

Creating synergy between local and regional economic development at sub-national level: Towards integrated economic development collaboration for local progress in the Western Cape

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ABSTRACT

This paper presents a qualitative exploratory inquiry into the linkages, or lack thereof, between the local and regional economic development (L&RED) facilitation system in South Africa, with a critical perspective on policy and practice in the sub-national sphere. The paper argues that there is an institutional gap resulting from a natural overlap between the local and regional economic development (RED) facilitation system. This represents a vacuum in economic development governance networks and creates challenges for the effective implementation of both national and regional economic development policy in the local sphere. A number of case examples of governance interventions in the Western Cape Province of South Africa are discussed to draw insights from how they attempt to create a planning linkage between the local and regional sphere of the sub-national economic development eco-system, and how they could be contributing to local and regional economic development. These case examples include the Joint Planning Initiative (JPI) instituted by the Western Cape Government; the South Cape Economic Partnership (SCEP); the West Coast Economic Development Partnership; the institutional delivery model of local economic development agencies (LEDA's), and the Hessequa Innovation Helix (HIH) initiative. The paper concludes with a set of observations and recommendations for local and regional economic development policy and practice to aid in synthesising L&RED implementation processes. The authors suggest that considerable benefit may be derived from partnerships that bridge the gap between local and regional economic

development facilitation and support. The authors also suggest that partnership arrangements and sub-elements of collaborative governance arrangements should be studied in greater depth. The paper suggests that innovative partnerships based on collaboration and ultimately network governance between role-players in the local and regional economic development arena should be explored in more detail and recognised in economic development policy processes.

INTRODUCTION

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. Section 152 of the Constitution of the Republic of South Africa (1996) states that it is an object and developmental duty of local government to promote social and economic development. This places a constitutional obligation on Municipalities to play a facilitative role in promoting LED. However, LED cannot be facilitated in isolation of a wider sub-national economic development eco-system. In the past two decades Municipalities in the Western Cape of South Africa have made considerable progress in defining and executing their role in facilitating LED. This includes the application of a variety of economic development facilitation tools to support locational competitive advantages and supporting the creation of versatile local markets by collaborating with local and regional stakeholders. In turn, a plethora of national and provincial government departments and development agencies have contributed to regional growth and development. These institutions implement initiatives that have regional impact or strategic economic development facilitation projects in specific localities, but often without a proper institutional framework for regional and local economic development integration. This represents a vacuum in economic development governance networks and creates challenges for the effective implementation of both national and regional economic development policy in the local sphere. From the perspective of a local authority this governance gap poses many challenges in attracting focused external support for its local economic development priorities. This, in turn, creates the need for regional collaboration to facilitate integration between local and regional economic development.

The paper starts with a literature review to introduce key concepts related to the topic of the paper, starting with an understanding of economic development, regional economic development and LED. The governance of these concepts are discussed, followed by a brief overview of the LED policy context in South Africa and institutional collaboration to facilitate LED & RED, and potentially integration between the two. The authors then investigate the notion of collaborative governance and sub-elements of partnership arrangements, including a discussion on the complexity involved for economic development facilitation in a multi-level, multi-actor framework. In order to derive practical observations the sub-national economic development eco-system in the Western Cape is considered. The paper draws on five examples of governance interventions or collaborative partnership approaches that could provide lessons for the creation of synergy between local and regional economic development in the sub-national sphere.

ECONOMIC DEVELOPMENT

In the modern development era the political economy focus has shifted significantly to the value and role of institutions (Rodrik, 2008; Thorbecke, 2006). A further shift in focus to “governance reform” is attributed to the failures of orthodox policies (e.g. the Washington Consensus) in the complex real world (Chang, 2006). This focus on institutions and governance reform is an almost universal change in development thinking and is a key consideration in how the facilitation of economic development by state and other actors is performed in the 21st century.

To that end, there has been criticism of national governments that their focus has been on traditional economic development approaches, focusing on macro-economic variables such as fiscal and monetary reforms, property rights and economic stability (Scott & Storper, 2007:S191). As such, a growing body of literature (referred to as *new-regionalism*) has been calling for the consideration of how process on the ground, located in some local reality, shapes development (Scott & Storper, 2007:S191). Existing administrative boundaries (national, provincial or local), specifically from an economic development policy and practice approach, do not necessarily align with what is most appropriate for a locality.

Schumacher (Schumacher, 1973), as early as 1973, referred to the inappropriateness of administrative or political boundaries as follows: “A given political unit is not necessarily of the right size for economic development to benefit those whose need is the greatest. In some cases it may be too small, but in generality of cases today it is too large.” In South Africa this manifests in a growing number of local and regional economic partnerships (some case studies as part of this research) where a local municipal boundary is too wide to meet the demands of a specific geographical area. There are also increased incidents of neighboring localities collaborating in the economic space, across administrative boundaries. This has led scholars and practitioners to shift their development planning focus to regionalism and regional economic development.

