project Management Unit, 2003a). The time for programme development would later be extended, but with limited effect, as is shown in chapter nine. The idea of flagship programmes/projects would remain, driven by the requirements of the provincial political executive in the run-up to the 2004 general election.

Cole – who had the status of being the official team economist, and the blessing of the Director-General and the Project Director – significantly changed the text of the draft PGDP Strategy Framework. He added the section on economic opportunities that had been requested by the PGDP Reference Group, and he substantively changed the framing of the section on constraints (Government of the Eastern Cape Province, 2003s). For example, he removed references to the legacies of colonialism and apartheid, to the depth of unemployment in the province relative to the rest of South Africa, to the limited access to services in the province relative to the rest of the country (including references to the decline in access between 1995 and 2001), to limited GDP growth, and to South Africa’s poor performance in terms of international indicators, including its status as one of the most unequal societies in the world (Govt. of EC Prov., 2003s: 10-12). Not only did he

remove these references to the depth of the challenge faced in this province; he also removed all references to the potential value of a Keynesian approach to addressing it. He further removed any criticism of the “more of the same” approach; such as references to the very limited job creation in the manufacturing and tourism sectors given the scale of unemployment in the province, an international macroeconomic context of increasing inequality, and concerns about reliance on foreign markets rather than “supporting domestic investment and building effective domestic demand for industrial goods” (Government of the Eastern Cape Province, 2003r: 15). In the rest of the text, all statements critical of macroeconomic policy were removed.

The opportunities section focused on investment opportunities, drawing on Cole’s recent assignment for the ECDC. Although the initial mention of community-public-private partnerships (CPPPs) to develop enterprises based on natural resources had a neutral ring to it, the full import of Cole’s approach became apparent in his treatment of agrarian transformation, where he wrote of “the expansion of commercial agricultural enterprises, especially in the former homelands ... that will require both the development of new structures for commercial farming enterprises, including CPPPs, trusts and companies, and the allocation of prime agricultural land to these structures. New ownership structures must include communities and smallholders as shareholders or co-owners” (Government of the Eastern Cape Province, 2003s: 31). This was a shift from agricultural developments centred around new entrants to commercial agriculture towards commercial ventures in which new entrants would only be included. Outgrower schemes, which are not always in the best interests of small producers, received special mention. Land reform was mentioned only in relation to the improvement of the livelihoods of the rural poor, rather than as a key component of commercialisation of agriculture and agrarian transformation. For example, the following words that had survived through drafts three to six of the Strategy Framework document were now deleted: “[m]ore intensive land reform should be promoted in the Province to change the inherited spatial disparities and to lay the foundation for a more broad-based transformation of our agricultural sector in support of black economic empowerment” (Government of the Eastern Cape Province, 2003r: 39). This deletion removed a fundamental condition for agrarian transformation in the province.

Cole's depiction of economic opportunities in the manufacturing sector focused on the creation of the conditions for investment by foreign and established domestic capital. For example, even exploitation of gaps in value chains in the manufacturing sector were described as "appropriate for large companies, with strong opportunities for foreign investment", and the Coega and East London IDZs were characterised as providing "great potential to increase foreign investment in the province and to further increase exports" (Government of the Eastern Cape Province, 2003s: 14).

Although the text edited by Cole continued to acknowledge a "role" for the state, it was evidently not a role that would aim to stimulate effective demand through appropriately targeted public investment. The state, in Cole's discourse, had the task of facilitating the attraction of investment and the facilitation of market solutions. This fitted comfortably with the publicly stated approach of the executive political leadership of the provincial government; as exemplified by Godongwana's 2003 statement that "the function of Government is mainly to create an enabling environment which allows private sector investment to occur" (Eastern Cape Provincial Legislature, 2003j: 31), and Stofile's 2004 statement that "[o]ne of the most important functions of government is to create an environment in which the private sector feels comfortable to do business" (Eastern Cape Provincial Legislature, 2004a: 7), both of which were quoted in chapter six. The PGDP Strategy Framework had come full circle to provide the discursive frame that justified the economic policy status quo.

Cole's edits also strengthened references to the role of local government, and limited the description of challenges facing provincial government to "the need to strengthen and integrate planning for provincial socio-economic development, while leading the process of decentralisation of service delivery to district and local municipalities" (Government of the Eastern Cape Province, 2003s: 45). This significantly underplayed the key role for the provincial government and its institutions in provincial growth and development as described in earlier drafts of the Strategy Framework, and limited the scope for development of programmatic interventions to strengthen the provincial government machinery. The strengthening of the references to the role of local government also had the effect of moving attention even further from the national economic policy domain, where the most significant impediments to social transformation of the Eastern Cape lay.

The seventh draft of the Strategy Framework was presented to EXCO on 21 May 2003, following its distribution to EXCO members on 16 May 2003 (PGDP Project Management Unit, 2003a: 22). EXCO referred the document to its Economic Growth and Development Cabinet Committee for more detailed consideration before final approval by the full EXCO. The Cabinet Committee considered the document on 29 May 2003, where agreement was reached on the final changes for the eighth and final version of the PGDP Strategy Framework document.

It was during this time, from 23 May 2003 to 1 June 2003, that a provincial delegation undertook a study tour to Malaysia “to gain insight into how Malaysia has gone about developing and implementing long term economic growth and poverty reduction strategies with a view to distil lessons for our own PGDP” (PGDP Project Management Unit, 2003b: 3) – membership of this delegation is provided in chapter four. This delegation included the Mvuyo Tom (the Director-General) and Litha Mcwabeni, and Philip Cole was otherwise occupied, which left me to present the seventh draft of the Strategy Framework document to the Economic Growth and Development Cabinet Committee, chaired by MEC Gugile Nkwinti. With hindsight, I should probably have refused this assignment, but, at the time, I had to make a strategic calculation as to the possibilities for countering Cole’s approach by remaining in the process. The changes required by the Cabinet Committee are described in the section on the eighth draft below.

Eighth draft of the Strategy Framework

The eighth and final draft of the Strategy Framework (Government of the Eastern Cape Province, 2003t) was developed based on the changes to the seventh draft that the Economic Growth and Development Cabinet Committee had instructed the PGDP PMU to make during its meeting of 29 May 2003. These instructions were very specific and left little room for creative interpretation by people working on the text. The task of carrying out those instructions fell on me.

In addition to a number of typographical edits to the document to get it ready for final EXCO approval, a number of slightly more substantial edits were made, all specifically on the

instruction of the Economic Growth and Development Cabinet Committee. These included deletion of the last remaining critical references to the impact of macroeconomic policy on the provincial economy and the continued dislocation and marginalisation of the former Bantustans from the rest of the province, as well as reference to the state leading the process of growth and development (Govt. of EC Prov., 2003t). The latter was replaced with a description of the role of the state being “to facilitate growth and development” (Govt. of EC Prov., 2003t: 7), which left room for many different interpretations of what facilitation might mean.

The description of poverty was given a new introduction rather than deleting the statistical details contained therein. This introduction acknowledged the need for “refinement of quantitative data on poverty in the Province”, but only within the context of strengthening all dimensions of our understanding of poverty, thereby providing discursive cover for the retention of the poverty statistics that described the real circumstances of the people of the Eastern Cape.

To his credit, Nkwinti instructed that the praise of the high growth rates achieved in the “modern, export-oriented manufacturing sector” be qualified by a statement that “this growth has not had a positive net effect on employment” (Govt. of EC Prov., 2003t: 13), and that Cole’s statements on CPPPs be qualified with the words “... paying particular attention to ensuring that the poor are supported in taking co-ownership of such partnerships” (Govt. of EC prov., 2003t: 14). The insertion of references to local people retaining control of their cultural and natural resources, use of poverty eradication and employment creation as criteria for the allocation of public money, and sustainability were also made at Nkwinti’s insistence, but would remain feeble when compared to the celebration of rampant neoliberalism that the language of the Strategy Framework had, in effect, become. This intervention, amongst other things, served as an illustration that EXCO too was fractured, and that complex differences of opinion and discursive contradictions existed there too.

The eighth draft of the PGDP Strategy Framework document was distributed to EXCO members on 30 May 2003 and, on 4 June 2003, the Economic Growth and Development Cabinet Committee approved the document. Later on that same day, Nkwinti, as Cabinet Committee Chair, presented the document to EXCO, where it was approved.

During a meeting between the Director-General and the PGDP PMU on 9 June 2003, the approval of the eighth draft on 4 June 2003 was noted (Appendix I, PGDP Project Management Unit, 2003a) and it was agreed that the approved version needed to be sent to all members of the PGDP Working Groups for their information, and that a vision for the province, as well as a foreword from Premier Stofile, needed to be included in the formal and popular versions of the Strategy Framework. It was noted that the Premier would introduce the document to the public on 26 June 2003, and that statements of support from the social partners would be read by those partners on the day.

One might ask how any of the partners could celebrate a document from which their inputs had been excised and that that had been reclaimed for neo-classical orthodoxy to the extent that this one had. The answer to this is probably four-fold; (i) neoliberal ideology had become so dominant in public discourse that people who read the detailed text would probably not even notice, (ii) all of the social partners had made genuine contributions to the PGDP process and had seen at least some of their suggestions reflected in the text – even if only in the wording of an objective – (iii) all could identify with the six strategic objectives that had been identified and that had been captured in a simple triangle diagram, and (iv) the targets included in the Strategy Framework’s quantified vision included a range of targets that would measure progress in human terms; these were the targets that allowed the space for the critical review of the PGDP in 2007/08 (Office of the Premier of the Eastern Cape, 2009).

Concluding remarks

The development of the PGDP Strategy Framework took place over a period of five months that saw the defeat, at the ANC’s 51st national conference, of a policy and leadership challenge associated with the ANC’s Alliance partners and Eastern Cape ANC (as argued in Chapter three). This was not the end of contestation within the Tripartite Alliance or of protest actions by disaffected communities. Although social movements reached their apex at the 2002 WSSD (cf. Hart, 2013), some movements, such as the Treatment Action Campaign, continued to exert pressure on the South African state, arguably winning more policy concessions than many state-driven processes, but aided by the decisions of some

provincial governments – such as the Eastern Cape Provincial Government – to pursue the development of their own HIV/AIDS programmes in spite of the views of President Mbeki or his Minister of Health (cf. Gevisser, 2009). The demise of many of the social movements saw the rise of a movement beyond movements (Hart, 2013), as poor communities rose all over South Africa; often against the local sphere of government to which the management of poverty – that was being reproduced by national state policy – was being delegated. The PGDP Strategy Framework arose as a potential discursive focus of a counter-hegemonic project, potentially building a new social compact at a time of a fraying of ANC hegemony. However, the conditions in which this potential had emerged, changed and the PGDP Strategy Framework was reincorporated in dominant texts and larger path-dependent processes.

The period over which the PGDP Strategy Framework was developed also saw intervention in the leadership elections within the Eastern Cape ANC, with Premier Stofile's re-election as provincial chairperson of the ANC confirmed only after a reconvened provincial elective conference had met – this confirmation came in the month that the PGDP Strategy Framework was launched. It was at the public launch of the PGDP Strategy Framework that Stofile lashed out at NGOs who set themselves up as representatives of the poor. More than just the outburst of a political leader facing immense pressure from within his party and approaching national and provincial elections, his words touched on the complex shifts in the boundaries between the state and society, as discussed in Chapter 3.

The drafting the PGDP Strategy Framework was shaped not just by these wider social and political processes, but also by path-dependent policy and resourcing processes set in motion within the national and provincial spheres of government. A key example, discussed in this chapter, was the allocation of national and provincial government resources to the Coega and East London IDZs (particularly the former). Those allocations, linked to the arms deal offset agreements, had significant opportunity costs, particularly in a context where less than 10% of provincial government expenditure was being allocated to economic sectors, and where significant resources were required to bring about the agrarian transformation that was gaining support during the PGDP process. These allocations also locked the national and provincial government even further into export-focused manufacturing, which was usually capital-intensive and with limited job creation spin-offs.

My analysis of the development of the eight drafts of the PGDP Strategy Framework also shows the dialectic interface between agency and strategic selectivities of the state, with individual actions arising with larger institutional contexts, and individual agents interpreting strategic selectivities and shaping those in turn. The analysis also illustrates the difficulties in assigning definitive agency – e.g. even far-reaching interventions such as those by Cole could be argued to be motivated more by the constitutive force of ideology than Machiavellian calculation – and the unpredictable outcomes of the policy process. Although largely discursive in form, the PGDP Strategy Framework was networked into dynamic spatio-temporal and institutional processes in interaction with which it was shaped and translated into programmatic content.

CHAPTER 8: Developing PGDP programmes and gearing for implementation

In this chapter, I examine the second phase of the PGDP process, which was the phase focused on the design of PGDP programmes. This phase showed marked discontinuities with the first phase, despite the facilitation role played by the PGDP PMU. For one, the participatory process that had been following during the development of the PGDP Strategy Framework was largely abandoned as the PGDP process was increasingly absorbed in the provincial government bureaucracy. Although resourcing required engagement with that bureaucracy, the abandonment of the Working Groups and facilitation of broader sectoral inputs until late in the process provided no counter against the strongly path-dependent institutional process into which the design of the PGDP programmes was being drawn.

Those institutional processes included provincial departmental planning processes that were following milestones, formats and ways of working not necessarily suited to the requirements of the PGDP process or to considering domains other than their own. Also, the provincial budgeting process, which had set milestones and followed budgeting rules, made significant reallocation of provincial public expenditure impossible. Not that reallocation would have been easy had the Provincial Treasury not insisted on the application of a historical budgeting approach; as shown in previous chapters, public expenditure patterns that had their origins prior to the start of the PGDP process and that were linked to processes beyond the provincial sphere of government, would still have proven difficult to shift within a process focused on the Eastern Cape Province. Significant fiscal reallocation would have required a far more strategic engagement with national processes than the Eastern Cape Provincial Government was willing – or able, considering the political dynamics discussed in Chapter 3 – to make.

Systematic investigation of the requirements for a transitional fiscal regime and planning of a strategy of engagement with the national sphere of government around fiscal mobilisation in support of agrarian transformation and poverty strategic objectives was precluded by the lack of support for such actions in the Fiscal Working Group, as discussed in chapter seven. Perhaps this should not have been surprising, given that the leader of the Fiscal Working Group was the same person who, as Head of the Eastern Cape Provincial Treasury, would

apply the historical budgeting rule and take a narrow perspective on the options for the resourcing of the agrarian transformation strategic objective.

These processes would have presented challenges even if the contents of the PGDP programmes had been developed in a participatory manner with transformation of the provincial social relations as a consistent goal. This was not only because the text of the PGDP Strategy Framework had been reclaimed for neoliberal ideology, but also because the programme development process was not effectively managed. Factors that worked against effective management included the part-time appointment of the Development Economist who had been assigned technical management responsibility (for fee-related reasons rather than the requirements of the task), pressure from the executive political leadership for deliverables for the upcoming elections (which privileged initiatives that were already close to fruition rather than the best possible options), and increasing caution introduced into state processes during an election year.

ECSECC, which had been involved in the management of the PGDP process since its inception, but with the PGDP PMU foregrounded publicly and controlling the process resources, took visible control of the programme development process with the release of a programme document in its own name rather than the PGDP PMU's, as shown below. This intervention, however, could not undo the complex path-dependent processes within which the programme development phase had become enmeshed through the dialectic of agency on a strategically selective terrain. There was nothing inevitable about the particular contents of the programmes and the unfolding of the programme development process, although certain outcomes were more likely than others. Had the process been managed differently, different outcomes might well have ensued, such as the avoidance of the sub-optimal rush to package programmes in preparation for the launch of the full PGDP document. However, a provincial resourcing process within the context I described in chapter three, and following the outcomes of the strategy development phase, as described in chapters six and seven, would have been unlikely to effect a fundamental shift in resources no matter how well it was managed.

I start my analysis of the programme development phase by providing an outline of the programme development process, followed by an overview of the development of a

monitoring and evaluation system for the PGDP, before a more detailed treatment of the making the PGDP programmes. The overview of the development of the monitoring and evaluation system – which consumed the bulk of my time until the end of my membership of the PGDP at the end of November 2003 – provides a further illustration of path-dependent processes at work within the provincial administrative state apparatus, and the difficulties of sustaining change processes, however elaborately planned.

Outline of the programme development process

In this section, I provide an outline of the programme development process prior to my more detailed engagement with its content. This outline, which augments the overview in chapter four, serves to orientate the reader in relation to the more detailed analysis.

Following the launch of the PGDP Strategy Framework by Stofile on 26 June 2003, the PGDP PMU turned its focus to the development of the PGDP programmes (Phase 2 of the PGDP process). As shown in chapter seven, three of the PGDP Working Groups – Economic Growth and Development, Fiscal, and Governance – had already met during April 2003 to identify programme priorities and additional technical studies²⁶, and the Economic Growth and Development Working Group had established three technical sub-committees – focused on tourism, land and agriculture, and manufacturing – and had suggested the establishment of two additional sub-committees; one to be focused on infrastructure and the other on human resource development. Only the Fiscal and Social Needs Working Groups would

²⁶ The following existing and planned initiatives were presented to the *Economic Growth and Development Working Group*: a proposed European Union funded Programme of Support to Local Economic Development in the Eastern Cape, the Eastern Cape Tourism Master Plan, and the Eastern Cape Rural Transport Strategy (Government of the Eastern Cape Province, 2003ab). These were later translated or incorporated into the following PGDP programmes (Eastern Cape Provincial Government, 2004a): *Enterprise Development Support Programme*, *Tourism Programme*, *Strategic Infrastructure Programme*, *Expanded Public Works Programme*, and *Massive Food Programme*. Two further specialist studies were later commissioned from a list discussed at this meeting: (i) a study on labour-intensive manufacturing by Dr Simon Roberts of Wits University (Roberts, 2003), and (ii) a study on agricultural and rural livelihoods by a team led by Dr Leslie Banks of the University of Fort Hare (Banks, Westaway, Minkley, Wotshela, Fay, Andrew & Ainslie, 2003).

The *Fiscal Working Group* highlighted the following two studies that were later undertaken (Government of the Eastern Cape Province, 2003ac): (i) an update of the provincial public expenditure review by Dr Pundy Pillay (Pillay, 2003b), and (ii) a local government expenditure review by the Sizaneng Centre for Research and Development (Pillay & Mahlatsi, 2004).

The *Governance Working Group* agreed that further studies should be undertaken on models for planning and coordination; on institution building and organisation; and on social mobilisation, empowerment and participation (Government of the Eastern Cape Province, 2003ad). Two studies later focused on models for planning and coordination: (i) a Malaysian study tour (PGDP Project Management Unit, 2003b), and (ii) study that included a proposal on the establishment of a new dedicated Planning, Coordination and Monitoring Unit reporting to a new Deputy Director-General post in the Office of the Premier of the Eastern Cape (Weir, Gwagwa & Pillay, 2004).

meet again, in July 2003²⁷, and by October that year the PGDP Reference Group – in its first meeting since 29 April 2003 (when it had considered an incomplete version of the fifth draft of the Strategy Framework) – would call for the reactivation of the PGDP Working Groups and the technical sub-committees. This reflected the degree to which the institutional mechanisms for programme development had been changed from those that had functioned during Phase 1 of the PGDP process.

The only recorded meeting of the Extended Steering Committee took place on 10 June 2003; days before the launch of the Strategy Framework (PGDP Project Management Unit, 2003i). It is at this meeting that Mcwabeni, as PGDP Project Director, presented the progress report on Phase 1 of the PGDP process (PGDP Project Management Unit, 2003a). During this Extended Steering Committee Meeting (PGDP PMU, 2003i), the importance of participation by senior management of provincial government departments in the programme development phase (Phase 2 of the PGDP process) was emphasised, as was the importance of involvement of national government departments and municipalities – participation would remain problematic, with the budgeting process, selective as it was, being the only mechanism that focused the heads of provincial government departments. Cole – who, as the Development Economist in the PGDP PMU, would be responsible for the development of the PGDP programmes – presented the key milestones for their development to the Extended Steering Committee. These milestones included establishment of programme priorities for each strategic objective during June and July 2003, leading up to a broad stakeholder workshop on programme prioritisation scheduled for 17-18 July. Programme priorities emerging from that workshop would be fed into the Budget Indibano²⁸ during August/September 2003, after which the short, medium and long-term programmes would be finalised and packaged for approval by EXCO in September 2003. The programmes would be integrated with departmental plans and IDPs in October/November, which was also when a proposal for the future coordination of planning in the province would be developed. It was foreseen that a monitoring and evaluation

²⁷ The Social Needs Working Group met on 1 July 2003, and the Fiscal Working Group on 14 July 2003. No records of their contents could be found, but signed attendance registers confirm that they took place.

²⁸ The Budget Indibano's traditional focus was described as follows in the Provincial Treasury's invitation to the 2003 Budget Indibano (Provincial Treasury, Province of the Eastern Cape, 2003a): "Traditionally the departments report on the performance for the previous year and highlight the projected outcomes for the current year, which give an indication on how the priorities for the coming year will unfold". The Indibano was the beginning of the budget process, which would become increasingly detailed.

system in support of the PGDP would be developed in parallel with the development of PGDP programmes, and would be included in what would be presented to EXCO in September 2003. This was a very tight timeframe, but fit with the resourcing milestones agreed with the UNDP and DFID, with the provincial budgeting milestones, and with EXCO's need for tangible programmes in time for the 2004 election campaign.

The plan was that the programme priorities going into the workshop of 17-18 July would be developed by the PGDP PMU working with the leaders of the four PGDP Working Groups for each of the six strategic objectives; with probably one or two workshops for each PGDP Working Group (PGDP Project Management Unit, 2003a: 50). Programme priorities for the agrarian transformation and the manufacturing and tourism strategic objectives were to be the responsibility of the three technical sub-committees of the Economic Growth and Development Working Group (PGDP PMU, 2003a: 51), with a convenor assigned to each. Programme priorities for the poverty strategic objective were to be the responsibility of the Social Needs Working Group, and those for public sector transformation were to be the responsibility of the Governance Working Group. The Fiscal Working Group would take responsibility not for a particular strategic objective, but rather for alignment of programmes with provincial and budgeting processes, which was what the Provincial Treasury – whose head was the leader of the Fiscal Working Group – would be doing anyway as part of the budget development process. Programme priorities for the infrastructure and human resource development strategic objectives would fall outside the PGDP Working Groups, as they cut across them, and each would be assigned a convenor.

The plan was that programme design, scheduled for August/September 2003, would again be led by the Working Group technical sub-committees, but joined by government planners and supported by the PGDP PMU (PGDP PMU, 2003a: 54). Specialist input on cross-cutting issues – HIV/AIDS, gender, youth and the environment – would be provided during the second half of August, and programmes would be finalised during September 2003, allowing a move into costing of programmes in preparation for their formal presentation and adoption by the end of September 2003. Programmes were to be designed in detail for the first three years, in outline for the next three, and defined in terms of broad targets for the final four years of the PGDP implementation period.

This planned process changed in a number of ways during the course of the programme development phase. First, the technical committees did not function in the way intended. There is no record of their ever having met outside of the PGDP Working Group meetings to which I have already referred. Second, the process was complicated by the need to engage with other interventions to strengthen the provincial administration; including the IMT and the DFID-funded Integrated Provincial Support Programme (IPSP)²⁹. Third, the date of the programme prioritisation workshop was postponed to 25 July, with participants arriving during the later afternoon of the 24th for a welcome and supper (PGDP Project Management Unit, 2003j). Fourth, Cole's management of the programme development phase was inconsistent, as characterised by absences at crucial junctures due to other work he had taken on; one example was in the immediate run-up to the Budget Indibano, when the submission to the Budget Indibano had to be prepared, as will be described below. Fifth, although the Budget Indibano did take place in August (on 8 August 2003), the subsequent process was taken over by a technical appraisal team, tasked by Godongwana, and consisting of government officials supported by the PGDP PMU. Sixth, the programme development process became increasingly unwieldy as it got drawn into the provincial budgeting process – e.g. review of government department strategic plans, a Provincial Benchmark Exercise on 10 September 2003 aimed at preparation for the Medium Term Expenditure Committee Hearings, which took place on 6-10 October 2003, after being postponed from 22-26 September 2003 – while also engaging with issues arising from workshops with district municipalities, recommendations arising out of specialist studies, political pressure for programmes that could be used in the 2004 election campaign, and instruction by the PGDP Reference Group on 13 October 2003 that broader stakeholder inputs into the PGDP programmes be obtained.

By February 2004, ECSECC had taken control of the programme development process; signalled by the release of its own document on the PGDP programmes (ECSECC, 2004a). This document could not change the path-dependent processes in which programme development had become enmeshed through a dialectic of agency and the strategic selectivities of the state. Following a failed attempt – in early March 2004 – to develop

²⁹ The IPSP was focused on the development of management information systems and strategic plans, and interaction between the IPSP and the PGDP PMU started with the IPSP's Eastern Cape Operational Workshop of 18 June 2003 (Office of the Premier of the Eastern Cape, 2003).

concrete PGDP programmes through a logframe development process, ECSECC appointed a team of consultants (myself included) to design the PGDP programmes. This process was finally wrapped up when I was appointed to package the PGDP programmes within one week, supported by the former leader of the Economic Growth and Development Working Group, Mike Lewis, who pulled together the manufacturing and tourism programmes.

It was through this less-than-ideal process that the final PGDP programmes were designed. Engagement with the provincial budgeting process presented particular challenges, manifested in the difficulty in shifting the planning and budgeting processes within provincial government departments – which were often poor to begin with – from their own particular mandates and concerns to the broader PGDP, as well as in the rigidity of the Provincial Treasury’s budget rules. Although the Superintendent-General of the Provincial Treasury, Mr Monde Tom, was the leader of the Fiscal Working Group, and was party to discussions on the overall strategic direction of the PGDP, he and his deputy, Ms Mendo Dukada, refused to consider anything but the standard escalation of departmental budgets; which ruled out any significant reallocation of the provincial budget in support of the overall provincial priorities. Whether or not this refusal was on instruction from their MEC Enoch Godongwana was not clear but, whatever the reason, they exercised their institutionalised power to undermine any attempts at refocusing the provincial budget through the application of a simple escalation rule. I witnessed the provincial Department of Agriculture trying to argue the point during the Medium Term Expenditure Framework (MTEC) hearings, but they were overruled by the firm assertion of this escalation rule. Godongwana was not present at these hearings, which were run by Provincial Treasury officials.

Godongwana’s most overt intervention in the process came with the formation of the Budget/PGDP Appraisal Team, as is shown below. Although formally convened by Litha Mcwabeni in his capacity as PGDP Project Director, Mcwabeni increasingly began to function in terms of his original institutional affiliation, which was ECSECC. As the process became increasingly complex (given the wide range of inputs and existing initiatives) and the options for reallocation of expenditure became increasingly stifled within the budgeting process, ECSECC mediated increasingly strongly between the executive political leadership and the provincial administration. Such mediation became increasingly important as the date for the 2004 general election approached, with the provincial ANC leadership requiring

programmes to underpin its election campaign. The PGDP PMU's Annual Progress Report of 17 November 2003, for example, pointed to the risk that the election could "place extra pressure on government to launch PGDP programmes" (PGDP Project Management Unit, 2003e).

EXCO got its flagship programmes on 6 October 2003, when the Budget/PGDP Appraisal Team – convened by Mcwabeni and including three other ECSECC staff members – released a draft proposal on a PGDP Flagship Project Package (Government of the Eastern Cape Province, 2003b); which was approved by the PGDP Reference Group at its meeting of 13 October 2003 (PGDP Project Management Unit, 2003k; PGDP Project Management Unit, 2003l), and appeared in Premier Stofile's speech at the opening of the Eastern Cape Provincial Legislature on 13 February 2004 (Eastern Cape Provincial Legislature, 2004a: 10). The development of this flagship package bought time for the finalisation of the full suite of PGDP programmes, as EXCO had some initiatives that it could publicly associate with the PGDP.

My own role in the PGDP programme development process in 2003 was peripheral, with cameo appearances at the programme prioritisation workshop of 25 July 2003, preparation of the Economic Growth and Development Cabinet Committee's report to the Budget Indibano in Cole's absence, and participation in the MTEC Hearings. This was because my appointment – as Monitoring and Evaluation (M&E) Specialist in the PGDP PMU (from March 2003 to September 2003, later extended to end November 2003) – required me increasingly to focus my attention on the design of an M&E system in support of the PGDP, following the launch of the PGDP Strategy Framework and the identification of PGDP programme priorities. The design of the M&E system occurred in parallel with the programme development process, which would define the details of programme design and targets that would need to be monitored. The design of institutional arrangements for the coordination of planning and implementation in the province would also have direct bearing on the design of the M&E system, as it would define the institutional home for M&E. The emerging system also had to interface with existing monitoring and information management systems within the provincial government, as well as new systems already under development, some with the support of the DFID-funded IPSP.

In the next section, I give a brief overview of the work undertaken to develop an M&E system in support of the PGDP, after which I return to a more detailed consideration of the making of the PGDP programmes.

Development of a monitoring and evaluation system for the PGDP

A brief overview of the work undertaken to develop a monitoring and evaluation system in support of the PGDP further illustrates the institutional complexity within the provincial government, including multiple technical processes that were not linked, path-dependent institutional processes, and the critical importance of active process facilitation.

The IPSP had been supporting the development of project management (including monitoring) competencies in a number of provincial government departments (Office of the Premier, 2003). In March 2003, the Office of the Premier, supported by the IPSP, convened a programme/project management system learning workshop which considered a number of systems already developed; a monitoring and evaluation system developed by the Development Bank of Southern Africa, the District Information Management System (DIMS) developed for the Uthungulu District Municipality in KwaZulu-Natal, the District Health Information Management System of the provincial Department of the Eastern Cape Department of Health, and the Education Facilities Management System developed for the Eastern Cape Department of Education. It was agreed that there was a need for a uniform system, customised for particular categories of users, that was web-based and user-friendly. Its development required coordination with the Provincial Government Information Technology Officer (PGITO) Council.

Further development of a unified system stalled until commencement of the programme design phase of the PGDP. In the meantime – while the Strategy Framework was being finalised and launched, and the initial programme prioritisation was being undertaken for the PGDP – work on the development of a provincial socio-economic database commenced with the appointment of the ECSECC Information Management Unit (particularly the services of its database specialist) on a six-month full-time basis, starting in May 2003.

The stalled process of working towards a uniform information management system was restarted in August 2003 with discussions that led to a workshop on the requirements for an integrated provincial information management system in support of M&E. This workshop, held on 11 September 2003, was again convened by the Office of the Premier, supported by the IPSP, and was facilitated by myself as the M&E Specialist in the PGDP PMU. Following a series of presentations – including on the PGDP programme development process, ECSECC’s work on a socio-economic profile in support of the PGDP, ECSECC’s work in support of a socio-economic database for the province, the DIMS, and the work of the PGITO Council – group discussions were held. These focused on data gathering and analysis, information and communications technology, reporting systems, and planning and implementation systems. It was agreed that a Task Team be established and convened in late September or early October 2003 to develop a work plan. Membership of this Task Team was to be constituted of representatives of the following institutions/units/organisations: PGDP Project Management Unit; Planning Directorate in the Cabinet Office, Office of the Premier; PGITO Council; departmental planning unit directors (two representatives); municipalities (two representatives); ECSECC; national Department of Water Affairs and Forestry; Provincial Treasury; Office on the Status of Women; Eastern Cape Youth Commission; Provincial AIDS Council; Eastern Cape NGO Coalition; COSATU; and the IPSP.

A process aimed at establishing a DIMS was also re-launched in September 2003 (PGDP Project Management Unit, 2003m), and, during that same month, I became aware of the work of a CAPEX (Capital Expenditure) Programme Management Unit working within the provincial Department of Roads and Public Works to centralise web-based internet systems for the management of capital projects, including interfaces for monitoring and evaluation. On 25 September 2003, the CAPEX Programme Management Unit introduced its centralised and interlinked capital programme management system, as developed with the help of consultants appointed for the task (e-mail correspondence dated 19 September 2003, I attended).