REGIONAL ECONOMIC DEVELOPMENT AND REGIONALISM

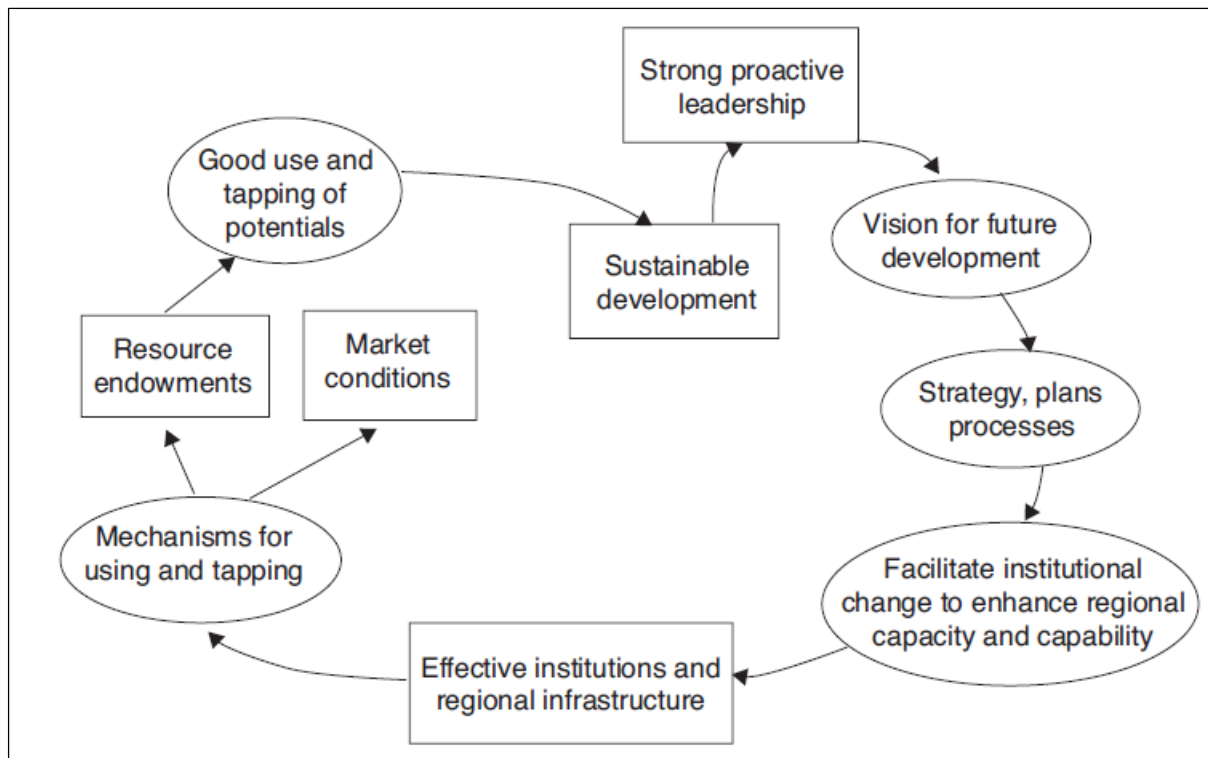
Definitions of regions abound across academic disciplines, for example in international relations a region would usually refer to a multi-national area such as the Middle East (MacLeod, 2001:804). Other macro-economic uses of regions would refer to trade blocks or supra-national regions such as the European Union or SADC in Sub-Saharan Africa (Jessop, 2013:3). A sub-national region may further be considered from three main vantage points, namely economic, institutional or identity (Ellingsen&Leknes, 2012:227). For purposes of this proposed study the definition of a region as located within the field of economic geography (thus the economic vantage point) will be applied. A region is defined by Scott and Storper (2007) as: “any area of sub-national extent that is functionally organized around some internal central pole”. Some authors (e.g. Enright, 2003:99) argue that historic information shows how economies of countries develop through the emergence of regional growth points or clusters, emphasising the growing importance of sub-national regions and cities within economies. However, other authors caution that successful regions are most often located in countries with dynamic national political economies (Jones, 2001:1185). In whichever direction the causality runs, there remains a strong reciprocal relationship between the national and sub-national levels within the economic policy and practice landscape.

The role of cities and regions (also referred to as city-regions) as drivers of economic growth and prosperity – in both developed and developing countries – has been increasingly emphasised within

the economic development literature (Scott & Storper, 2007: S191). Also within the field of economic geography scholars have over recent years argued that globalization has made localities (or the space within which economic activities take place) increasingly important (Rodríguez-Pose, 2011: 347). Due to the rapid pace of modern urbanization, local and regional development policies (bottom-up) are starting to fill voids left by insufficient national and macro-economic policies (top-down) in many countries (Crescenzi & Rodríguez-Pose, 2011: 773 - 780; Pike, Rodríguez-Pose & Tomaney, 2006: 241). These local and regional development policies espouse the idea of new regionalism, which focuses on localities and processes on the ground, towards shaping development.

A long term goal of Regional Economic Development is defined by Stimson et al (Stimson, Stough & Salazar, 2005: 23) as “to internalize a process that ensures a *competitive* and *entrepreneurial* city or region and one that achieves *sustainable development*” (original emphasis). The inclusion of sustainable development as a desired result for economic development activities is in line with the modern people-centered position on development as discussed earlier. Stimson goes further to develop what is termed a “virtuous cycle of regional development” which offers a useful graphic representation of the determinants of successful regional development (see Figure 1). This includes, among others, the needs for credible and visionary leadership, coupled with realistic strategy and business planning processes to effect institutional change that enhance capacities that support regional development.

Figure 1: The virtuous cycle of sustainable regional development



Source: Stimson, Stough & Salazar, 2009. *Leadership and Institutional Factors in endogenous regional economic development*

Finally, regionalism offers a co-operative model for inter-local relations (i.e. relations between neighboring local governments), in contrast to traditional approaches where local governments compete to e.g. attract resources and investment (Olberding, 2002:480). It has been noted that in this

discourse on regional economic development, the local actors living within a specific situation have become somewhat of a forgotten level (Pennink, 2014). This argument will be explored in more detail in the following section on Local Economic Development.

LOCAL ECONOMIC DEVELOPMENT (LED)

Local Economic Development (LED), a specialist sub-set of economic development, has been practiced in the developed world for many decades, and grew in popularity in developing countries from the 1990's onwards (Meyer-Stamer, 2006). Attempts to define LED has been made by Blakely (1994, p. xvi) stating that LED is "...the process in which local governments or community-based organizations engage to stimulate or maintain business activity and/or employment. The principal goal of LED is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural, and institutional resources". A complimentary definition is offered by Zaaijer and Sara (1993, p.129), stating that LED "...is essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each-other, to create new jobs and stimulate economic activity in an economic area". Canzanelli (2001) also describes demonstrated that economic development at the local level is a process in which local stakeholders work cohesively. Such a process will stimulate and facilitate partnerships between local stakeholders, enabling the joint design and implementation of strategies to foster local growth and development.

More recently, the Commonwealth Local Government Conference (Commonwealth Local Government Conference, 2011) simplified and added to this definition as follows "*LED is a process which brings together different partners in a local area to work together and harness local resources for sustainable economic growth. There is no single model for LED, approaches should reflect local needs and circumstances*". Although a collaborative approach is implied, the function is often and generally the responsibility of and/or executed by local governments. Despite the shortcomings of attempting to define a concept that could include a range of context-specific variations in practice, virtually all definitions offered by scholars and practitioners in LED make reference to the phenomenon of local stakeholders representing various organisations and interests working together or partnering to create local economic action.

This work of local partnership for economic growth and development necessitates governance arrangements to be made between different stakeholders to facilitate optimal cooperation and collaboration to effect LED. In an attempt to create an enabling local policy and institutional environment to stimulate LED, one has to consider the regional economic context as the globalised market economy's boundary-spanning characteristics need to be taken into account. Both these elements, and the legislative mandates given to all three spheres of government to play a direct or indirect role in facilitating economic development, allude to the need for governance of local and regional economic development.