In October 2003, the Provincial Monitoring and Evaluation Task Team was established as a Technical Task Team of a broadly representative Provincial Monitoring and Evaluation Reference Group chaired by the Director-General (PGDP PMU, 2003m: 5); this allowed for broad representation to be effected through the reference group, leaving a smaller group of

technical people – convened by me, as M&E Specialist in the PGDP PMU, in partnership with Mr Herbert Batidzirai, the M&E Specialist in ECSECC – to undertake detailed work under the reference group’s guidance. This Technical Task Team worked during October and November – supported by an international M&E specialist, Mr Mario Adata Sousa, appointed on a short-term contract by the UNDP – to develop a framework for M&E that could be ready for the planned completion of the design of PGDP Programmes by the end of November 2003. Work on the development of an integrated Provincial M&E System was scheduled to commence in December 2003, in parallel to the planned development of an implementation plan for the PGDP programmes and flagship projects. The Technical Task Team also linked to a new initiative – a Rapid Infrastructure Delivery Agency established within the Coega Development Corporation – to plan and supervise rapid infrastructure delivery, particularly through the GIS specialist seconded from the Office of the Premier, but working as member of the Technical Task Team. The Rapid Infrastructure Delivery Agency was one of the initiatives which allowed otherwise-idle human resource and systems capacity developed at Coega to be put to productive use while waiting for investments in the Coega IDZ to materialise.

A Framework for monitoring and evaluation in support of the Provincial Growth and Development Plan (PGDP) (PGDP Project Management Unit, 2003n) was completed on 28 November 2003. Following consideration of M&E challenges from the perspectives of the state and those people for whose benefit state services are offered, and a rapid assessment of M&E systems in the province, a supply and demand model of M&E was described. This was followed by a description of key M&E interventions, outputs and short-term products, a description of indicators for the PGDP, brief comments on institutional arrangements for monitoring and evaluation (pending conclusion of the work of the team appointed to develop a proposal regarding institutional arrangements for coordination of planning and implementation in the province), and a description of the process to be followed in establishing the M&E system. That work was to be undertaken by the Technical Task Team supporting the Provincial M&E Reference Group during December 2003 to November 2004 – after my departure from the PGDP PMU – and included the following tasks: development of a meta-database, refinement of the provincial socio-economic profile and activation of the provincial socio-economic database, participatory assessment of M&E systems and

practice in provincial government departments, negotiation of indicators for PGDP programmes and projects using the guidelines given in the Framework document, strengthening and building institutional structures in support of M&E (linked to institutional arrangements for coordination of planning and implementation), building of information management systems in departments and linking those with the DIMS, developing reporting guidelines linked to provincial planning and budgeting milestones, building M&E capacity in departments, piloting a public hearing system in selected District Municipalities, developing a GIS (Geographic Information System) based monitoring mechanism, developing a theme-based interface with provincial data, rolling out ICT (Information and Communications Technology) infrastructure and systems in support of the emerging M&E system, and continuing to deepen the reach of the M&E system in all facets of the provincial government and municipalities.

My contract as the M&E Specialist in the PGDP PMU expired at the end of November 2003, which was when I handed over my facilitation role within the Technical Task Team to the M&E Specialist in ECSECC, Herbert Batidzirai.

Later, in July 2004, I was contracted by ECSECC, in partnership with the PGDP PMU, to design the initial M&E system for the launch of the PGDP; a system that would be given increasing sophistication through a set of activities clustered in terms of indicators, data gathering tools, reporting formats (including participatory reporting), database, GIS, provincial socio-economic profile, departmental management information system, and capacity building programme (Province of the Eastern Cape, 2004a). My appointment was made in spite of the existence of the Technical Task Team that had previously agreed to the work programme included in the framework for M&E, and demonstrated both the difficulties of shifting path-dependent processes into which the development of costly departmental monitoring systems had become locked, and the importance of active process facilitation. The initial M&E system developed through this assignment articulated closely with the provincial planning and budgeting process, and included reporting formats for the annual performance plans of departments and for reports to provincial government clusters, and was included in the final PGDP document that was released in September 2004.

The making of the PGDP programmes

The development of the M&E system for the PGDP ran in parallel to the process of forging implementation modalities and mobilising resources, the outcomes of which would have implications for the contents of indicators and targets, amongst other things. In this section, I consider, firstly, the setting of programme priorities for the PGDP, after which I examine the design of the PGDP programmes themselves.

Setting the programme priorities

The setting of programme priorities commenced with the Programme Prioritisation Workshop of 25 July 2003 (PGDP Project Management Unit, 2003j). Informed by priorities emerging from the PGDP Working Group meetings that had occurred prior to the release of the PGDP Strategy Framework – organised in the form of tables for each of the six PGDP Strategic Objectives – the workshop brought together provincial, national and local government department officials and representatives of trade unions, chambers of business, universities, public entities, international agencies such as the UNDP and DFID, as well as non-governmental organisations, to review the draft programme prioritisation tables, to rank programme interventions, and to identify cross-cutting issues and linkages (PGDP Project Management Unit, 2003j). The workshop was chaired by the Provincial Director-General, Dr Mvuyo Tom.

Working through the programme priorities that had been distilled from the previous PGDP Working Group meetings, participants in the Programme Prioritisation Workshop – working in thematic groups³⁰ and in plenary – described and ranked their programme priorities, which were consolidated into the following list (PGDP PMU, 2003j):

³⁰ Thematic groups were divided according to the following themes: agrarian transformation, manufacturing, tourism, poverty eradication, human resource development, infrastructure development, public sector and institutional transformation, and fiscal management (PGDP Project Management Unit, 2003j).

Table 2: Priority programme interventions identified during the Programme Prioritisation Workshop of 25 July 2003

Priority programme interventions	No of groups supporting intervention
Sustainable homestead food production programme (two groups included commercial production)	7
Provincial industrial strategy identifying new opportunities and key sub-sectors (one group added "especially at local level")	6
Rural infrastructure & job creation for the poor	5
Integrated HIV/AIDS Programme (one group linked this to "sustainable economic development", and another linked it to mobilization of communities)	5
Need access to productive assets for the poor in land, plant, machinery and agriculture (one group worded this as follows: "Access to finance and other productive resources")	5
Identify, clarify and delegate a process of powers and functions from provincial to district to local government, in a phased manner (one group included one-stop centres; another worded this as follows: "IDP/LED programmes incorporating all these initiatives led by good planning"; yet another included risk management)	5
Integrated infrastructure development plan (one group added "to support economic and tourism growth")	4
Promote the branding and vision of the Province	3
Promote skills development initiatives that address the income and asset base of the poor	3
Tourism investment and marketing (one group added "informed by research")	3
Effective mobilization of communities through social movements and civil society around socio-economic rights (one group worded this as follows: "mobilization and empowering communities to take ownership of programmes and projects")	3
Improve health and education access to the poor with emphasis on HIV/AIDS and women, youth and the disabled AND access to quality health and health information for the poor	2
Leveraging additional resources for land redistribution and extension support targeted at small-unit farmers	2
Build representative regional tourism organizations linked to district municipalities	2
Institutionalise participatory planning, monitoring and evaluation process for the PGDP & IDPs	2
Strategy planning and analysis of district and local economies	1
Develop & implement a risk management strategy	1
Integrated HRD and skills development strategy	1
Address the mismatch between training output and skills requirements for the Eastern Cape to become competitive	1
Promotion of commercial production through programmes such as the Massive Food Production Programme	1
Effective regulatory framework and capacity for land use management in rural areas	1
Development and maintenance of infrastructure	1

Priority programme interventions	No of groups supporting intervention
Build & maintain community assets (programme of rural infrastructure development)	1
Infrastructure for industrial development	1
Align local, provincial and regionally based national programmes and IDPs and coordinate provincial poverty programmes and interventions	1
Research and planning in provincial and local spheres	1
Promotion of input purchase and service provision from local small and medium enterprise suppliers (one group added “mobilize state assets and infrastructure programmes, e.g. roads and housing”)	1
Facilitation of structured finance for small manufacture	1
Research on tourism	1
Implementation of Tourism Master Plan with sound environmental principles	1
Sound fiscal management and governance practices	1
Reversing the legacy of the Bantustan economy	1
Facilitate the roll-out of one-stop government service centres for the public at local level	1
A comprehensive safety net for the poor through social grants	1
Encourage the uptake of unemployed learners by the private and public sectors	1

Agricultural production around homesteads, an industrial strategy identifying new opportunities, rural infrastructure and job creation, integrated HIV/AIDS programme, access to productive assets for the poor, integrated infrastructure development, skills development and access to health and education services featured prominently in that list. These programme priorities echoed aspects of the analysis in the *Baseline and Constraints Paper* and early discussions within the PGDP Working Groups. The flagship initiatives punted by the political leadership in policy speeches – including the much-praised and highly resourced IDZ initiatives – were not present, even though they appeared in the tables that had been given to workshop participants at the start of the workshop. This was illustrative of a lingering common purpose that had emerged in the early challenges to economic priorities at the start of the PGDP process, and that still informed many participants in the PGDP process in their understanding of the six PGDP Strategic Objectives. It also underscored the extent to which the language of the final Strategy Framework had moved from what had inspired the early interactions in the PGDP Working Groups and the PGDP Reference Group. Social grants featured quite low down on the list, reflecting a focus on productive activity and economic empowerment in which social grants were not seen as very important (in

spite of some arguments regarding creation of demand made during the process of development of the Strategy Framework, but reflecting the move away from references to social security in later drafts of the Strategy Framework).

Following the programme prioritisation workshop, the PGDP PMU produced a document on priority programme interventions for the Provincial Budget Indibano of 8 August 2003. This document (PGDP Project Management Unit, 2003o), dated 31 July 2003, located the programme design and budgeting within Phase 2 of the PGDP process, and reminded readers of the six strategic objectives of the PGDP Strategy Framework and of the fact that the Strategy Framework – approved by EXCO on 4 June 2003 and publicly launched on 26 June 2003 – was “the official guiding framework for all planning by the Eastern Cape Provincial Government” (PGDP PMU, 2003o: 1). It included, in appendices, the list of programme priorities emerging from the programme prioritisation workshop (see table above) and the following list of the fourteen highest priority programme interventions (PGDP PMU, 2003o: 5-8), arrived at by some manipulation of the priorities shown in Table 2 above; for example by integrating priorities referring to infrastructure:

1. *Sustainable homestead production programme, complemented by promotion of commercial production through programmes such as the Massive Food Production Programme.*
2. *Provincial industrial strategy identifying new opportunities and key sub-sectors in all parts of the Province, and including provisions for the facilitation of structured finance for small manufacturing initiatives.*
3. *Integrated infrastructure development programme with a particular emphasis on rural infrastructure and job creation, and on the promotion of input purchase and service provision from local small and medium enterprise suppliers.*
4. *Programme to build access to productive assets by the poor (including assets such as land, plant, machinery and agriculture).*
5. *A programme of phased decentralisation of service provision and facilitation of economic growth from provincial departments to district and local municipalities, paying attention to the integration of the delegation of powers and functions, the building [of] the capacity of municipalities, and the targeting and management [of] fiscal resources.*
6. *Integrated human resource development strategy that pays particular attention to skills development initiatives that address the income and asset base of the poor while addressing the longer term skills needs that will make the Eastern Cape more competitive.*
7. *Integrated HIV/AIDS Programme.*
8. *Programme aimed at the promotion of tourism investment and marketing, based on research, and at building representative tourism organisations linked to district municipalities.*

9. *Programme of mobilisation of communities around socio-economic rights by linking with and supporting social movements and civil society organisations.*
10. *Improving access to health, education and social grants by the poor, with a strong emphasis on women, the youth and the disabled.*
11. *Leverage additional resources for land redistribution and extension support targeted at small-unit farmers.*
12. *Develop an effective regulatory framework for land use management in rural areas.*
13. *Build planning and fiscal management systems and capacity in the Province, paying particular attention to the institutionalisation of participatory planning and monitoring and evaluation.*
14. *Promote the branding and vision of the Province.*

Each of these priority programmes was accompanied by a listing of key institutions, conditions and linkages. Agricultural development, the shifting of resources to rural areas (e.g. for infrastructure development), building of productive assets for the poor, and the development of a provincial industrial strategy featured in the list, as did the leveraging of additional resources for land reform. The latter had been strongly pushed at the Programme Prioritisation Workshop by representatives of NGOs and government departments working on land reform. Again, this was a configuration of priorities very similar to what had been captured in the early drafts of the PGDP Strategy Framework and indicated how participants understood the import of the strategic objectives and targets in the PGDP Strategy Framework, despite the discursive shifts in the later drafts. The PGDP Strategy Framework was clearly open to different readings, with the strategic objectives and targets open to readings that stood at odds with the neoliberal slant of the text within which they appeared. However, the discursive context within which the strategic objectives and targets had been embedded – linked as that text was with existing government priorities and fiscal allocations, and infused as it was with neoliberal discourse – reflected more accurately the path-dependency within which the PGDP was being locked.

Subsequently the heads of all of the provincial government departments in the Economic Growth and Development Cluster were called to meet MEC Gugile Nkwinti, the Chairperson of the Economic Growth and Development Cabinet Committee, at the ECDC, to discuss how their departments could contribute to the fourteen programme priorities. I was instructed to be there (Cole was busy with other work; his appointment to the PGDP PMU being part-

time). I met Mcwabeni and Nkwinti there, and we waited for the heads of department to arrive. After a while, we realised that many heads of department were not there, and had sent some of their officials instead. Nkwinti angrily instructed these officials to contact their heads of department and tell them that he was instructing them and their Chief Financial Officers to drop whatever they were busy with and come to the ECDC, where the MEC was waiting for them. After a flurry of calls, the heads and their chief financial officers arrived. After a tongue-lashing by Nkwinti, they were sent to separate venues within the building to consider the fourteen priorities and indicate where their own departments could contribute, including the estimated budget amounts. In the early evening, they reported back at a plenary session. They were told to return first thing the next morning to interact with a summary table that I was instructed to produce overnight. This table, which I presented the next morning, included the following for each one of the fourteen programme interventions, clustered per lead department: components of intervention, outputs, key performance indicators, inputs, and conditions and linkages.

After feedback from the departments at the morning gathering, Nkwinti asked me to produce a document on behalf of the Economic Growth and Cabinet Committee that would be tabled at the Budget Indibano of 8 August 2003 as the official guide to departments on how they should link with PGDP programme priorities; this document was entitled *Budget Indibano 2003: Presentation by the Economic Growth and Development Cabinet Committee* (Government of the Eastern Cape, 2003). It stated that the Economic Growth and Development Cabinet Committee had approved, as its long-term objective, “Improved quality of life for the people of the Eastern Cape” (Govt. of EC, 2003: 1). It then listed job creation, poverty eradication and the raising of incomes as the key outcomes defined by the Cabinet Committee, and indicated that measurement of progress against these outcomes would be in done terms of the quantified vision of the PGDP Strategy Framework, using the 2001 Census as the baseline. It also indicated that the Cabinet Committee had adopted the fourteen programme priorities, which were then included as shown above (Govt. of EC, 2003: 2-3). Following a list of criteria (including the primacy of the PGDP Strategy Framework) to be used by departments in translating the programme priorities “into concrete, costed programmes” (Govt. of EC, 2003), were the tables I had prepared from the inputs given by the departments gathered at the ECDC.

There are a number of things to note with regards to this episode. First, the initial absence of the heads of departments was not an isolated event. Poor participation by heads of provincial government departments had been raised as a concern before, e.g. in a meeting between the PGDP PMU and the Director-General on 31 March 2003, where Mvuyo Tom was asked to assist in getting heads of department to participate (Appendix I, PGDP project Management Unit, 2003a). Later in 2003, the issue was raised again in the PGDP's Annual Progress Report for the period November 2002 to November 2003 (PGDP Project Management Unit, 2003e: 8), where it was speculated that the poor attendance might be related to the fact that the IMT had also required participation by heads of departments and had been given priority by EXCO. However, this explanation could only have applied to the four departments that were the focus of the IMT intervention (Education, Health, Social Development, and Public Works). It was more likely that the heads of department were actively resisting participation in a process for which they might be held accountable by people outside of government, and might be required to commit to shifting of departmental priorities; sending more junior officials to participate in PGDP meetings would make it possible to claim that a department had not officially committed to a particular decision and subsequently to ignore it. Resisting –directly and indirectly – attempts to shift departmental ways of doing things was easier than attempting to shift path-dependent departmental processes.