GOVERNANCE OF REGIONAL AND LOCAL ECONOMIC DEVELOPMENT (LRED)

The World Economic Forum (World Economic Forum, 2011:50) points out that in future government alone (especially in developing countries) will struggle to deliver basic services (even less so the robust growth required for economic advancement), whilst market forces alone will also not deliver public value. It sees the future of government in a network across sectors, scales and levels, with the

understanding of governance in this complex ecosystem a critical success factor. Jessop (1998) provides one broad definition for governance as being “any mode of co-ordination of inter-dependent activities”. Zadek and Radovich (2006) provide this working definition: “Governance concerns the structures, processes, rules and traditions through which decision-making power that determine actions is exercised, and so accountabilities are manifested and actualized”. Another relevant term is collaborative governance which is defined as bringing “public and private stakeholders together in collective forums with public agencies to engage in consensus-oriented decision making” (Ansell & Gash, 2008:543).

The academic debate around governance of Local and Regional Economic Development (LRED) includes considerations for the relationship between economy and culture as well as the influence of social and political realities (including forms, practice, etc.) and institutions (Wood & Valler, 2001:1139). There is emerging consensus that strong and efficient institutions are an imperative for economic and regional development (Rodríguez-Pose, 2013:1034; Tomaney, 2014:131). Some economists (Rodrik, Subramanian & Trebbi, 2004:131) even state that institutions are a more important contributor to development than trade or geography. This also suggests that institutions at the local and regional (sub-national) scale is perhaps more important than those at national scale, as these are more effective in mobilising local resources and building social capital between actors.

As with almost all of the concepts covered thus far, institutions within the LRED field offer considerable difficulty when trying to assign a universally accepted definition. It would seem that the definition by North (1990) as quoted in R-Pose (2013) is commonly used, which is that institutions are “the rules of the game in society, more formally, the humanly devised constraints that shape human interaction”. Rodríguez-Pose (2013) also summarises that “institutions are the rules, while organisations are the players” with a constant interaction between both, again noted by North (1990) – “what organisations come into existence and how they evolve is influenced by institutional framework. In turn they influence how the institutional framework evolves”.

The overview of definitions and constructs for understanding local and regional economic development and its governance in general provides the basis for considering the LED policy context in South Africa.

THE LED POLICY CONTEXT IN SOUTH AFRICA: IMPLICATIONS FOR IMPLEMENTATION

LED governance represents the most local sphere where economic development facilitation takes place, and it represents the space in which national, provincial, regional and local economic policy finds expression through programmes and projects that aim to support economic development. The local government sphere in South Africa is the site where the majority of frustrations of citizens are expressed- ranging from service delivery issues to demands for access to quality jobs. Despite the existence of multiple good economic development policy documents, this multi-layer economic policy environment have been criticised as being incoherent, and characterised by internal conflict.

There are a myriad of national and provincial policy frameworks and programmes impacting on LED, however, only a few focus specifically on what form LED should take, an example of one is the 2013-2018 National LED Policy Framework. LED Policy in reality is spread either directly or indirectly across most government departments, the Economic Development Department, Department of Trade and Industry, Rural Development and Land Reform, Agriculture, Forestry and Fisheries, Human Settlements, Education and Minerals and Energy, including their provincial counterparts. The various

government departmental programmes that target local economic development also vary in their underlying approach. One practitioner notes that:

“National policies, as pursued by the Department of Provincial and Local Government and the Department of Trade and Industry in particular, are based on conflicting paradigms and have been pulling in different directions: one towards a focus on poverty alleviation within poor communities, and the other towards engagement with global economic forces through means to enhance competitive advantage. They are based on different policy paradigms, the one rooted in people centred development and the other in market oriented development. The one tends to be inward focussed, relying on local resource mobilisation and the other outward focussed, emphasising exports and the importance of foreign investment. Most policy papers are characterised by this tension between those two paradigms and try to bridge these tensions in various ways.” - (Patterson, 2008: 4).

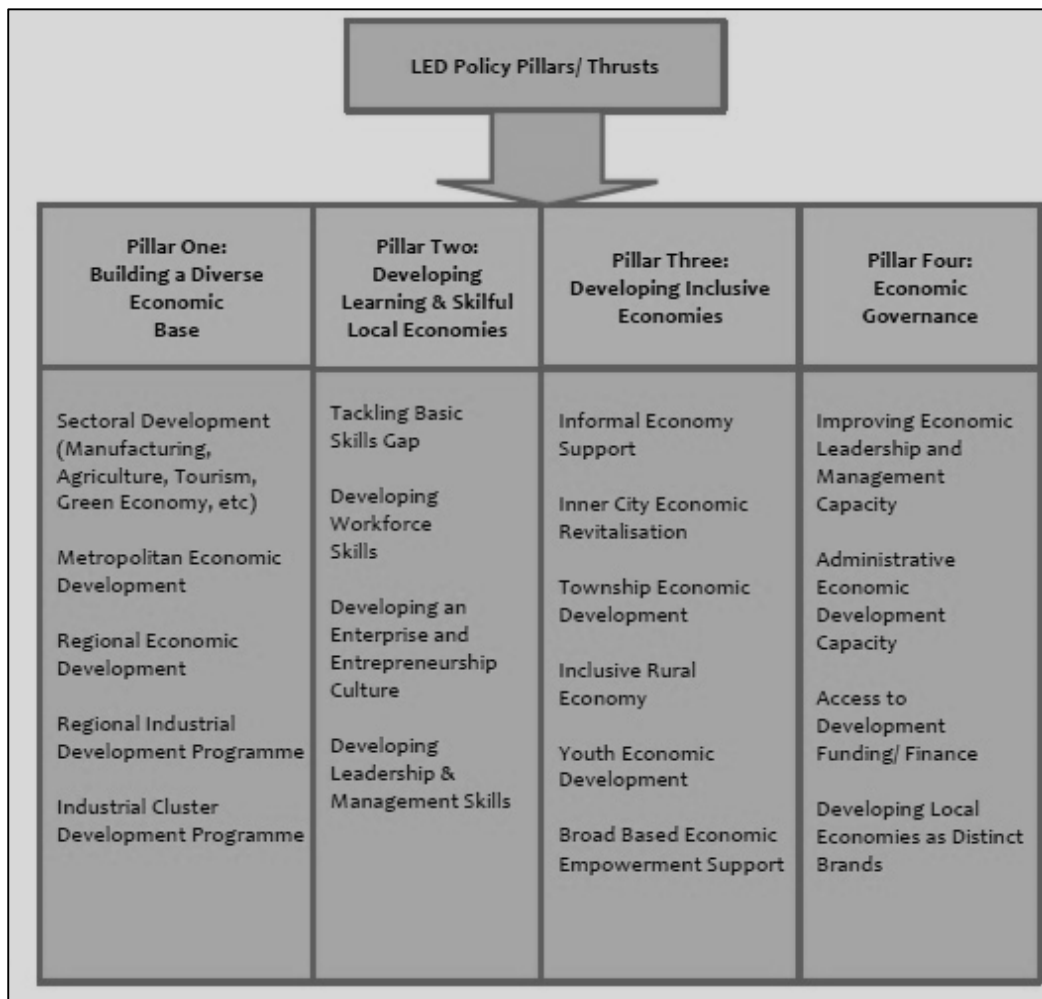
National, provincial and local policy responses to LED have been characterised by this ideological friction between pro-poor and market-oriented approaches to LED. Attempts have been made to focus on reconciling these two paradigms by the ‘making markets work for the poor’ movement. However, the latter cannot be seen as common practice but rather as isolated initiatives that attempt to marry conflicting paradigms in the execution of LED practice. In addition the plethora of policies often means that local government is preoccupied with alignment such that although it is seen by the judiciary as an autonomous sphere of government, the policy environment affecting local economic issues is centrally controlled.

It is expected that the 2014-2019 National Framework for LED took this friction into consideration in designing the latest policy framework for LED. Figure 1 displays the four policy pillars of the new LED policy framework. The Policy Framework describes a set of proposed National interventions for each policy pillar. The implementation of these interventions in the local sphere through LED governance will however depend on the effectiveness of National government departments to communicate the policy imperatives and to provide support to implement the related interventions at both a regional and a local level. This will inevitably require consultation and collaboration with municipal stakeholders from the onset if these programmes aim to be a success.

More recently, the Department of Cooperative Governance & Traditional Affairs (CoGTA), under new leadership, have brought out an implementation framework for the 2014-2019 National LED policy framework. The LED SIAP aims to provide an implementation roadmap for the 2014-2019 National LED framework. According to the CoGTA, the LED SIAP provides for a national plan that gives flesh and detail to the key pillars of the 2014 LED policy framework while clarifying the specific plans of various role players, sets clear indicators and targets and provides monitoring, evaluation and coordination framework to ensure effective implementation of the plans in the next five years.

Both the LED policy framework and the SIAP makes reference to regional economic development and coordination between national, regional and local economic development imperatives through effective intergovernmental relations. However, the authors have been part of consultation sessions with the lead department on the implementation of the LED SIAP and, as with all the previous policy frameworks, have doubts whether with the current organisational capacity and structure the lead department is succeeding in gathering support for effective implementation of the plan by all the identified stakeholders.

Figure 2: Policy Pillars of 2014-2019 National Framework for LED



Source: 2014-2019 National Framework for LED, CoGTA

The LED SIAP defines the roles of municipalities in LED as follows:

Role of municipalities

- Strategic planning by means of the IDPs;
- Participation in the formulation of the district economic development plans;
- Participation in the implementation of economic projects through special purpose vehicles that are established including local government established development agencies;
- Responsible for the formulation of local municipal economic development initiatives and the alignment and integration thereof with the district development initiatives.
- Local municipalities, as the owners of land and assets, are responsible for local economic development project implementation.

In addition, despite evidence that local economic development agencies are the most cost effective and impact-driven institutional bodies to facilitate LED, the LED SIAP sees a role for LEDA's to play a key role in LED:

Role of Local Economic Development Agencies

- Implement LED Strategies approved by Council.

- Implement LED programmes and projects
- Facilitate local partnerships for implementation of projects
- Mobilise funding for LED projects
- Market the municipal area and mobilize business investment into the municipality

Going forward a number of scenarios for LED policy and practice can be contemplated. Ideally, a virtuous cycle of technocratic collaboration between all spheres of government to facilitate local economic development policy coherence and delivery is desirable. However, lengthy and numerous national policy documents that fail to translate into local impact could lead to degrading the credibility of national LED policy implementation processes. Intergovernmental conflicts are possible within the current disparate framework as different departments have conflicting agendas and different levels of accountability.

Even if the first scenario is realised, a key social challenge remains: addressing the dichotomy and diversity of economic development paradigms in South Africa, and providing leadership and governance capacity to execute a democratically agreed upon direction that represents a nuanced development scenario. Despite our scepticism around the feasibility of the LED SIAP and new 2014-2019 LED policy framework due to a lack of differentiation, it appears as if national role-players have recognised the need for a parting with traditional organisational forms to facilitate LED.

As early as 2000, the former department of Provincial and Local Government (DPLG) which is now CoGTA, adopted a flexible approach with regards to institutional arrangements to facilitate LED. At the time the Department advised that the most important consideration when designing institutional arrangements for LED facilitation was that the particular circumstances and needs of the community concerned determine the nature of the institutional arrangements (DPLG, 2000aL 3). This calls for a differentiated approach to policy implementation where a number of alternative institutional arrangement can be considered to determine the most optimal implementation vehicle based on regional and local economic, political and institutional dynamics.

The issues discussed here create the need to investigate what LED practice currently contains, the challenges experienced with the current bureaucratic and jurisdictional framework in which officials are expected to facilitate LED, and the focus of this paper- whether local and regional economic development should not be perceived as a consolidated practice by both national and sub-national role-players in the economic development sphere?

INSTITUTIONAL COLLABORATION TO FACILITATE LED&RED

The emergence of provincial and local economic development partnerships as a mechanism to facilitate LED is becoming commonplace in South Africa. In almost all of South Africa's provinces, local economic development agencies or partnerships have emerged. This institutional arrangement can partly be ascribed to National government support, for example, the Department of Trade and Industry's support for cooperative development or National Treasury's Public-Private Partnership promotion. National and provincial sector promotion agencies also support the development of Local Economic Development Agencies in municipalities.

Provincial economic development partnerships or growth and investment promotion agencies have also had an effect on the establishment of local partnerships facilitating economic development. **However, many municipalities have taken initiative to establish local partnerships as a way of**

engaging LED challenges and to create a non-partisan and less bureaucratic vehicle to facilitate economic development.

Partnerships and intergovernmental collaborations have not always sufficiently addressed the goal of inclusive economic growth. This may be due to their being subject to gatekeeping and other undemocratic practices, as powerful players are more adept at interacting with the state to support their own ends; and the state sometimes lacks the capacity to include the broader community in the benefits of economic growth promotion. A good LED governance arrangement involves as broad a range of economic players as possible and takes all needs into account. The lack of understanding of the choices, needs and activities of the private sector thus regularly hampers effective LED.

The move away from centrist LED policy in recent years means that the onus is on municipalities to facilitate economic development with a degree of autonomy, however there is a huge variance in the manner and ability municipal institutions have proved to give effect to their role as LED facilitator, particularly given the complexity involved as alluded to earlier in this paper.