More generally, the poor participation by heads of departments – even after the Director-General had decided, on 13 May 2003, to take the issue up with the Intergovernmental Forum and directly with heads of department (Appendix I, PGDP Project Management Unit, 2003a) – pointed to the limited authority of the position of Director-General. The provincial Director-General had no direct line authority over the heads of provincial government departments, although his was the most senior administrative position in the provincial administration. The Director-General was based in the Office of the Premier, which also provided Cabinet Secretariat services to EXCO, and exercised authority over the civil service indirectly, by means of the authority of the Premier over the political heads of provincial government departments. The Director-General chaired Senior/Top Management meetings, attended by the administrative heads of provincial government departments, and could use these to forge agreements that could then also be monitored by EXCO. Heads of provincial

government departments remained accountable to their MECs, who formally accounted to the Premier who had appointed them. Under this system, direct sanctioning of heads of departments by the Director-General was not possible, and participation in integrated processes by heads of departments, rather than their subordinates, was difficult to enforce.

Second, the episode at the ECDC revealed something of the power relations between the political leadership and the bureaucracy. Although the head of a department could not easily oppose an MEC directly – particularly the one responsible for his/her department – when there were possibilities for (mis)interpretation of instructions or attendance expectations (for example for ad hoc events) they could resist in all sorts of indirect ways as a collective. This is one of the reasons ECSECC was often used to support the political management of departments; e.g. by designing policies and plans that the political leadership wanted but that were not forthcoming from the civil servants. Of course, such interventions were inherently unstable, as even the best made plans could be undermined at multiple points, particularly by people resentful at the imposition of policies, plans and programmes, even when they had reluctantly participated in their development. This points to the instability of hegemony itself; political hegemony does not neatly translate into hegemony within the administrative state apparatus, and is inherently unstable. ECSECC not only played a role in facilitating political hegemony through its work with the Alliance Partners (e.g. through running political schools for COSATU while also preparing ANC policy positions) but also facilitated hegemony of the ruling bloc over the administrative state apparatus. This latter role would take increasing importance during the process of developing PGDP programmes, as will be shown below.

Third, the episode in the ECDC – viewed together with the poor participation by heads of department in many of the PGDP meetings – revealed the extent to which coherence within the state apparatuses is something that must be achieved, and is constantly open to challenge and always mediated through the systems, procedures and habits of the bureaucracy, all of which are characterised by path dependency. For particular sector departments, systems, procedures and approach are shaped not only by internal path-dependent processes, but also by national sector policies that are not coherently aligned and are constituted in terms of dominant ideologies.

Fourth, the status of the PGDP as the discursive framework for hegemony and government coordination was also not absolute; it also required management. The status of the PGDP Strategy Framework had to be asserted repeatedly, and reaffirmed by EXCO and its committees, particularly the Economic Growth and Development Cabinet Committee. This was required not only to reassert hegemony, but also to resist systems inertia, which was never fully overcome.

What is also interesting is the contrast between the ECDC episode and the way in which Treasury dealt with departments. In the case of the MTEC Hearings, there was no difficulty in getting the most senior officials to attend, and the rules were clear and asserted with no fanfare. Even when the Department of Agriculture tried to argue with the application of the historical budgeting approach – characterised by the allowance of only standard escalations from previous years' budgets, as discussed above – the rule could be applied simply because it was the rule and had been made by those who allocate the money. The power vested within the national and provincial treasuries and the wielding of that power by the National Treasury were discussed in chapter three.

This brings us back to the political head of the Treasury, which then was also the political head of the Department of Economic Affairs, Environment and Tourism; Enoch Godongwana. He was not the chair of the Economic Growth and Development Cabinet Committee – that role fell to the MEC for Local Government and Traditional Affairs, Gugile Nkwinti. Although Godongwana had oversight of the budget and the department responsible for economic development, he was not active in the public fora established during the PGDP process; except for the Inception Workshop, where he set the scene. His ally – Mcebisi Jonas, CEO of the ECDC, one of the public entities of the Department of Economic Affairs, Environment and Tourism – took care of the transfer of funding, through the ECDC to the IDZs and other key priorities of the political executive. Godongwana spent much of his time in his East London office – located right next to Jonas' in the ECDC building – rather than his office in Bhisho, the official provincial capital. He did not need to assert himself in any of the PGDP meetings or in the MTEC Hearings; with regard to the former, he only needed the legitimation that the PGDP process could bring, and, with regard to the latter, he could rely on the application of rules by the bureaucrats within the Provincial Treasury.

Godongwana did intervene in the PGDP programme development process outside of the confines of the rule-bound Treasury procedures by calling into life the Budget/PGDP Appraisal Team³¹, which had been mentioned in the Cabinet Committee's presentation to the Budget Indibano. In that presentation (Government of the Eastern Cape, 2003: 4), the task of what was termed a technical appraisal team was defined as assisting the Provincial Treasury in evaluating existing departmental plans against the PGDP Strategy Framework and the priority programmes, and to assist provincial government departments in the refinement of their plans in articulation with the development of PGDP programmes. The brief of the appraisal team was also about using the PGDP process to improve the quality of departmental planning and budgets more generally, in the interests of improved fiscal management. This was an example of the assertion of power from a predominant node of power within the state apparatuses with objectives other than broader social relations in mind (at the same time as assertion of power in relation to the content and resourcing of PGDP programmes).

Although the PGDP PMU would act as secretariat to the Budget/PGDP Appraisal Team, with Cole allocated management responsibility, the team was formally convened by Mcwabeni, who was the only PGDP PMU member formally serving on it. All the other members were senior government officials or staff members of provincial government public entities (ECSECC and ECDC), with the only "social partner" representatives being the Director of the Eastern Cape NGO Coalition and the Director of the Fort Hare Institute of Government. COSATU was not represented, in spite of its early interest in the deliberations of the Fiscal Working Group. It is not clear whether this was by choice or omission, or whether COSATU was comfortable that its interests were being represented by ECSECC, with which its leadership was closely associated.

³¹ Letter of invitation from the Director-General, dated 21 August 2003, to the members of the team, who would convene for the first time on 25 August 2003. In addition to Litha Mcwabeni, who formally convened this team, the following members were included: Prof Bill Davies (Head of Planning in Department of Economic Affairs, Environment and Tourism), Ms Mendo Dukada (Deputy Director-General in the Provincial Treasury), Ms Bea Hackula (Deputy Director-General in the Office of the Premier), Ms Sarah Hugow (Director of the Eastern Cape NGO Coalition), Mr Monde Tom (Superintendent-General of the Provincial Treasury), Dr Mvuyo Tom (Director General, Office of the Premier), Mr Mike Lewis (Research Manager, ECDC), Mr Qengs Mageza (ECSECC), Ms Nomaxabiso Mhlawe (Office of the Premier), Dr Sibongile Muthwa (Director, Fort Hare Institute of Government), Mr Andrew Murray (ECSECC), Mr Vijay Makanjee (ECDC), Mr MK Phutu (Provincial Treasury), and Dr Hans Ramharak (ECSECC).

The creation of the Budget/PGDP Appraisal Committee marked the end of the initial idea of working through technical teams established by the PGDP Working Groups, and pulled Phase 2 of the PGDP process – the programme development phase – firmly into the government system. It also marked the end of Nkwinti's³² direct involvement.

Programme design

According to the formal letter of invitation to the Budget Indibano of 8 August 2003 (Provincial Treasury, Province of the Eastern Cape, 2003a), departments had three weeks after the Budget Indibano to revise their strategic plans and budgets before their resubmission to the Provincial Treasury. It was within this three-week period that the Budget/PGDP Appraisal Team was established at Godongwana's behest, with its first task the review of departmental strategic plans and budgets.

The Budget Appraisal Team planned to get the review of departmental strategic plans out on 1 September 2003, followed by meetings with departments during that week, a workshop with districts on 8 September 2003, PGDP/Treasury Hearings with departments during 8-12 September 2003, an extended PGDP Reference Group meeting on budget priorities on 15 September 2003, cluster and cabinet hearings on budget priorities from 15-19 September 2003, and MTEC Hearings from 22-26 September 2003. The design of 10-year programmes was planned to commence in October 2003.

The Budget Appraisal Team's Final Draft Report – dated 31 August 2003, and entitled *Review of Eastern Cape Provincial Strategic Plans for 2004/05 to 2006/07* – was produced in support of departmental preparation for the MTEC hearings, and to show the extent to which departmental plans and budgets reflected the six strategic objectives in the Strategy Framework and the fourteen priority programmes that had been approved at the Budget Indibano and by the Economic Growth and Development Cabinet Committee (Government of the Eastern Cape Province, 2003u). This report indicated a number of shortcomings in departmental strategic plans in addition to varying degrees of incorporation of the PGDP priorities. These shortcomings – which were not the same for each department – included

³² Nkwinti would later be appointed MEC for Agriculture during Nosimo Balindlela's tenure as Premier, and would later serve as Minister of Rural Development and Land Reform in President Jacob Zuma's Cabinet.

lack of evidence of actual planning as opposed to simply carrying over the activities of the previous year; lack of consideration of institutional, systems, human resource and budgetary changes required to meet strategic objectives; lack of clarity of strategic objectives; poor linkage of strategic objectives to interventions and budgets; absence of descriptions of key initiatives to which significant resources had been allocated; poor linkages to the work of other departments and entities (which was especially important for integrated programmes such as the ones the PGDP process was aimed at developing); poor integration of turnaround plans developed with the help of the IMT with the strategic business of some departments and the PGDP priorities; etc. In short, this report revealed significant shortcomings in planning by provincial government departments that were likely to have negative implications for the implementation, coordination and resource allocations and expenditure in support of the PGDP.

Immediately after completion of this report, a workshop on agricultural and rural livelihoods and programme priorities – organised by the PGDP PMU and based on the agricultural and rural livelihoods study that had been commissioned by the PGDP PMU after the last meeting of the Economic Growth and Development Working Group – was held. The workshop involved the authors of six case studies that formed part of this study, members of the Land and Agriculture Sub-Committee of the Economic Growth and Development Working Group, and representatives of the PGDP PMU (myself included).

The agricultural and rural livelihoods study (Bank, Westaway, Minkley, Wotshela, Fay, Andrew & Ainslie, 2003) argued strongly for respect of local knowledge in the face of development discourses tied to notions of development, planned intervention, expert or scientific knowledge and innovation. It argued strongly against supply-driven approaches (amongst which it classed the provincial Department of Agriculture's Massive Food Production Programme) in favour of more carefully contextualised, demand-driven interventions. The supply-driven interventions (in this study, crystallised around a three-tier system focused on cash crops, revival and development of schemes for emerging farmers who want to make the transition into commercial agriculture, and support to village-based production by the rural poor) were described as akin to the apartheid-style planning interventions such as betterment planning. The report perhaps overstated its case by sometimes appearing to class all attempts at planned intervention as based on pejorative

notions of backwardness and irrationality, and state intervention was not well thought of, as evidenced by the following statement (idem: xxxi):

The case studies argue for a general sense of limiting state intervention, rather than increasing it. Case studies almost suggest that where the state intervenes least, people get on with their livelihoods 'best', if enormously constrained and limited.

This view was based, partly, on the authors' poor assessment of the quality of government capability and leadership, but also on an apparent valorisation of the present situations in the localities in which the authors had worked. It also came close to the neoliberal commitment to limiting state action; making it difficult, from this perspective, to argue for state investment to change the apartheid spatial legacy without invoking notions of "independent" market allocation or involving other types of institutions, such as NGOs in implementation of support initiatives. In spite of this, their concerns with contextually appropriate interventions – that give consideration to the complex social and economic relations within which people live, work and produce – were strongly argued.

In response to particular questions on suggested interventions by the PGDP, the authors listed, as their priorities, support to homestead gardens (supported by infrastructure and other means) "in order to encourage further levels of intensive intercropping" to avoid the risk to livelihoods associated with mono-cropping, as well as support to "existing stock farmers utilising various grazing lands and ... small and targeted and identified emergent farmers, but supported from a demand side basis, rather than from a supply side driven Massive Food Production Programme" (idem: xxv). They argued strongly against enforced cooperation, noting that the "rural areas are fundamentally individual and 'family' based" (ibid). Although prepared to accept that, in some cases, a reintroduction of flexibility in land use could be important, they stated the following as a lesson (idem: xxxi): "dispersed dense settlements, with small gardens, surrounded by relatively open access to pastureland and varied stocking densities – is the pattern of rural development that should be encouraged".

This study could not dislodge government commitment to the Massive Food Production Programme, but did provide strong backing for what was to become the *Siyazondla Homestead Food Production Programme*. Livestock production was not taken up as a programme priority in the PGDP programme package.

On 9 September 2003, a district municipality workshop was held to give district municipalities the opportunity to interact with the emerging PGDP programmes. According to my detailed notes of the meeting, presentations and discussion focused on the importance of linking provincial and local government plans (including suggestions that the performance agreements of the heads of provincial government departments should include the requirement that they give inputs into municipalities' IDPs), linking of provincial and local government budget cycles, the requirements for the effective decentralisation of government services, and specific suggestions regarding PGDP programmes and implementation.

These suggestions focused most strongly on tourism and agro-processing (including forestry), including the infrastructure needed for both. Comments on the Massive Food Production Programme were generally positive, and included the expression of impatience with delays in its implementation, and suggestions for additional activities, such as fencing. This support was in contrast to the negative views on that programme expressed in the agricultural and rural livelihoods study (Bank et al, 2003). A number of municipalities pointed to the importance of considering productive use of water, particularly in support of agriculture and agro-processing when planning water infrastructure. The Nelson Mandela Metro emphasised the importance of also supporting the poor in urban areas.

It was precisely infrastructure for agro-processing that was neglected in the final suite of PGDP programmes (Eastern Cape Provincial Government, 2004a), with the *Agro-processing Support Programme* attracting funding only for existing provincial government initiatives – such as support to the Magwa Tea Estate (linked to the arms deal offset package in 2004, as discussed in chapter five), a sugar beet project, and a hemp processing plant – and even these investment were dwarfed by allocations to the IDZs. However, it could be said that district municipalities had been consulted even during Phase 2 of the PGDP process, no matter how little effect those consultations would have on the final programme package, apart from affirming their support for the Massive Food Production Programme.

It was agreed during the district municipality workshop that a provincial decentralisation workshop/conference should be organised to allow for interaction between provincial government departments and district municipalities regarding concrete plans for

decentralisation and the devolution of powers and functions; that conference was eventually held on 11-12 March 2004. A number of concerns were raised regarding the current approach to the assignment and delegation of powers and functions and associated resourcing and capacitation. More effective linkage of IDPs and provincial government strategic plans were needed so that local priorities more effectively influenced provincial planning.

While these wider engagements took place, the provincial government budgeting process continued to run its course; apparently unaffected by the nuances of argument and focus that emerged from discussions with researchers and district municipalities. A Provincial Benchmark Exercise was held by the Provincial Treasury on 10 September 2003. This meeting was aimed at preparing for the Medium Term Expenditure Committee (MTEC) hearings of 22-26 September 2003, and included feedback on budget oversight for 2003 by the Provincial Treasury, analysis of Option 2 submissions for the 2004 MTEF, input on PGDP alignment by the PGDP Appraisal Team, input on funding norms by the Provincial Treasury, and discussion of the 2004 budget process. I was not part of this meeting, but understand that the PGDP Appraisal Team's input was based on its report.

On 16 September 2003, the MTEC (Medium Term Expenditure Committee) Hearings were postponed from 22-26 September to 6-10 October 2003 (Provincial Treasury, Province of the Eastern Cape, 2003b). In the letter of invitation, the purpose of the hearings was described as discussion of (i) review of first drafts of departmental strategic plans for 2004, (ii) current year expenditure trends, (iii) review of baselines for 2004, and (iv) cost pressures affecting 2004 budget (Option 2). No mention was made of the PGDP or PGDP priorities or that departments would be questioned on their alignment with the PGDP; later, only the submissions of the Department of Social Development and the Department of Agriculture made any mention of the PGDP (Eastern Cape Provincial Treasury, 2003).