To deliver on its LED mandate, a municipality may be required to undertake any number of the following strategic functions, depending on local circumstances:

- Small and Medium Enterprise Support (SMME)
 - Informal Sector Development
 - Rural and Community Development
 - Broad Based Black Economic Empowerment
 - Cooperative support
 - Business Retention and Expansion
 - Investment Attraction
 - Skills and Human Resource Development
 - Red Tape Reduction
 - Plugging leaks (i.e. keeping money circulating locally and encouraging local purchasing)
 - Area Marketing and promotion
 - Special areas and enterprise development strategies
 - Sector specific strategies
 - Export Promotion
 - Place Competitiveness
 - Institutional Development
 - Partnerships and charters for LED leadership
 - Town Regeneration/Township Regeneration/Urban Renewal
- (Blakely, 2010)

However, with municipalities struggling to manage and finance activities beyond basic service delivery, LED has often been seen as an unfunded mandate. This has led to SALGA and other LED advocates to emphasise that LED is more a logic and strategic stance that informs place making and development and is not necessarily an end in itself requiring large dedicated budgets. Furthermore, municipalities should focus on facilitation and inclusive governance of economic development rather than attempting to directly create sustainable jobs, which is a high risk, lower reward approach to LED.

Other aspects of the municipal institution create challenges for successful LED governance and facilitation, namely the problem of plan abandonment as political cycles are typically much shorter than a successful execution of LED strategy requires (limited 5 year government cycles). Creating the administrative resilience to ensure LED remains a priority despite political changes is key to success in LED and depends largely on the overall leadership of the municipality and whether or not the LED practitioners are provided the space and opportunity to enable and facilitate a collaborative and interactive environment for LED.

The large degree of dependence on other government departments to undertake LED projects and initiatives is a key challenge. Municipalities have often found themselves pulled in different directions by all these departments, each with their own reporting requirements. This trend often distracts municipalities from pursuing policy and strategy consistency in executing LED.

The variety of LED practice has shown that it often includes an ill-defined basket of activities aimed at stimulating the economy in the locality as defined by administrative boundaries. There is however an increasing realisation that administrative boundaries mean very little within the economic context and that a functional economic region usually stretches across multiple administrative boundaries and in some cases distinct functional regions could be contained within a larger District boundary. Within this context, the role of partnerships and the ability for entities and individuals within entities to collaborate across traditional boundaries and across disciplines becomes crucial. This also motivates for local and regional economic development facilitation to be perceived as one practice as opposed to two separate practices that overlap only when required by a particular project or programme.

The authors would thus argue that perceiving local and regional economic development (LRED) as one practice has vast implications for governmental planning and the institutional governance arrangements that can effectively facilitate LRED. To this end, the following two sections explore collaborative governance and a multi-actor multi-level economic development governance arrangement that could contribute to creating synergy between local and regional economic development planning and facilitation.

FILLING A GOVERNANCE GAP: COLLABORATIVE GOVERNANCE AND L&RED PARTNERSHIPS

The recognition for the need to build partnerships that integrate local and regional development to fill what is essentially a governance gap in economic development facilitation has become increasingly prevalent as alluded to in the previous section. However, there has been little investigation into factors for success or pre-conditions to facilitate effective partnerships or what one can coin 'partnership-building'. This necessitates that we briefly consider elements related to collaborative governance and the nature of exchange(s) in collaborative governance arrangements.

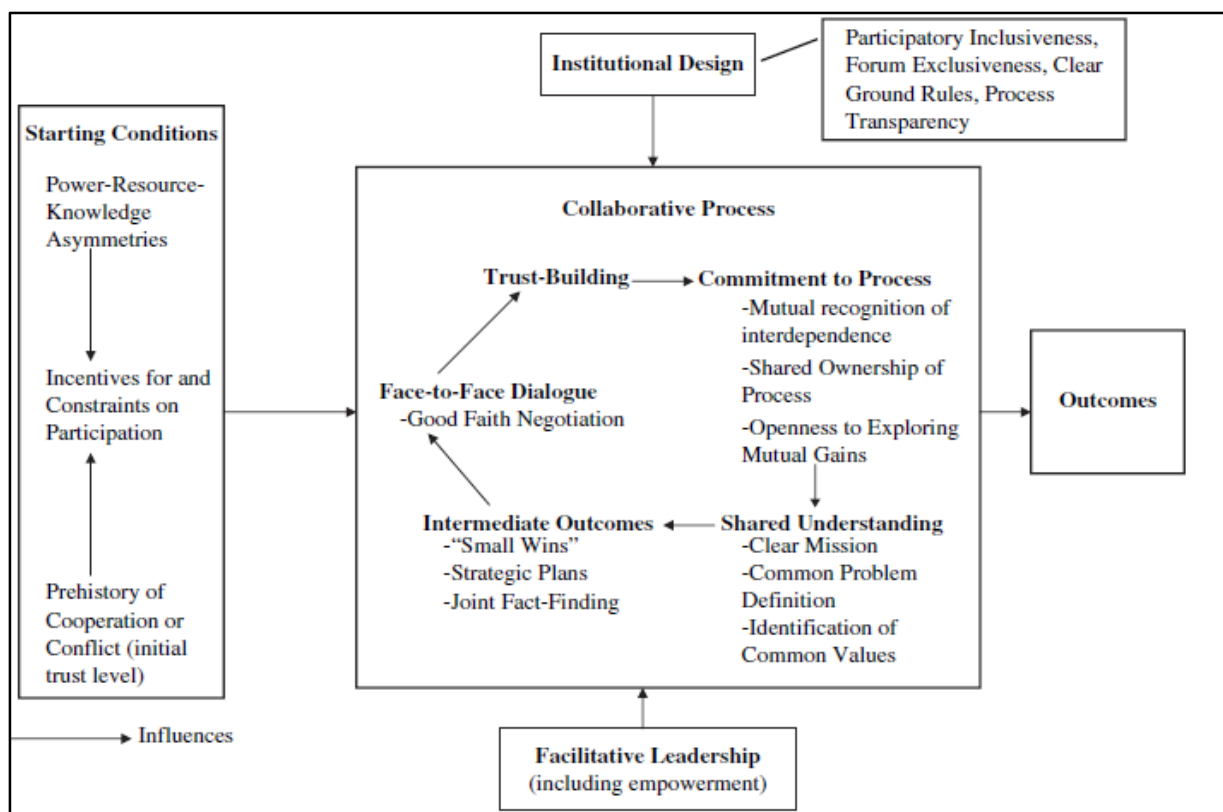
Governance as defined by Kuhlmann (2001: 957) is, "...a process through which a socio-political community achieves binding decisions in the face of conflicting interests. The processes of consensus building, decision-making or even implementation of decisions are not merely determined by state actors or formal governments. Rather, due to growing complexity and segmentation of modern societies and issue areas, it is the interaction of societal and state actors that defines problems, builds up the necessary degree of consensus on problems and solutions, and consolidates conflicting interests and (pre-) determines political decisions".

In the definition of Ansell & Gash, collaborative governance is ‘a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets.’ (2007: 544). Collaborative governance is therefore a type of governance in which public and private actors work collectively in distinctive ways, using particular processes, to establish laws and rules for the provision of public goods. (2007: 545)

Collaborative governance and public-private partnership can also sometimes refer to the same phenomenon. Public-private partnerships typically require collaboration to function, but their goal is often to achieve coordination rather than to achieve decision-making consensus per se. A public-private partnership may simply represent an agreement between public and private actors to deliver certain services or perform certain tasks. Scholars have thus argued that collective decision making is therefore secondary to the definition of public-private partnerships. By contrast, the institutionalization of a collective decision-making process is central to the definition of collaborative governance (2007: 548).

A model of collaborative governance has been defined and tested through extensive case analysis from a range of different disciplines by Ansell & Gash (2007: 550). Their research found that collaborative governance contains four broad variables that influence the collaborative governance process. Figure 3 depicts these variables: Starting conditions, institutional design, leadership, and the collaborative process.

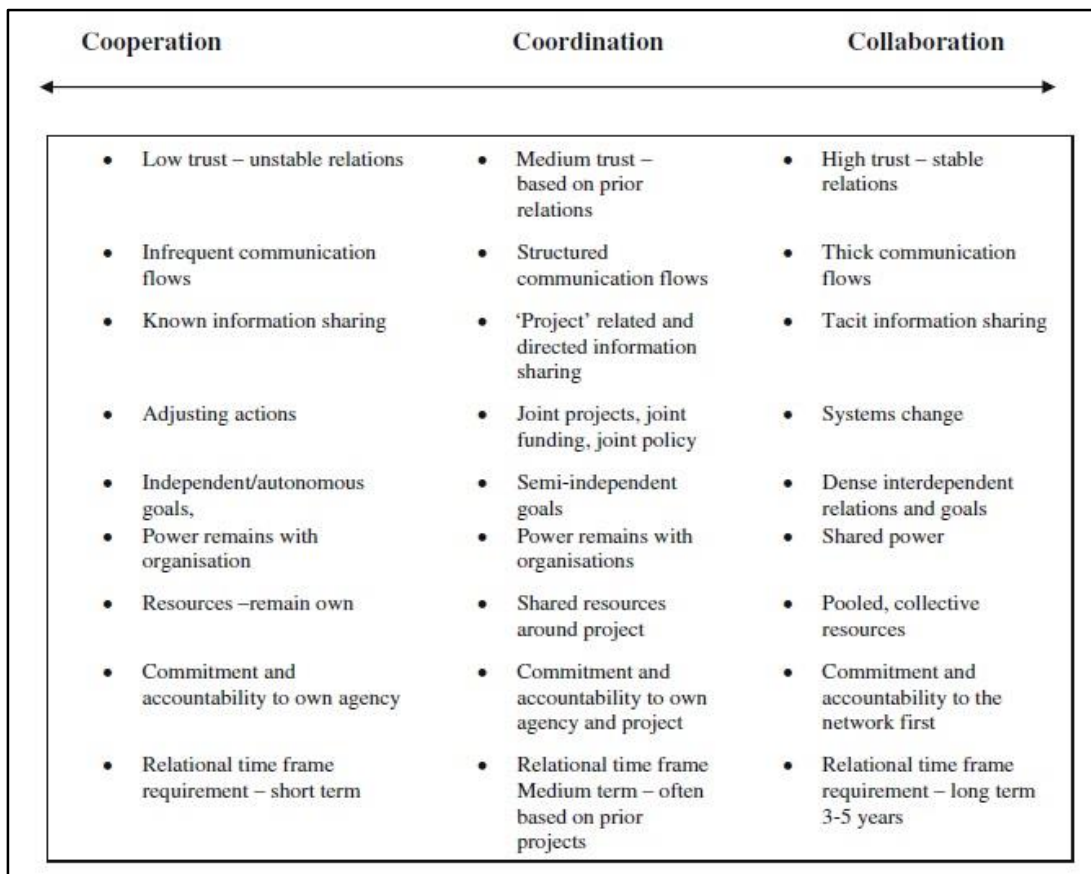
Figure 3: A Model of Collaborative Governance



Source: Ansell & Gash, 2008. *Collaborative Governance in Theory and Practice*.

Complimentary to considering various elements that provide a framework for collaborative governance, Keast & Mandell have characterised elements of cooperation and coordination as well as collaboration between role players, whereas the former two are the less mature versions of what could become active collaboration between parties that share a common objective (in this case economic development). Figure 4 displays a relationship continuum with characteristics of exchanges where partners cooperate, coordinate and collaborate (2012: 14). Collaboration is found to be a distinctive form of working together and is characterised by intense and interdependent relationships and exchanges. It includes higher levels of cohesion and requires new ways of behaving, working, managing and leading.

Figure 4: Relationship Continuum for Collaborative Governance



Source: Keast & Mandell, 2012. *The collaborative push: moving beyond rhetoric and gaining evidence.*

The variables at play in a collaborative governance model and the maturity of interaction between stakeholders in a partnership are important for consideration of partnership building in the sub-national economic development system. Regional and local governments, as well as non-government development actors often share the pursuit of economic development in a specific region or sub-region. Given the trend towards ‘working together’, these partners ought to consider the factors that would contribute to effective collaborative governance arrangements to institutionalise joint planning for programmatic or project collaboration to advance economic development outcomes. However, this remains a challenging task as different institutional role players have different mandates, leadership, jurisdictional focus areas and human resource capacities to execute.

MULT-LEVEL AND MULTI-ACTOR GOVERNANCE ARRANGEMENTS TO ENHANCE LRED EFFICIENCY

There has been dramatic changes in LED in the last two decades, with the need for time-relevant governance arrangements that integrate local and regional economic development being increasingly prioritised. Internationally there has been a trend toward localism in economic development facilitation; for example the British case where Regional Development Agencies have been abolished and replaced by the introduction of Local Enterprise Partnerships (LEPs) (James & Guile, 2014: 181). Scholars have noted that central governments have lost their central economic coordinating role, while the new “geo-economy” context creates winners and losers in economic growth. Some localities are able to export goods and services to larger domestic and international markets while others are not able to realize this (Pennink, 2014: 249). The literature discussed thus far makes a strong case that collaborative institutions that aim to facilitate local and regional economic development partnerships contribute to the successes in leading regions.