Following discussions of the Budget/PGDP Appraisal Team's report with provincial government departments during the first week of September 2003 (i.e. prior to the district municipality workshop), the Appraisal Team produced a document entitled *PGDP Priority Programmes and Projects: 2004/05 to 2006/07* (Government of the Eastern Cape Province, 2003v). This document positioned the PGDP as follows (Govt. of EC Prov., 2003v: 1):

The ten year Provincial Growth and Development Plan (PGDP) 2004-2014 has the overall objective of poverty and inequality eradication through social and economic development and job creation. The plan has the dual challenge of ending the pervasive poverty faced by many of the province's people and eliminating inequality between towns and townships, and between the high economic growth of the cities and the rural stagnation of the ex-homelands of Ciskei and Transkei. The plan therefore places strong emphasis on rural growth and development as this is where the most severe poverty lies.

This rural emphasis contradicted the existing budget allocations and would not attract significant resources in the final PGDP programme package, as indicated previously. This new report by the Budget/PGDP Appraisal Team drew on the PGDP Strategy Framework, the fourteen priority interventions adopted by the Budget Indibano, and the review of departmental strategic plans. It included (i) PGDP programmes recommended for implementation in 2004/05 to 2006/07, as well as short-term projects for 2003/04; (ii) recommended PGDP programmes and projects per provincial government department, to serve as the basis for negotiations with each department during the MTEC Hearings; and (iii) PGDP projects per district municipality, with special emphasis on infrastructure and rural development initiatives (Govt. of EC Prov., 2003v).

Amongst the recommended short and medium-term interventions were the establishment of coordination units for poverty programmes and the integrated HIV/AIDS programme, establishment of a Provincial Development Agency that would work closely with NGOs and community based organisations, a provincial infrastructure planning unit, an integrated human resource development strategy and improved leveraging of skills development funds, improved planning capacity at district municipality level, improved central planning capacity (central planning unit), strengthening of cabinet committees and clusters to develop and implement integrated programmes, and planning for the decentralisation of service delivery. In spite of the statement on the objective and emphasis of the PGDP, the development of IDZs and linkages to IDZs appeared more strongly in this document than in previous documents, showing a focus on exports and on making the infrastructure in which significant resources had already been invested work.

The tables showing priority programmes and projects per department showed the following for each department: PGDP priority programme, PGDP interventions and projects, whether an intervention or project was existing or new, the expected outputs, the key performance indicators, the required inputs, and the conditions and linkages. These tables were not complete. Only eleven of the fourteen priority programme interventions were reflected, some of these interventions were not included for departments that one would think would have a mandate relevant to it (e.g. the priority programme intervention focused on tourism was not listed against the Department of Economic Affairs, Environment and Tourism), and some departments had no priority programme interventions listed against them and no details on outputs, key performance indicators, inputs or conditions and linkages (including big-budget departments such as Roads and Public Works, Transport, Social Development, Health, and Education). The district tables were not developed at all. This was the first real evidence of a programme development process beginning to collapse under its own weight and becoming lost in complexity, just days before the MTEC Hearings for which it was being prepared.

A newer version of this document was produced on 1 October 2003 (Government of the Eastern Cape Province, 2003w). The content was much the same, but the detail of descriptions of programmes and projects that had been done for the poverty eradication section was replicated in the other sections. The tables showing priority programmes and projects per department had now been completed, but they were unwieldy, with many programmes and projects reading more like objectives or activities than programmes or projects.

Further evidence of the thinking around the development of PGDP programmes was found in another document entitled *PGDP Flagship Project Package – Draft Proposal 06 October 2003* (Government of the Eastern Cape Province, 2003b). The authorship of this flagship document was not clearly stated, but it was positioned as emerging from the PGDP Appraisal Team’s work; it is likely that this was when ECSECC started asserting itself, before formally taking over the programme development process. This document described the development of PGDP Flagship Projects as one of three on-going processes; the first being alignment of departmental plans and budget to PGDP priorities, and the second being the development of “medium-range sector programmes in all six strategic focus areas of the

PGDP ... [that] should integrate the efforts of the various spheres of Government, the private sector, donors and other development stakeholders, and show clear alignment with the 10 year targets in the PGDP Strategy Framework” (Govt. of EC Prov., 2003b: 1). The PGDP Flagship Projects were “to kickstart and give concrete expression to the Provincial Growth and Development Plan” (Govt. of EC Prov., 2003b: 1), and were to be implemented over the following two financial years. The establishment of “special purpose support vehicles” were foreseen to assist with their implementation (Govt. of EC Prov., 2003b: 1). The idea of “flagship projects” was gaining more currency as the programme development programme was getting increasingly stuck, as the flagship projects could serve to demonstrate progress even as the deeper process of building an integrated approach to state resource allocation and implementation was floundering. The flagship projects also augured the form that the bulk of the PGDP programmes would take in a design process that was not managing to alter existing path-dependent institutional processes.

The following were listed as flagship projects: Agriculture Infrastructure Package; Vukusakhe Labour-Based Infrastructure; Lead Housing, Water and Sanitation Projects; Agro-Forestry Stimulus Package; Premier’s Bursaries and Learnerships; HIV/AIDS Treatment Plan; and Auto Sector Research and Development Programme. The majority of these were either existing projects or repackaged versions of existing projects. The flagship document was proposed that these flagship projects be financed from provincial and national government budgets, topped up by provincial underspend and funds from the National Treasury and donors. It proposed that the Premier or the MEC responsible for Finance champion the raising of resources for these projects, and that an additional R10 million should be made available for a special purpose vehicle to manage their implementation. It estimated that specially assembled project teams could complete the detailed design of these flagship projects in two to three weeks, funded by ECSECC and/or the PGDP PMU. The provincial ANC leadership now had its programmes for election purposes, and Premier Stofile announced this exact package in his speech at the opening of the Provincial Legislature on 13 February 2004 (Eastern Cape Provincial Legislature, 2004a).

Members of the PGDP Appraisal Team attended the MTEC Hearings from 6-10 October 2003, and were given the opportunity to ask each department a few questions after its presentation (I managed to get an invitation in view of my work on the M&E system).

Nothing of the kind anticipated in the various programmes and projects documents transpired, and the Provincial Treasury refused to consider anything more than standard escalations in budgets; this in spite of a strong argument by the Department of Agriculture that it required additional funds for implementation in support of the PGDP. This meant that the only reprioritisation that could be done was within the existing (modestly escalated) departmental budgets, with no scope for reprioritisation across departments. It was clear that alignment of provincial department budgets with the PGDP would not be achieved, except incidentally and justified post hoc.

The first meeting of the PGDP Reference Group since the launch of the PGDP Strategy Framework was held on 13 October 2003 to consider a draft version of a Medium Term Programmes and Projects document; the design and resourcing of medium-term programmes – in addition to the so-called flagship projects – would be the only remaining hope of tangible expression of the PGDP Strategic Objectives. Unfortunately, these flagship projects were but the first of the medium-term projects, with which they were included in the final PGDP programme package (Eastern Cape Provincial Government, 2004a).

The report to the PGDP Reference Group meeting (PGDP Project Management Unit, 2003k) indicated that phasing and costing of programmes, development of institutional mechanisms for delivery and linkages between flagship projects and medium-term programmes were to be completed during the remainder of October 2003. The lists of medium-term programmes were then presented for each of the six strategic objectives of the Strategy Framework. The presentation on flagship projects listed a similar package to the one included in the flagship document (Government of the Eastern Cape Province, 2003b), with the “HIV/AIDS Treatment Plan” changed to an “ARV Treatment Plan” and with a PGDP Venture Capital Fund added to the list. The latter was not included in the package Stofile announced in February 2004, but would be included within the *Enterprise Development Finance Programme* in the final suite of PGDP programmes (Eastern Cape Provincial Government, 2004a).

Following comments at the PGDP Reference Group meeting, the PGDP Appraisal Team was to produce a final draft of the Medium Term Programmes and Projects document by the end of October 2003. Comments made during the meeting included that the proposed

programme interventions in support of agrarian transformation were not well aligned with the Strategy Framework, and that there was some risk in focusing resources on the modern formal sector (PGDP Project Management Unit, 2003l). This risk analysis would later be vindicated, as argued previously.

A short report produced on the key recommendations of the Reference Group meeting (PGDP Project Management Unit, 2003p) reiterated the three parallel programme development processes as reported to the Reference Group, and then indicated that the Reference Group had endorsed the flagship projects “pending further clarification of institutional arrangements for implementation and linkages”, had requested reactivation of the technical teams and working groups to support development of the medium-term programmes, had emphasised the need to integrate the key findings of sector studies and further consultations in support of the development of sector strategies and programmes. This pointed to the breakdown of the wider consultation process that had been a feature of Phase 1 of the PGDP process, and the bureaucracy-focused consultation process that had since become manifest.

The following revised timeframe was given for the completion of the programme development process (PGDP Project Management Unit, 2003p: 2):

Table 3: Revised timeframe for the completion of the programme development process

Output	Timeframe
Submission of Flagship Projects to EXCO and the design of institutional machinery for project packaging and delivery	31 October 2003
Finalisation and submission to the MEC Finance of report on MTEC hearings and departmental compliance to PGDP priorities	27 October 2003
Completion of draft PGDP Medium-Term Programmes and Projects Report	21 October 2003
Facilitation of sector-specific stakeholder workshops that interrogate the relevant PGDP sector strategies and proposed medium term programmes and projects	14 November 2003
Convening of technical teams and working groups to integrate findings and recommendations of stakeholder workshops into PGDP Programmes and Projects Report	18 November 2003
Convene Reference Group meeting to finalise Medium-Term PGDP Programme and Projects document	28 December 2003
Compilation and submission to Reference Group of Draft PGDP Implementation	25 January 2004

Output	Timeframe
Plan with costed medium term programmes and projects, flagship projects, and institutional mechanisms for delivery and monitoring	
Submission to EXCO of Draft PGDP Implementation Plan with costed medium-term programmes and projects, flagship projects, and institutional mechanisms for delivery and monitoring	3 February 2004
Publication and launch of PGDP Implementation Plan for public consumption	15 March 2004

Although the sector-specific stakeholder workshops were held in November (see below), the programme development process showed increasing signs of collapse as the year went on.

A second version of the flagship package, dated 27 October 2003 (Government of the Eastern Cape Province, 2003x), dropped the Agro-Forestry Stimulus Package from the flagship package that had been presented to the PGDP Reference Group, but retained the PGDP Venture Capital Fund, “to provide venture capital and equity finance to facilitate BEE and LED in support of PGDP priority projects in agriculture, agro-processing, tourism, and manufacturing” (Govt. of EC Prov., 2003x: 2) – yet another version of this flagship document, also dated 27 October 2003 and apparently identical in all other respects, included an additional project, namely the Kouga Eco-Tourism and Social Housing Project. The last document also developed the idea of a special purpose vehicle into that of a PGDP Technical Team that was never established. The timeframe developed for the detailed design of the flagship projects would take the process right into the run-up to the 2004 general election, the date of which – 14 April 2004 – was announced by the President in the National Assembly on 9 February 2004 (Parliament of the Republic of South Africa, 2004c).

As requested by the PGDP Reference Group during its October 2003 meeting, a series of what were called Sector Workshops were organised for November 2004 to give members of the PGDP Working Groups and other stakeholders the opportunity to engage with the draft PGDP programmes and projects (Government of the Eastern Cape Province, 2003y). Five sector workshops were held on 10-14 November 2003 in East London: Tourism, Fiscal, Manufacturing, Human Resource Development, and Agriculture. Sector studies that had

been undertaken in support of the programme development phase were also presented by their authors³³ and shaped discussions. These workshops identified a range of issues that could potentially be incorporated into PGDP programmes, but few agreements on priorities appear evident (Government of the Eastern Cape, 2003y). These issues were not effectively integrated into the programme development process, and contributed to further fraying of coherence in a process that was not being managed effectively.

The paper presented to the Manufacturing Workshop is of particular interest. Entitled *Manufacturing in the PGDP: steps to supporting employment generation and relatively labour-intensive activities in the Eastern Cape* (Roberts, 2003), this paper argued that the national government's approach to industrial development was "firmly based on international competitiveness in a liberalised trading environment", which "limits the possible direct support for industrial development by national government and places greater onus on sub-national levels of government" (Roberts, 2003: 4). The paper also analysed some of the difficulties with regard to the development of downstream beneficiation, including import-parity pricing of major material inputs, such as iron, steel, stainless steel, aluminium and basic chemicals that made it difficult for beneficiation to be undertaken cost-effectively. Competitiveness of manufacturing was also hampered by factors such as the nature of demand and exchange rate fluctuation (Roberts, 2003). These were all issues that would be picked up at national level later, particularly from 2007, as the national Department of Trade and Industry started taking active industrial policy more seriously, as discussed in chapter three.

Roberts (2003) confirmed his previous analysis of manufacturing in the Eastern Cape – used by Edwards in his work on the *Baseline and Constraints Paper* and the first draft Strategy Framework document – of the dominance of the auto and transport equipment sector, followed by chemicals and rubber, and textile and clothing, and also pointed to the importance of food and beverages (Roberts, 2003: 8). He identified the following sectors as

³³ Pillay & Mahlatsi's (2004) local government expenditure review was discussed in the Fiscal Workshop; Grant Thornton Kessel Feinstein's (2003) paper on tourism programme priorities was discussed in the Tourism Workshop; work-in-progress on Williams' (2003) overview of managerial capacity in the provincial government and municipalities was discussed in the Human Resource Development Workshop; Fraser's (2003) paper on obstacles to agricultural development in the communal areas of the Eastern Cape, and Bank, Westaway, Minkley, Wotshela, Fay, Andrew and Ainsley's (2003) paper on agricultural and rural livelihoods were discussed in the Agriculture Workshop; and, finally, Roberts' (2003) paper on supporting employment generation and relatively labour-intensive activities in the manufacturing sector was presented to the Manufacturing Group.

the most important in generating employment, despite still lagging behind the auto sector in absolute terms: food products, clothing and textiles, plastic products, and wood products. He proposed practical measures to boost these sectors. Interestingly, two of these sectors – food products and wood products – rely on processing of agricultural processing, which did not attract sufficient resources in the final PGDP programme package.

Amongst other things, Roberts' (2003) paper proposed institutional arrangements to support analysis and coordination of industrial development; further investigation of practical ways of realising potential multiplier effects associated with the Coega IDZ (which he treated as *fait accompli*); and a location plan for industry, integrated with the IDZs. Roberts' very practical suggestions were not implemented, and it was only in 2005 – when Chris Edwards was brought back to the province to work on a provincial industrial development strategy – that serious consideration to these types of action were given. As argued in chapter 3, Edwards' work was overtaken by the launch of ASGISA in 2006, and a provincial Industrial Development Strategy was released in 2010.

A sixth draft of a document entitled *PGDP Programmes and Projects*, dated 24 November 2003, combined the work on the medium-term programmes and the flagship projects into one document (Government of the Eastern Cape Province, 2003z). The short-comings of the reports on *PGDP Priority Programmes and Projects: 2004/05 to 2006/07* produced in September and October 2003 were still evident.

By November 2003, it was clear that the initial estimations regarding milestones for the development of programmes would not be achieved. The Tripartite Review Meeting – which was held between the Provincial Government, the DFID and the UNDP on 17 November 2003 to consider the progress report on utilisation of UNDP and DFID funding – resolved that an extension of the PGDP process by another year was likely to be necessary (Eastern Cape Provincial Government, 2004b); this was subsequently approved by EXCO following submission of a Cabinet Memorandum (Government of the Eastern Cape Province, 2003aa). In addition to the work required to complete the PGDP Programmes, the additional time would also be used to continue with the development of the monitoring and evaluation system through the M&E Reference Group and with the development of the communications strategy for the implementation of the PGDP, as well as the sharing of

lessons with other provinces (Eastern Cape Provincial Government, 2004b). The importance of developing the technical capability to continue with coordination support after the disbanding of the PGDP PMU was emphasised.