We have established that facilitating LED and linking regional economic development planning with the actions of local stakeholders in economic development is an increasingly complex task. Helmsing (2003) argues that the ‘new LED’ that incorporates multiple external considerations will be expressed in a multi-actor, multi-level and multi-sectoral manner. Pennink has made an attempt to develop such a conceptual model, displayed in Figure 2, which takes into consideration the variables one finds in the national, regional and local sphere – all of which have a direct or indirect impact on the effectiveness of regional and local economic development processes. In the local sphere, localities are expected to be responsible for creating the right conditions for entrepreneurs to be able to seize business opportunities, households to improve their livelihood, and workers to locate careers that coincide with their capabilities (Pennink, 2014: 249).

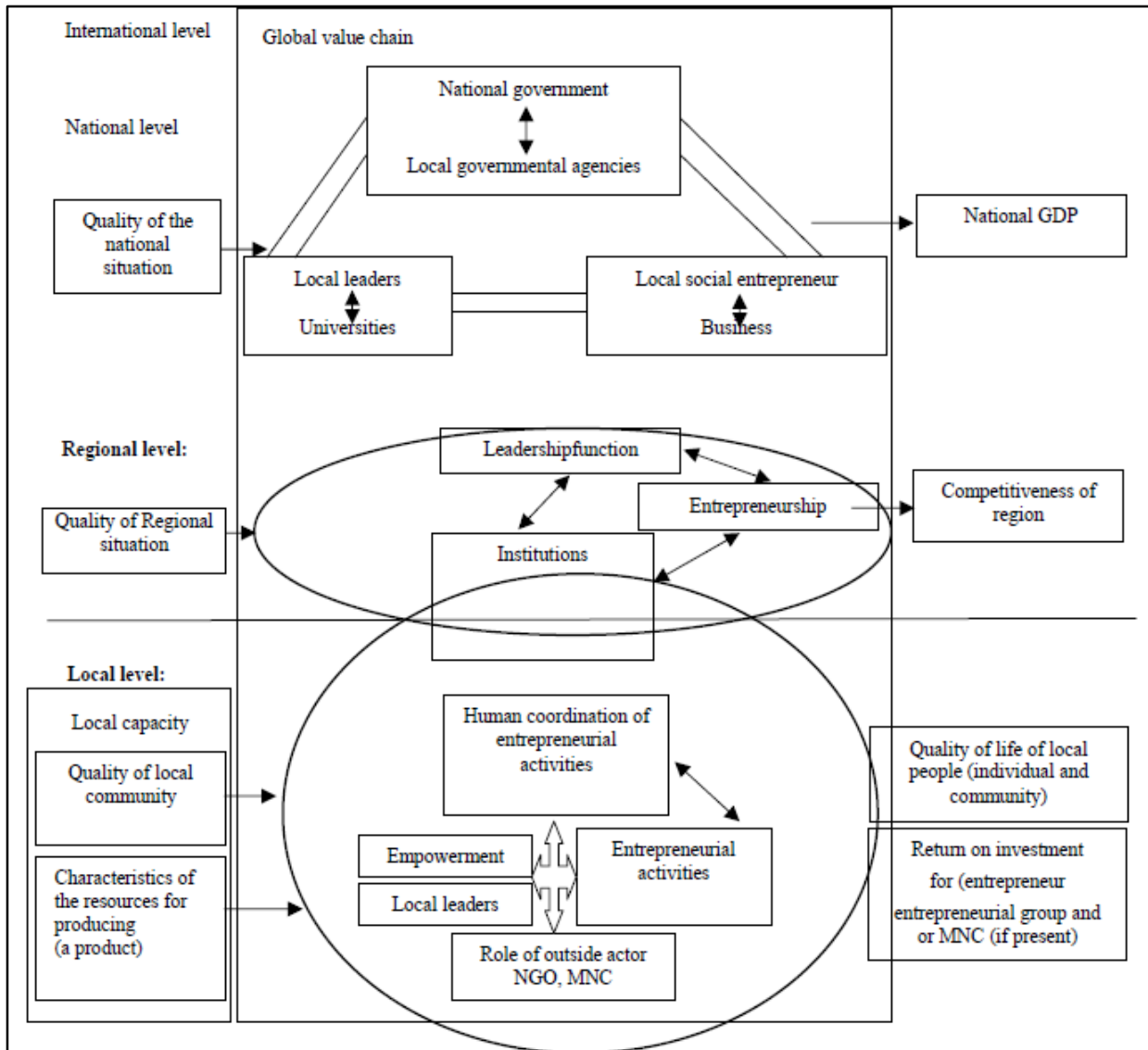
Figure 2 portrays the complexity that local stakeholders need to deal with and the myriad of variables to take into account when attempting to implement local economic development strategy. Markets and value chains can either be limited to a local region (not necessarily municipal boundaries), but in most cases span across regional, national and international boundaries. A value chain in one of a region’s leading economic sectors will thus add value in or derive value from various localities – which makes it imperative for local role players to consider that sector or value chain from a regional perspective and vice versa.

According to Pennink, a closer inspection at regional economic development clearly reveals that this model concerns leadership, entrepreneurship and institutions but omits local actors who are living somewhere in a concrete situation. They may be the subject of the effects of economic development but not as actors who could contribute to that process. (2004: 251).

The challenge to attempt to coordinate a multiplicity of interactions between various market actors, government actors and other developmental actors in this model in a structured manner is clear. It might also be a fruitless exercise for local economic development managers in the local sphere to attempt to draw benefit for the locality from all the other actors, in all instances. However, creating governance arrangements that focus on developing specific aspects of the local economy through interaction and collaboration with actors from the other spheres in a planned and coordinated manner might be more productive. This type of multi-sphere, multi-actor coordination and planning, to effect

integration between national, but specifically between the regional and local sphere would require new and innovative governance arrangements This provides the link to the practical case examples in the section below.

Figure 5: Multi-level, Multi-actor Model for Local Economic Development



Source: Pennink, B. 2014. Dimensions of Local Economic Development: Towards a Multi-Level, Multi Actor Model.

GOVERNANCE OF SUB-NATIONAL ECONOMIC DEVELOPMENT IN THE WESTERN CAPE PROVINCE: TOWARDS AN INTEGRATED PLANNING AND COLLABORATIVE PARTERNSHIP APPROACH

The literary and contextual overview provided above shows how LED and its integration with regional economic development is no easy task. We have advocated that regionalism, and the need for local economic planning with the regional perspective in mind, and vice versa, have created the need for innovative governance responses among role players that form part of a wider sub-national economic development ecosystem. A need for integrated intergovernmental planning in economic development

is created by virtue of the complexity involved when attempting to implement local, regional and national economic policy. Often, new policy imperatives are clear as national and regional government stakeholders have succeeded in effectively communicating new economic policy objectives. However, its programmatic implementation- which inevitably has to happen in a particular locality in a wider sub-region, is lacking in clarity for local actors.