It was noted during this meeting that the “Provincial Interim Management Team (IMT) has also taken a conscious decision to link its programmes (especially that for governance and administration) to the PGDP” (EC Prov. Govt., 2004b: 2). As discussed in chapter five, the turnaround plans developed through the IMT intervention were incorporated into the final package of PGDP programmes as the *Improved Service Delivery in Health, Education, Social Development and Public Works Programme* (Eastern Cape Provincial Government, 2004a). However, Effective service delivery, particularly in health and education, would remain a significant challenge in the province, in spite of the IMT and other interventions.

By 2 February 2004, ECSECC’s formal takeover of management of the programme development phase was announced in the form of a document produced in its name and entitled *Building the platform for long term growth and development – an outline of proposed short-to-medium term PGDP Programmes* (ECSECC, 2004a). This document referred to the PGDP Strategy Framework as “more than just a strategy – it is a development pact between Provincial Government and its social partners to combine efforts to forever eradicate the scourge of poverty and unemployment from the Province” (ECSECC, 2004a: 3-4). This was ECSECC claiming its original mandate to facilitate social dialogue to justify taking over the PGDP process, drawing on the only aspect of the PGDP that – at this point in the process – existed in the public domain and could be linked to the “social partners”. It also signalled an intention to rescue the PGDP programmes from the bureaucracy and the weight of unmediated expectations raised in stakeholder workshops, and to reposition those programmes back within the discursive framework of the PGDP Strategy Framework. ECSECC (2004a) expressly linked the PGDP Strategy Framework to the 10-Year Government Review completed in 2003, as well as the *Baseline and Constraints Paper*, which was now recalled to support a discursive shift away from the current approach to the development of PGDP programmes and even from the language of the final version of the PGDP Strategy Framework.

The ECSECC document resuscitated references to a comprehensive social security system – which had been deleted from the later versions of the PGDP Strategy Framework, but was still a COSATU priority (see chapter three) – and to policy dialogue. It could be that ECSECC was reflecting strategic opportunities for policy dialogue following efforts by the national ANC leadership to reach out to its Alliance partners whose support was needed in the upcoming general election.

The criteria listed by ECSECC (2004a: 20-21) reflected the wording of earlier drafts of the PGDP Strategy Framework:

- *Deepen democratic participation in the development process of all segments of the population within the framework of our constitutional democracy;*
- *Attain higher growth with employment through enabling more effective government intervention in the economy, the stimulation of effective demand, crowding-in public and private investment, and a more effective mix between export orientated and inward industrialization;*
- *Enable a more proactive and targeted approach to redistribution and equity which centralizes the needs of the poorest of the poor in a manner that incrementally moves away from a short term welfare approach to one that fully and in a sustainable manner accommodates the poor into the mainstream of the economy;*
- *Optimize job creation and economic opportunities within the current social and infrastructure spend through targeted procurement and supply management in a manner that reduces the Province's external account and promotes local economic development and black economic empowerment, as well as encourages labour intensive technology choices where appropriate.*
- *Rapidly expand the asset base of the poor, particularly with respect to finance and productive assets such as land, plant, and machinery, in order to promote equity and increase participation rates in the real economy.*
- *Effectively deal with the HIV and AIDS pandemic through a comprehensive prevention, treatment, and care programme that mitigates additional pressures on the state's safety net (and fiscus) in the medium-to-long range.*
- *Accelerate the pace of state transformation to achieve efficiency gains in the delivery of social services, and more effectively honour constitutional obligations in relation to the poorest of the poor.*

The ECSECC (2004a) document then presented what were referred to as “Phase 1 PGDP Programmes”, which were mainly economic and aimed at efficiency gains in service delivery to free up, as much as possible, resources for economic spending (given the 87:13 ratio of social to economic public expenditure in the province). The strategic thrust of these interventions was described as follows (ECSECC, 2004a: 22): “massive public and private

investment into the rural economy (particularly around transport infrastructure and human resource development), consolidating the strengths of our industrial sector but with new animated linkages to the agricultural sector, and building resilient and competitive agricultural, agro-processing, and tourism sectors as engines of job creation in the former Transkei ... The gearing of state machinery in Phase 1 PGDP programmes then becomes critical for the sequenced and scaled up economic interventions that will be achieved in the medium term.” Again, this phrasing harked back to the language used in the early drafts of the PGDP Strategy Framework, but this discursive shift could not – particularly at this stage of the programme development phase – shift the path-dependent processes within which programme development had become increasingly entangled.

The ECSECC (2004a) document identified the following programme clusters linked to this discursive shift: (i) poverty reduction and job creation, (ii) improved service delivery, (iii) gearing the state to drive economic transformation, (iv) hegemonic economic projects, and (v) human resource development. The only concrete programmes that were defined at this point were for the first programme cluster, and these were: Comprehensive HIV, AIDS and TB Programme; Expanded Public Works Programme; Integrated Food Security and Nutrition Programme; and Accelerated Delivery of Basic Needs Infrastructure and Services. The second programme cluster referred mainly to improvements in the functioning of the provincial departments of Health, Social Development and Education. The third programme cluster was focused on building economic planning capability, developing clusters and sector and cluster support capability (possibly building on Roberts’ suggestions), creating an agricultural development corporation by transforming Uvimba (a public entity of the Department of Agriculture then providing agricultural finance), and linking the provincial roads and transport functions. The fourth programme cluster included strategic road and rail projects, a logistics hub in East London, the Gariep water transfer project, the Coega international freight airport and the Umzimvubu hydro-electric energy project. The last programme cluster included strengthening of the FET sector, adult basic education programmes, early childhood development, and critical skills in support of the PGDP. Many of these initiatives ended up in the final suite of PGDP programmes, but organised in terms of the PGDP Strategic Objectives rather than these clusters (Eastern Cape Provincial Government, 2004a).

This document was presented on 4 February 2004 to the Economic Growth and Development Cabinet Committee (Eastern Cape Provincial Government, 2004c). No record of this Cabinet Committee, other than the document itself, could be found.

The first public presentation on the contents of this document took place during the Decentralisation Conference held on 11-12 March 2004 to reflect on the form the decentralisation process in the province should take, particularly in the context of the PGDP (Government of the Eastern Cape Province, 2004), and as a way-station towards the development of a provincial decentralisation plan. The presentation on the PGDP programmes (Govt. of EC Prov., 2004: 16-19), listed the key challenges associated with each of the strategic objectives, drawing on an updated version of the ECSECC document. The challenges associated with poverty eradication were slightly different from what had been included in the ECSECC document, with “strengthening of community organisation and participation in development processes” replacing “the need to more effectively regulate the ‘poverty industry’”; possibly reflecting input by the Eastern Cape NGO Coalition, which was represented on ECSECC’s Board. The following additional challenges were added to the list for manufacturing (now referred to as industrial development): the inherent dualism and structural weakness of the provincial economy, and expanding linkages to the auto sector and IDZs. This appears to have resulted from an integration of Roberts’ (2003) recommendations.

When Mcwabeni, in this presentation, listed the programme clusters, he added a sixth one to the five given in the February version of the ECSECC document; namely, accelerating manufacturing output and employment. He included the following within this programme cluster: improved industrial development planning and coordination, development of agro-processing, broadening and deepening linkages with the auto sector, and diversification and broadening of the manufacturing sector. Again, these activities bore strong similarities to Roberts’ (2003) recommendations.

Mcwabeni ended his presentation with the first-ever public presentation, within the PGDP process, of what was called a spatial perspective of growth and development programmes. This was presented in terms of the following categories: PE Metro (NMMM) Logistics Hub, Amatole (Buffalo City Municipality) Logistics Hub, OR Tambo and Alfred Nzo Agriculture

Hub, Chris Hani Agro-Processing Hub, Cacadu Agri-Tourism Hub, and the Expanded Public Works Programme. The bulk of those “programmes” in the PE Metro Logistics Hub were linked to the Coega IDZ, and those in the Amatole Logistics Hub were light engineering and extension of the Kei Rail. Of the rest, only agro-forestry and tourism had any links to any of the lists of medium-term programmes and flagship projects that had previously been presented. This, as late as March 2004, reflected the emergence of new thinking on the PGDP programmes, first made concrete in the ECSECC document of February 2004, but still presented little evidence of concrete programmes ready for implementation apart from those conceived even before the start of the PGDP process.

It was during the month of March 2004 – which was also when the first meeting on the development of a spatial chapter of the PGDP was held – that an attempt was made to develop concrete PGDP Programmes through a logframe development process. The logframing workshops were initially scheduled for 1 March 2004, but then postponed by a few days due to poor attendance (PGDP Project Management Unit, 2004a). The first cluster of programmes to be developed through the logframe development process was called “Food Security and Nutrition”, and included the following: Massive Food Production Programme, Integrated Nutrition Programme, Siyazondla Homestead Food Production Programme, and Integrated Rural Infrastructure Programme. The second cluster was called “Accelerating Manufacturing”, and included a Manufacturing Diversification Programme. The third cluster was called “Expanded Public Works”, and included Vukuzakhe, and a 10% Labour based of CAPEX Programme. The fourth cluster was called “HIV/AIDS and TB”, and included a Life Skills Programme, a Home Based Care Programme, a Treatment Programme, and a Prevention Plan. The fifth and final cluster was called “Human Resource Development”, and included the following: Learnership Programme, FET Transformation Programme, and Skills Development Fund. Reference was made to logframing to be undertaken for programmes falling under the following two clusters after the decentralisation workshop: Public Sector Transformation, and Improved Service Delivery. This was yet another form of programme clustering, and, although there were similarities, it bore no signs of obvious development from what had previously been presented. These clusters, again, were different from the six strategic objectives of the PGDP Strategy Framework.

This process did not produce concrete programmes that could be resourced and implemented, and was followed by the appointment of a team of consultants to undertake the detailed design of medium term programmes over a twelve-day period from end March 2004 to the second half of April 2004 (ECSECC, 2004b). This was the point where I was drawn back into the PGDP process (following the end of my PGDP PMU contract on 30 November 2003); this time, as a consultant appointed as one of a group of such consultants who were to provide programme design services (this followed my work on an Integrated Food Security Programme on contract to ECSECC during February 2004). The terms of reference for this assignment listed the following lessons emerging from the logframing process (ECSECC, 2004b: 1-2):

- a) There exists a high level of uneven development in the state of readiness within and across identified programme priorities.*
- b) Each programmatic priority is at a different stage of conceptual, design and implementation readiness.*
- c) There is a high level of political and administrative pressure to identify and address fundamental bottlenecks standing in the way of a systematic operationalization of identified programme priorities.*
- d) Outcomes of strategic and operational planning processes within government departments to date require concentrated attention and support in order to identify and address bottlenecks with a view to expedite implementation over the next three years.*

The consultants were organised into teams and assigned specific programmes. Each team was linked to what was called a PGDP Coordinator (an ECSECC staff member or a member of the PGDP PMU), and each programme was linked to a key person in the lead department for that programme; the consultants were expected to work with those key persons. The emphasis was on rapid programme design, and this time pressure again biased the process towards initiatives that had already been conceptualised and/or resourced to a point where they could serve as PGDP programmes.

During the first meeting of the consultant team in March 2004, the same presentation on programme development that had been used during the decentralisation workshop was given, accompanied by the updated version of the ECSECC document on which it had been based (ECSECC, 2004c).

The pool of programmes presented at that initial March 2004 meeting changed slightly during the course of the assignment. The categories into which the programmes were

organised were roughly the same as the programme clusters used during the inconclusive logframing process, and changed slightly from the first meeting to the start of the assignment – this was clearly a hastily conceived design process still in flux. The programmes that were eventually taken into the design process, using a format provided by ECSECC, were: Massive Food Production, Integrated Nutrition, Siyazondla, Vukuzakhe, 10% of CAPEX, Life Skills, Home Based Care, Comprehensive Treatment Plan/Aids Treatment, Prevention Plan, Umzimvubu Dam, Kei Rail, Gariep Dam, Learnership, Transform FET, Skills Development Fund, ABET, Early Childhood Development, Turn Around Strategies, Decentralisation, Lead Housing Projects, Water and Sanitation, PGDP Venture Capital Fund, Auto Sector Research and Development Programme, Manufacturing Diversification, Agro Processing, Eco-tourism, Cultural and Heritage, Adventure tourism, Community tourism. All of these would end up in the final PGDP programme package (Eastern Cape Provincial Government 2004a), albeit in a reconfigured form (e.g. some ended up as components of other programmes). I was assigned lead responsibility for the first four of these programmes, first clustered under the heading “Food security and nutrition” and then “Poverty reduction and Job Creation”.

Following completion of the design of these programmes, which was done to varying degrees of completeness, I was appointed by ECSECC in June 2004 to write up, within a week, the final suite of programmes according to a standard format. I was to use these “completed” programmes, as well as information gleaned from the Provincial Budget Statement 2004, departmental plans and national policy documents. I produced a draft document, entitled *Provincial Growth and Development Plan 2004-2014: Summary of PGDP Programmes for MTEF 2004-2007* (Province of the Eastern Cape, 2004b), which was then sent via the Provincial Treasury to the various provincial government departments listed against the various components of each plan, to provide and/or confirm their budget allocations for those components for the 2004 MTEF. By this time, of course, departments could not simply reallocate funds, which accounts for the fact that some components of programmes contained in the final PGDP document received no budget allocations (Eastern Cape Provincial Government, 2004a). Thus Phase 2 of the PGDP process ran aground on established government planning and budgeting processes, not only limiting the scope of its design options but also the possibilities for resource allocations. The PGDP process could

not force itself on the older government systems, and was shaped by them instead. Even political backing was not enough, as power within the state does not lie in the hands of political leaders only, and nodes of power are distributed in a complex and dynamic power network. A particularly powerful node lies within the Treasury, linked directly to its role in allocating resources and monitoring their usage. This experience raises questions about the very possibilities for integrated policy-making within the provincial sphere of government and the larger state system.

A PGDP Budget Planning Alignment Team (BPAT), a new incarnation of the Budget/PGDP Alignment Team and which had met on 24 May 2004 and 7 June 2004 (PGDP Budget Planning Alignment Team, 2004a and 2004b), also held bilateral meetings with provincial government departments to discuss the alignment of their Five-Year Strategic and Performance Plans (a new requirement to ensure that departments plan for an entire election cycle) with the PGDP, and to verify targets and budgets included in the draft programme matrices I had just prepared. These meetings took place during 14 June to 21 June 2004, and the BPAT consisted of representatives of the Provincial Treasury, the Office of the Premier, ECSECC, the Department of Economic Affairs, Environment and Tourism and the PGDP PMU (PGDP Budget Planning Alignment Team, 2004c). These meetings achieved little more than discussing the logic of the programme matrices, motivating departments to allocate funds in support of these draft programmes, and discussing future plans and budget allocations.

The new PGDP programmes document was presented to the final meeting of the PGDP Reference Group on 17 June 2004³⁴ (PGDP Project Management Unit, 2004b). Comments included reminders of the importance of cooperative governance, including cooperation with municipalities and neighbouring provinces (e.g. with regard to water), and of the importance of a spatial view of the PGDP Programmes, as well as concerns about the

³⁴ This PGDP Reference Group meeting was attended by forty-four people, including representatives of COSATU, the Border-Kei Chamber of Business, the Transkei Chamber of Business, NAFCOE Eastern Cape, SALGA, Eastern Cape NGO Coalition, Promotion of Rural Livelihoods Programme, Independent Development Trust, Department of Provincial and Local Government, the Integrated Provincial Support Programme, the UNDP, DFID, European Union, Cacadu District Municipality, OR Tambo District Municipality, Amathole District Municipality, Chris Hani District Municipality, Ukhahlamba District Municipality, Nelson Mandela Metro, Buffalo City Municipality, Office of the Premier (including the Office on the Status of Women), ECSECC, Provincial Treasury, Department of Economic Affairs, Environment and Tourism, ECDC, and PGDP PMU (PGDP PMU, 2004b: 3-4).

absence of a provincial industrial strategy to guide industrial development, questions about linkages with initiatives such as the ISRDP and the URP, suggestions regarding the evolving monitoring and evaluation system and support to further programme development to be undertaken by the soon-to-be-established Programme Coordination and Monitoring Unit (PCMU). The Director-General informed the Reference Group meeting that the PCMU would be established on 1 September 2004, and that the PGDP programmes document would be submitted to EXCO for its approval prior to the launch of the full PGDP by the new Premier at the end of July 2004.

The minutes record the following remarks made by the social partners (PGDP PMU, 2004b: 2):

- a) *SALGA: The participation of municipalities must be maintained and enhanced to ensure that the PGDP is integrated into the IDP's of municipalities.*
- b) *Business: Business is eager to build partnerships with government around its economic growth programmes to address poverty and unemployment.*
- c) *Labour: Labour welcomed the contribution it was able to make to influence and shape the PGDP, and will work together with government to implement its strategies to create jobs.*
- d) *NGO Coalition: Civil society is a partner with government to fight poverty and underdevelopment, and is looking forward to see what role it can play in implementing the PGDP.*
- e) *DFID: DFID is very committed to make the PGDP succeeds [sic] and is proud that it could make a contribution to its development.*
- f) *UNDP: UNDP will continue to seek ways to support the Province in its efforts to reduce poverty, HIV/AIDS and underdevelopment, and is glad that it could assist government in development of the PGDP.*

Again, organised business – which had not been part of the programme development phase – was not facilitating private sector investment, but merely celebrating opportunities for cooperation of benefit to its members. The programme development phase had not brought about any further clarity on the potential roles of NGOs in implementing PGDP programmes, with the NGO Coalition still looking at the role it could play. As indicated earlier, COSATU's support eventually soured to the point that it filed more than one notice (in terms of Section 77 of the Labour Relations Act) to signal its intention to protest against poor delivery by the provincial government.

Once the budget amounts and targets had been confirmed, the programmes document was finalised for approval by EXCO before being added to the emerging PGDP package. The

PGDP programme design phase ran into a deadline again when the final PGDP document – of which the PGDP Strategy Framework and the PGDP programmes formed parts – was being finalised. Premier Balindlela had selected 9 September 2004 as the launch date for the full PGDP, and completion of the document had to be timed accordingly. Days before the scheduled 9 September 2004 launch of the PGDP, I was asked to work with an editor who had been appointed to work on the text; some parts of which – like the spatial section – I saw for the first time. I then sat with the graphic design team through the night to ensure that the final document was ready in time for the launch date set by the Premier. At its conclusion, the process had come to this; a late-night rush in the company of strangers to meet the new Premier's deadline.

The final PGDP document that was formally launched on 9 September 2004, included the following: an introduction, a socio-economic profile prepared by ECSECC using updated national statistics, the Strategy Framework, spatial planning, the PGDP Programmes, monitoring and evaluation of programme implementation, and an institutional framework for the PGDP (Eastern Cape Provincial Government, 2004a). The section on the institutional framework – based on the report prepared by Weir, Gwagwa and Pillay (2004) – included an overview of the existing institutional framework for coordination of planning, highlighted key lessons from international experience, and a description of a number of possible models for the coordination of planning and implementation built around a Planning, Coordination and Monitoring Unit (PCMU) to be based in the Office of the Premier under a newly created Deputy Director-General post.

PGDP programmes were as per the PGDP programmes document that had been approved by the PGDP Reference Group and EXCO. Each programme area (i.e. the programmes for each strategic objective) started with a description of strategic approach, core challenges for the 2004-2007 MTEF, and rationale for programme selection, followed by the descriptions of the programmes within that programme area. Each programme was given a general description, an overview of its objectives, and a description of its key performance areas, followed by a programme matrix was presented showing, for each key performance area, the high-level objectives with their associated outputs, verifiable targets for each of the three years in the MTEF cycle, the responsible agency, the budget allocations, and the assumptions made. The programme matrix was followed by a description of reporting

mechanisms and authority, and key actions required to facilitate implementation of the programme.

The following PGDP Programmes were thus described (Eastern Cape Provincial Government, 2004a: 90-269):

- Programme area: Agrarian transformation and food security
 - Massive Food Programme
 - Siyazondla Homestead Food Production Programme
 - Comprehensive Nutrition Programme
 - Integrated Agricultural Infrastructure Programme
- Programme area: Fighting poverty
 - Expanded Public Works Programme
 - Water and Sanitation Programme
 - Housing Programme
 - Comprehensive HIV/AIDS and TB Programme
 - Victim Empowerment Programme
- Programme area: Public sector transformation
 - Improved Service Delivery in Health, Education, Social Development and Public Works Programme
 - Local Government Capacity Building Programme
 - Strengthening the Centre of Government to Drive PGDP Implementation Programme
- Programme area: Infrastructure development
 - Strategic Infrastructure Programme
- Programme area: Manufacturing diversification and tourism
 - Automotive Industry Development Programme
 - Industrial Support Programme
 - Enterprise Development Finance Programme
 - Agro-processing Support Programme
 - Tourism Programme
 - Timber Industries Development Programme
 - Cultural Industries Programme
 - Information and Communications Technology Development Programme
- Programme area: Human resource development
 - Scarce Skills for the Public Sector Programme
 - FET Transformation Programme
 - Adult Basic Education and Training Programme
 - Early Childhood Development Programme
 - Comprehensive Human Resource Development Strategy (listed as still under development)
 - Provincial Learnership Programme (listed as still under development)

Thus ended the PGDP process, taking almost a year longer than had initially been anticipated. Further work in support of the PGDP – e.g. work on a skills development strategy (which I supported) and an industrial development strategy (supported by Edwards) – was initiated in early 2005 by ECSECC.

The PGDP programmes were less than perfect vehicles for the implementation of the PGDP Strategy Framework, as discussed previously, but their existence had been established against significant odds. The programme development phase of the PGDP process had been shaped through a complex of individual and institutional agency in an ensemble of state institutions characterised by a range of path-dependent processes and networks of power. Resources had been allocated unevenly, linked more to whether provincial government departments, within their own departmental processes, had prioritised and resourced particular programme areas within the limited overall budget escalations allowed by the Provincial Treasury.

Despite the strong emphasis on agricultural development that had emerged in the Programme Prioritisation Workshop – as argued earlier – agricultural programmes were under-resourced. Of these, the best resourced was the Massive Food Programme, which included R60 million for the 2004/05 financial year for distribution in the form of conditional grants to encourage commercial crop production, particularly in the former Bantustan areas (Eastern Cape Provincial Government, 2004a: 94). The Siyazondla Homestead Food Production Programme had only R3 million allocated to in total for the 2004/05 financial year, this for water supply systems to homesteads (Eastern Cape Provincial Government, 2004: 101-106). The Integrated Agricultural Infrastructure Programme – which was more clearly linked to the Department of Agriculture’s core work – included R23.6 million in 2004/05 for fencing, stock water and erosion control, and R13.4 million for irrigation systems (EC Prov. Govt., 2004a: 119). The Agro-processing Support Programme included the following allocations in 2004/05 for three projects that predated the PGDP process (and with one – the Magwa Tea Estate – linked to the arms deal offset package, as discussed in Chapter 5): R20 million to establish the Magwa Tea Estate as a viable site for investment, R5 million to launch a sugar beet project, and R55 million to launch a hemp processing plant (EC Prov. Govt., 2004a: 221-224).

In contrast, under the Strategic Infrastructure Programme, R91 million was set aside for the Kei Rail Project, R359 million (after being cut by R222 million) for infrastructure development in the Coega IDZ, and R125 million (after being cut by R40 million) for the East London IDZ (EC Prov. Govt., 2004a: 202-205) – this in addition to the national government resources invested in the two IDZs, as discussed in Chapter 5.

The 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009: 67) found that “[a]ll 27 flagship programmes have been funded, and allocations for most have increased over the PGDP period ... [this] does not necessarily indicate that there has been sufficient funding to meet the targets set by the PGDP, nor the service delivery improvements that the PGDP intended”. The review found that departments responsible for infrastructure, agriculture and economic development “received below-average budget increases ... [and this] finding correlates with the identification of funding shortages ... particularly in the areas of agrarian transformation, infrastructure and economic development” (Office of the Premier, 2009: 66). These findings indicate that the PGDP did not significantly shift the systems of resource allocation within the Eastern Cape Provincial Government, even three to four years into its implementation.

Concluding remarks

The development of PGDP programmes, which constituted the focus of the second phase of the PGDP process, was, like the PGDP Strategy Framework, shaped on the strategically selective terrain of the state. Although agency was still possible, and the development of programmes was certainly affected by the form of agency (e.g. the manner in which process management was undertaken), this agency occurred in relation to a range of path-dependent institutional processes. As the programme development phase progressed, agents working on the content of the programme package interacted with path-dependent processes in various stages of development; the later this interaction occurred – in terms of the stages of the planning processes of departments or the provincial budgeting process as a whole – the more difficult it was for agency to be exercised. Some processes, such as those associated with resourcing and development of the IDZs, had started long before the

start of the PGDP process programme development phase, and would continue to run beyond it.

Although my narrative in this section has been rather long, it has shown the multiple pressures on the development of the PGDP programmes, the influence of chance events, the scope of agency, the shifting possibilities of outcomes, and the relative power of various branches of the provincial administrative state apparatus. Although the influence of ideology was less obvious than in the first phase of the PGDP process, the possibilities for state action themselves, earlier resourcing decisions and agency were negotiated in terms of conceptions of what is right, what exists and what is possible (Therborn, 1980). Although members of ECSECC launched a discursive challenge to the neoliberal discourse invoked in the content of the final version of the PGDP Strategy Framework, this came too late to affect the focus, content and resourcing of the PGDP programmes, even as it reached to the beginnings of the first phase of the PGDP process for its discursive genealogy.

The final suite of the PGDP programmes – packaged in a flurry of activity at the terminal points of the provincial budgeting and departmental annual planning processes, and against a deadline set by a Premier keen to claim the PGDP for the reorganised provincial ruling bloc – did not allocate resources where they were needed to transform provincial social relations or to make noticeable dents in the high rates of poverty, unemployment and income inequality. This meant that the implementation of the PGDP started without the discursive or financial means to meet the expectations of those who had participated in the first phase of the process, and had lent the PGDP their public support. As the PGDP, during its implementation, wound itself to the 2007/08 review (Office of the Premier of the Eastern Cape, 2009) – in which it was found wanting – the consequences of the course of its development became increasingly evident.

CHAPTER 9: CONCLUSION

The process of developing a PGDP for the Eastern Cape Province of South Africa served as a unique window into the limits of policy challenge within the South African state. Emerging as a potential counter-hegemonic project, given the conjuncture with which it arose and the form of its early critique, the PGDP process was shaped in ways that effectively neutralised the potential threat to hegemony and turned the PGDP into a convenient organising framework for a reorganised provincial ruling bloc attempting to assert its hegemony over the provincial administrative state apparatus. However, given the realities of the organisation of state power exercised from many nodes and in relation to many path-dependent processes, this organising framework had limited effects.

The extensive consultative process followed in developing the PGDP Strategy Framework – which was publicly endorsed by the leaders of chambers of business, COSATU, organised local government, and the Eastern Cape NGO Coalition – marked it as an example of social compacting, and its strategic objectives and quantified vision captured a broad commitment to improving the lives of the people of the Eastern Cape. Financial support by the UNDP and the DFID allowed for the mobilisation of additional resources for consultations and technical support, including the PGDP PMU on which I served. Management of the process by the Director-General of the province, reporting to EXCO, signalled commitment by the provincial government to the outcomes of the planning process and to implementation of the PGDP. Wide publicity of the plan, including the widespread use of the PGDP logo on provincial government reports, gave the impression of a plan central to the work of government.

However, the limited progress made in changing the circumstances of the people of the province – as shown in the 2007/08 review of the PGDP (Office of the Premier of the Eastern Cape, 2009) – cast a long shadow of doubt over the promise of the PGDP. The review report pointed to poor implementation and lack of political commitment as key concerns, and made recommendations for the improvement of programme design and implementation, but the size of the effort required to meet the PGDP targets by 2014, though, seemed larger than implementation of the report's recommendations could achieve.

For me, this evaluation rekindled the doubts with which I had emerged from the PGDP process, and, ultimately, led to this thesis. I viewed the poor outcomes captured in the

review report not simply as the results of poor implementation, or even of weaknesses in programme design (although I was more aware than most of those weaknesses, as shown in chapter eight). For me, the problem was deeper; it went to the core of the structure and functioning of the South African state.

My reengagement with the PGDP process – through the reports, minutes, and written outputs that emerged from it – animated by my own memory, allowed me to explore the development of the PGDP in the context of a deeper theoretical understanding of the state in general terms, and the South African state in particular. This required me to consider the PGDP process and its outcomes in the larger national and global context – including the national economy, the structure of the post-apartheid state, and key policies that framed the scope for state action in the economy – and to come to terms with the state and the development of state policy.

Drawing particularly on Jessop's (2008) strategic relational approach, shaped by the work of Gramsci, Poulantzas and Foucault, I emerged with an understanding of the state as a social relation, as the preeminent domain for the organisation of power, with particular consequences for social relations. The state is necessarily fractured into various state apparatuses and branches of those apparatuses, which means that the organisation of power itself is fractured into various nodes of power, some of which are more dominant than others. The organisation of power is always contingent and open to challenge, which means that attempts at organising power take the form of hegemonic projects which have strategic and ideological aspects and political, economic and ideological consequences. These attempts to organise power take place in relation to the strategic selectivities of government systems, in terms of which the possibilities of success and risk attached to various potential courses of action are framed, and which are located in larger social and economic systems. Although agency is possible, it is not guaranteed success, even if the odds of success or failure of particular courses of action could potentially be assessed. These odds depend not only on the actions of other agents, but also on the structure and systems of the state in which agency is exercised.

The policy process, through which state power is exercised, is necessarily messy, given how power itself is fractured and contested. This means that policy coherence, if it is achieved, is

an outcome of a dialectic of agency and complex path-dependent processes, and that the greater the scope and potential impact of a policy, the more tortuous the route to finalisation of its content. Furthermore, the content of policy is not just the mechanical result of openings and blockages within the government system and the actions of policy drafters to overcome or circumvent them; policy content is developed in terms of particular conceptions of what is right, what exists and what is possible (Therborn, 1980), i.e. in relation to ideology. Ideology itself is constructed and reconstructed, and logical coherence is achievable only where ideology attains the abstraction of theory. Theory itself is deployed in more or less powerful ways depending on who deploys it, in which context, and with what social-institutional backing. The discipline of economics and its representatives, the economists, take on special relevance on the terrain of state policy, with the ascendancy of neoclassical theory (broadly conceived) having particular discursive and material consequences.

Prior to the transition to democracy, the MERG attempted to challenge the conclusions and policy recommendations following from the application of neoclassical theory by deploying Keynesian theory (Macroeconomic Research Group, 1993). Rather than argue for the complete abolition of capitalism, the MERG report attempted to apply a conceptual framework for the management of capitalism to achieve particular social and economic goals set within the South African context. Although Keynesianism could draw on historical examples of success and international prominence, it was no longer preminent in the work of economists in key institutional settings such as universities and governments, where neoclassical theory (broadly conceived) and its abstract mathematical models had come to hold sway. It was the deployment of the latter – for example in the assessment of a Keynesian scenario in the GEAR document (Government of the Republic of South Africa, 1996) – that, predictably, shut down the discursive space for engagement with Keynesian or other alternatives to neoclassical orthodoxy.

The discursive sway of neoliberal ideology, informed by the theoretical abstractions of neoclassical theory (broadly conceived) in all major social settings, including the mass media, was even more fundamental in closing the discursive space for alternative conceptions of economic and social relations and options for government policy. It is this ideology – deployed in many ways, including in scenario-planning workshops and

engagements between the ANC leadership, corporate leaders and representatives of multinational institutions such as the World Bank – that informed arguments for the rejection of the MERG document, for embedment of the RDP (African National Congress, 1994) within increasingly narrow fiscal and monetary parameters, and for the adoption of GEAR.

During the PGDP process, the discursive deployment of a Keynesian perspective was attempted yet again. Building on Edwards' (2003) analysis in his *Baseline and Constraints Paper*, the early drafts of the PGDP Strategy Framework were structured around a “growth through redistribution scenario” in terms of which public expenditure would be shifted to development of the rural economy, particularly the strengthening of agriculture and rural industry. In the first draft of the PGDP Strategy Framework document (Government of the Eastern Cape Province, 2003g), it was argued that this scenario would target the poorest two thirds of the households in the Eastern Cape, would strengthen effective demand for domestically produced goods, would create an efficiency wage, and would create pressure for land reform from below. This was a more cautious scenario than a “redistribution through growth” scenario based on a massive increase in capital accumulation, but was more realistic given macroeconomic policy and the limited likelihood of the increases in public investment that would be required.

This was not just an argument for an increase in state investment in the economy to stimulate effective demand – it was an argument for a particular geographic and sectoral targeting of public investment that would also not completely neglect the existing manufacturing sector in the province. Analysis of statistics on the provincial economy and labour market provided a solid foundation for the proposed targeting, and they would remain difficult to discount for the duration of the PGDP process, in spite of attempts by the executive political leadership of the provincial government to discredit the statistics. This analysis would later, towards the end of Phase 2 of the PGDP process, be resuscitated by ECSECC, but with little effect.

However, the proposals went against the pattern of public investment in the Eastern Cape, which had been focused on the facilitation of export-oriented manufacturing, particularly through the creation of the first two IDZs in South Africa. These investments, combining

resources from the national and provincial spheres of government, and embedded within larger national and international processes (e.g. the offset package of the arms deal), were not mobilised with outcomes such as the stimulation of effective demand for domestic goods in mind, held little promise for job creation on the scale required in the province, and held little promise of improving the incomes and livelihoods of the majority of the Eastern Cape population. There were also significant opportunity costs associated with investments of this scale, particularly for the PGDP's agrarian transformation strategic objective.

The PGDP process and the initial arguments against national and provincial economic policy – including export-oriented manufacturing – arose during a period when national ANC hegemony was fracturing and where the ruling bloc was facing challenge within the Tripartite Alliance in which the Eastern Cape provincial ruling bloc was implicated. The social movements that sprang up during 2001/2002 – which was also a low point in the relations within the Tripartite Alliance – reached their apex in the year in which the PGDP process was launched. It is in this context that the discursive challenge contained in the *Baseline and Constraints Paper* (Edwards, 2003) and the first draft of the PGDP Strategy Framework – which gained support from the provincial leadership of COSATU and resonated with a number of participants in the PGDP process – contained the seeds of a potential counter-hegemonic project.

However, the odds were stacked against such a project. Not only did the national ruling bloc prevail at the 2002 ANC policy conference and the ANC's 51st National Conference and turn its attention to reconfiguration of the Eastern Cape ruling bloc – making successful establishment of a counter-hegemonic project less likely – the PGDP process became enmeshed in a complex dialectic of agency and the strategic selectivities of the South African state. It is that dialectic, in which a number of path-dependent institutional processes and the organisation of state power were implicated, that shaped the trajectory of the PGDP process.

What emerged during that process was a PGDP Strategy Framework that retained a nominal commitment to the development of the rural economy, while including not only direct emphasis on the existing manufacturing sector but also the continued support of the IDZs. In the process, the document also became increasingly complicated, not only because of the

attempted mediation of competing priorities, but also because of the increased detail with which participants in the consultative process pressed their concerns and aspirations, which had to be reflected in ways that would ensure their continued support of the PGDP process. In addition, the UNDP mobilised specialists to advise on the inclusion of the “cross-cutting issues” of gender, the environment and HIV/AIDS, and whose interests were in optimal representation of their issues rather than overall discursive coherence of an integrated provincial plan. This is not to deny that issues raised by stakeholders or specialists in cross-cutting issues were important, but the increases in the detail and breadth of the preferences captured made the maintenance of discursive coherence increasingly difficult.

The final shift in the content of the Strategy Framework came when editorial responsibility was given to the Development Economist in the PGDP PMU, who expunged references to Keynesianism and infused the content with neoliberal ideology. His changes did not alter the strategic objectives, which had been approved by the PGDP Reference Group, but they did change the discursive framing of those objectives, using the same ideological framing that had limited the range of policy options available to the South African state. He did this not as part of some sinister conspiracy, but because he believed that the perspective from which he was editing was correct. The fact that this perspective aligned more closely with the existing fiscal priorities – that had been reincorporated prior to his edits – made acceptance of this new version easy for EXCO, with the proviso that caveats be inserted to warn against exploitation of rural people.

This final shift did not cost the PGDP Strategy Framework the support of the “social partners” that had participated in its development; COSATU, the chambers of business, the Eastern Cape NGO Coalition, and SALGA publically committed themselves to the PGDP at the PGDP Strategy Framework’s launch. This support was grounded in a history of engagement and evidence of inclusion of concerns and suggestions – particularly in the titles of the six strategic objectives and in the quantified vision – as corroborated during the early part of the programme development process when programme priorities were first articulated. The PGDP targets incorporated the Millennium Development Goals (MDGs) – to which the national government was a signatory – at the UNDP’s suggestion (as the custodian of the MDGs) and with the agreement of the PGDP Reference Group. The targets

contained in the quantified vision captured a human focus and constituted the foundation for the 2007/08 review of the PGDP.

The shifting of the content of the PGDP Strategy Framework towards the status quo while still retaining traces of the initial discursive challenge to hegemony, opened the document to left and right readings. This was not a deliberate strategy, in which content was carefully calibrated to include just the right mix of affirmation and challenge in relation to the status quo to both acknowledge and neutralise the possibility of threat. What the content of the PGDP Strategy Framework represented was the outcome of the exercise of power from multiple sites and in the context of a range of path-dependent processes with a range of temporal trajectories and institutional locations.

The programme development phase of the PGDP process proceeded on the momentum created during the first phase, becoming increasingly technical and embroiled in the provincial government bureaucracy. That momentum was significantly slowed by the budgeting process, where old priorities reasserted themselves, aided by the rigid application of historical budgeting rules by the Provincial Treasury under the leadership of the same person who had headed the PGDP Fiscal Working Group. Although still discursively linked to the PGDP Strategy Framework, the development of the PGDP programmes became enmeshed in a number of path-dependent institutional processes, of which departmental annual planning and the provincial budgeting process were key examples. These processes did not simply mechanically assert themselves; the outcomes of the programme development phase of the PGDP process emerged from a complex dialectic of agency and strategically selective processes. The later attempted interventions were made, the more difficult the assertion of agency became – for example, delays in detailed design of programmes limited the space within the provincial budgeting process to effect shifts in resources, not only because that process ran according to well-defined milestones, but also because of the complex interface between departmental planning and budgeting.

The programme development phase was also not effectively managed, which meant that as it got drawn deeper into the provincial government departments its coherence began to fray, and it became increasingly laden with detail to the point that it threatened to collapse under its own weight. A reassertion of process control through the PGDP Reference Group

(after months of no meetings), forced the programme development process out of the confines of the bureaucracy to a reengagement with a broader range of perspectives through a series of sector workshops, backed up by the additional specialist inputs that had been commissioned. However, the continued lack of effective management meant that this caused even further fraying of coherence and an even further loading of detail. Meanwhile, the provincial government budgeting process proceeded according to its own rhythms.

While the programme development phase became increasingly stuck, South Africa was moving ever closer to the general election scheduled for 2004. This meant that political pressure for tangible deliverables that could be used for election purposes was steadily increasing. This pressure eventually led to the development of a few flagship programmes that the Premier announced in his opening address to the Eastern Cape Provincial Legislature in February 2004. Moulded largely around existing initiatives that had been repackaged in terms of the discourse of the PGDP, these flagship programmes served as prototypes of what the larger package of PGDP programmes might look like.

While relations within the Tripartite Alliance were mended in the run-up to the 2004 general election, the national ANC leadership intervened in the province, first by forcing the provincial ANC leadership to organise a second elective congress (which also re-elected Stofile as provincial chairperson of the ANC) and then 'redeploying' Stofile to the Sports portfolio in the national Cabinet. Although Stofile had launched the PGDP Strategy Framework in June 2003 (the month of his re-election as provincial chairperson), it was Balindlela, his successor as Premier, who claimed the full PGDP document for the reorganised provincial ruling bloc. Even though the PGDP presented the latter with a framework for the assertion of hegemony over the provincial administrative state apparatus, maintenance of coordination of the activities of provincial government departments and public entities was not guaranteed, enmeshed as those were in dynamic networks of power and path-dependent institutional processes.

The discursive form of the final version of the PGDP Strategy Framework, in which neoliberal ideology had been reasserted, made it difficult to sustain agency in the face of strongly path-dependent institutional processes. ECSECC's attempt, late in the programme development phase of the PGDP process, to reassert the discursive challenge that had

emerged in the early stages of the PGDP process could not dislodge the discursive weight of the final version of the PGDP Strategy Framework, or alter the flow of the programme development phase, the course of which had been influenced by actions previously taken by ECSECC representatives based on their reading of the strategic possibilities of particular policy and resourcing outcomes.

ECSECC was integrally involved in the management of the PGDP process from the start. It had managed the review of the first PGDS – during which the idea of a PGDP process had emerged – and was centrally involved in the negotiations with the UNDP and DFID regarding their support to the development of the PGDP. Although the PGDP PMU, reporting to the provincial Director-General, took on the public role of the PGDP secretariat, ECSECC maintained its influence through the deployment of one of its staff members to the position of Project Director of the PGDP PMU, and the formal membership of its Executive Director – together with the provincial Director-General – of the PGDP Management Group. Its staff members participated in meetings of the PGDP Reference Group and the PGDP Working Groups, and it undertook a specialist study for the Social Needs Working Group. ECSECC was also appointed by the UNDP to develop a provincial socio-economic database in support of the PGDP. ECSECC's M&E specialist supported the initial work on a provincial monitoring and evaluation system and took over my role at the end of my contract as a member of the PGDP PMU.

During the programme development phase, ECSECC's role became increasingly central, starting with its strong representation on the PGDP/Budget Appraisal Team, and culminating in its public assertion of control through the release of its own programme document, which was also translated into a Cabinet Memorandum. ECSECC's assertion of control was not without its setbacks, including the failed logframing process, and the difficulties in managing a large and disparate group of consultants appointed to design PGDP programmes against tight timeframes and within key provincial government processes already in advanced stages of progress.

ECSECC's success in facilitating, with my help, the completion of the final PGDP document by the launch date set by the new Premier no doubt reminded the new provincial ruling bloc of ECSECC's value. That value not only included development of policy documents, but also

support in facilitating the ruling bloc's hegemony over the provincial administrative state apparatus, and mediation of dialogue within the ruling bloc and between the latter and organised social formations in the province.

The final effort to rescue the PGDP programmes – which included meetings with key provincial government departments on the draft programme document – also consolidated the undoing of the attempted redirection of provincial public investment to the rural parts of the province. Coming late in the annual planning processes of provincial government departments and the provincial budgeting process itself, this final scramble for budgets merely confirmed existing patterns of provincial public investment. Poor participation by heads of provincial government departments in the PGDP process both reflected and contributed to fractured departmental planning, in spite of the stated objective of the PGDP process to integrate provincial planning. Although only eight years old, the provincial administrative state apparatus had been formed from the remnants of previous administrations once active within the Eastern Cape territory, and brought not only power networks and path-dependent processes associated with those older administrations, but also settled into new institutional processes and shifting power networks associated with the emergent post-apartheid South African state. Sector departments not only became implicated in national sector policies that were not linked in a national plan – although predominantly constituted in terms of neoliberal ideology (not least through the fiscal and other consequences of national macroeconomic policy) – they also were not equally powerful and developed their own complex institutional processes differentially linked to other societal formations. It was in this context that a framework for coordination of the provincial administrative state apparatus was particularly important.

Strengthening of the capacity and systems of the provincial government was critical to the success of the implementation of the PGDP, even though administrative failures were not the primary reasons for the failure to translate the strategic objectives and targets of the PGDP into reality; as I have argued in this thesis. Failure to build an effective provincial administration continued to bedevil implementation not only of the PGDP, but also of sectoral mandates, with education and health attaining particular prominence in public discourse in this regard.

The local sphere of government was also in flux during the development of the PGDP and continued to suffer from poor capacity during the implementation phase of the PGDP. During the PGDP process, the newly established municipalities were still coming to terms with their new territories, their powers and functions (the details of which were still subject to national determination), the requirements of integrated development plans and the linkage of these to municipal and provincial budgets (which followed different cycles), their own inherited power networks and employees, the development of human resource capacity and systems, the delivery of basic services, and coordination of the action of other spheres of government within their territories.

Linked to these factors were pressures associated with the expectation of increasing decentralisation of government implementation at the same time as an increasing centralisation of political control, a phenomenon not uncommon to the neoliberal state (cf. Peck, 2001; Hart, 2013). District municipalities and the Nelson Mandela Metro were enthusiastic participants in the PGDP process, but they faced formidable obstacles of their own, in addition to the systems and capacity constraints faced by the provincial government with which they needed to coordinate.

COSATU's participation in the PGDP process was not its only means to influence policy, given its position within the provincial ruling bloc. However, its position was under threat nationally, and the provincial ruling bloc itself was coming under increasing pressure from the national leadership of the ANC. The PGDP process did, however, offer an additional opportunity for policy influence, and, briefly, the possibility of framing a counter-hegemonic project within the Eastern Cape.

Participation in the PGDP process by chambers of business did not reflect coherent positions standing in opposition to the attempts at policy challenge during the PGDP process. Apart from the general difficulties in articulating coherent positions on behalf of capital – which is driven by profit and builds coherence only when suited to its material and related social ends (as observed by Przeworski, 1985) – capital did not need to assert itself discursively within a planning process that was unlikely to challenge its interests in any fundamental way. In fact, the pressure was on those who tried to articulate a counter-hegemonic position to justify a departure from the status quo, an undertaking that was difficult to

sustain given the pervasiveness of neoliberal ideology and the range of path-dependent processes set in motion by national policy infused by it. In the end, the status quo was confirmed and capital continued to derive narrow benefits from the South African growth path, but at the cost of an increasing fracturing of national hegemony which, ultimately, was increasingly threatening capital's material interests.

Finally, the dynamics of participation in the PGDP process by the Eastern Cape NGO Coalition illustrated the dilemmas associated with the shifting boundaries between the state and civil society in post-apartheid South Africa. The form of NGO partnerships with the Eastern Cape Provincial Government was not resolved through the PGDP process, and the Coalition's participation in the process was based on its interest in strengthening its influence on provincial policy on behalf of its members, and to secure access to provincial government resources for those members. The Eastern Cape NGO Coalition played a constructive role in the PGDP process, but was reminded of its peripheral status by Premier Stofile at the launch of the PGDP Strategy Framework, when he accused NGOs of not understanding poverty and asserted that the development partnership was only between government, business and labour.

The participatory structures set up during the PGDP process in general were not retained, although temporarily revived during the 2007/08 review of the PGDP. This meant that ECSECC continued to serve as the main interface between the "social partners", and consolidated its role as the facilitator of hegemony in the Eastern Cape.

The PGDP process provided a unique window into the South African state from the perspective of the provincial sphere of government. It revealed not only the persistence of spatio-temporal processes that reproduced poverty, unemployment and inequality, but also the strategically selective terrain on which provincial policy is formulated and implemented, and the complex dialectic of agency and a range of path-dependent institutional processes. The PGDP process illustrated that, although the outcomes of the exercise of state power are not guaranteed, certain outcomes are more likely, given the particular spatio-temporal contexts of particular states. The effects of path-dependency make policy shifts that are aimed at the transformation of social relations difficult to achieve, particularly under the discursive sway of neoliberalism. Not only are the possibilities for discursive challenge

increasingly constrained, but strategic possibilities for state action are shifted to the management of the destructive effects of global capitalism at increasingly localised levels, while leaving intact the policy frameworks that close off different forms of state action. Those frameworks become increasingly difficult to change, not because of some coordinated intentionality emerging from those who benefit economically from the status quo, but because of the ways in which thought and action are framed within complex path-dependent processes. Fundamental policy challenge from the provincial sphere of government of the South African state is, in this context, unlikely to be successful.

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