The Western Cape Government (WCG) as a key role player in facilitating regional economic development has made marked progress in supporting the provincial economic development agenda. For example, the establishment and support of sector-specific special purpose vehicles (SPVs) has proved to be a leading model in sector support strategies and has delivered concrete evidence of economic progress. The WCG has defined a number of 'Game Changers' that support RED. Based on priorities from the Provincial Strategic Plan (2014-2019), game changers are focussed on particular problems and opportunities that require innovative solutions. These game changers are bold and are focused on creating visible transformation within the Western Cape that can be seen by community members. One of these game changers is the prioritisation of the agri-processing industry (including aquaculture), tourism industry, and oil & gas industry to create jobs and stimulate economic growth. In addition, a cross-cutting game changer to serve as economic enabler is ensuring access to high speed broadband to all residents in the Western Cape.

The Western Cape Government has, soon after the implementation of the new land use planning legislation (LUPA) in the province and the national Spatial Planning and Land Use Management Act (SPLUMA) initiated a process to develop regional spatial planning implementation frameworks, which is linked to the provincial strategic plan of the province as a tool to inform planning-led budgeting in the province. This regional planning initiative seeks to foster integrated planning and spatial targeting of development in the province and functional regions in the province earmarked for high future growth. The initiative will include a focus on the spatial nature of inter-municipal and regional development interactions. The initial regional planning process focuses on the development of a regional spatial planning implementation framework for the Cape functional region and the Greater Saldanha functional region. Complementing these spatial planning developments, the Western Cape Economic Development Partnership (WCEDP) play a key role in supporting regional economic development and the creation of catalytic partnerships for economic development in the province.

In recent years there has been a number of governance responses to improve LED implementation and integrate regional and local economic development planning processes in the Western Cape Province of South Africa. The authors are interested in exploring a number of these institutional arrangements to understand its contribution toward collaboration in executing LRED and creating synergy between various actors in the sub-national economic development facilitation system.

ALTERNATIVE INSTITUTIONAL ARRANGEMENTS TO FACILITATE LRED: FIVE CASE EXAMPLES FROM THE WESTERN CAPE PROVINCE OF SOUTH AFRICA

This section has two aims. Firstly, the authors aim to make reference to five different institutional arrangements that represent a form of local and regional economic development governance collaboration in different localities in the Western Cape Province of South Africa. The bulk of the case discussion will focus on the aim and purpose of each institutional governance arrangement, its underlying value system and resource model. The resource model holds importance for considering the effectiveness efficiency, and sustainability of each institutional arrangement.

The second aim , based on qualitative case analysis, is to deduct whether the underlying governance model in each case is or has succeeded in creating synergy between LED and regional economic development. Do the governance interventions, whether be it a programmatic or a new body altogether, seek to address an institutional governance gap of the local-regional economic development nexus? If so in what way(s) and what are the dynamics at play and implications for local and regional economic development policy implementation?

CASE 1: INTERGOVERNMENTAL PLANNING: WESTERN CAPE JOINT PLANNING INITIATIVE (JPI)

In recent years the Western Cape Government- for purposes of this paper the sub-national or regional government responsible for governing the Western Cape Province of South Africa within the constitutionally assigned functions of provincial government- have made various attempts to create a linkage between the work performed by its various sector departments and integrated development plans (IDP) and planning in the 30 Municipalities in the province. This process, first known as *IDP Indaba* sessions, held on an annual basis through a meeting between all sector departments and each municipality has evolved into what is now known as the Joint Planning Initiative (JPI).

Over the past three years, the Western Cape Government has explored ways of fostering intergovernmental planning and implementation. The JPI process seeks to facilitate the implementation of the National Development Plan (NDP) and Provincial Strategic Plan of the Western Cape Government together with Municipalities through JPI planning sessions. During October 2014, the WCG embarked on this JPI with all Municipalities which resulted in a set of priorities to be implemented over the next 5 to 15 years (extending to 2030 in line with the National Development Plan). The output of the JPI sessions was the identification of multiple catalytic projects in each municipal area that would aid growth and development. The focus in the next few years is to ensure that the JPIs are mainstreamed into the Provincial Strategic Plan, the Annual Performance Plans (APPs) and Budgets of Provincial Departments. The provincial Department of Local Government is tasked with leading the coordination to implement 27 JPIs that were identified. The initiatives are grouped into the following themes:

- Investment in bulk infrastructure / integrated settlement development (17 projects);
- Municipal support (shared services) (2 projects);
- IGR coordination (1 project); and
- Community cohesion (public participation) (4 projects)

The Department is further supporting 12 JPIs, with the following themes:

- Integrated Settlement Development;
- Governance (Integrated Planning and Budgeting); and
- **Economic Growth Initiatives**

The focus over the next few years is to ensure that the identified initiatives are prioritised by the departments in partnership with municipalities. The JPI, albeit not a new institutional

body, but rather an intergovernmental governance process improvement shows a move towards collaboration in the sub-national sphere. Further development of the JPI process and specifically as it relates to economic development coordination between regional and local players could provide for efficiency in achieving local and regional economic policy objectives.

CASE 2: HYBRID REGIONAL PARTNERSHIP: SOUTH CAPE ECONOMIC PARTNERSHIP

The vision statement of the South Cape Economic Partnership (SCEP) is, “to create a platform for business leaders in the private and public sectors in the South Cape economic region to share information, collaborate and solve problems to the benefit of the greater community and with the aim of promoting shared economic growth and development.”

The SCEP was established because a need was identified by organised local business to create a formalised platform on which issues of regional concern can be discussed and actioned. The platform aims to ensure increased interaction between business, local government and other role players to ensure co- operation and collaboration to address regional challenges to the benefit of the regional economy. The initial body serving this purpose was termed a “Regional Business Chamber”, but this has since evolved into a collaborative economic development partnership programme.

The SCEP is not an independent legal entity and as such cannot bind its members. Partnership members are internally accountable to fellow members, funders and the partnership governance structure. It is also not a decision-making body; it contributes towards an enabling and conducive environment for business within the region. However, this does not diminish the importance of the rights and responsibilities of the partnership members.

The SCEP has clear objectives to foster regional economic development collaboration among local actors in the South Cape region and each partnership member contributes resources within its financial and human resource capabilities to sustain a project manager and effectively drive the achievement of the partnerships objectives.

The objectives of the SCEP are to:

1. Facilitate constructive interaction between Business Chambers from neighbouring towns, local authorities and other key stakeholders influencing the business environment;
2. Promote and support collaborative leadership and shared growth within the economic delivery system of the South Cape economic region;
3. Be a channel for communication and managing conflict within the regional business environment;
4. Serve as a vehicle towards developing strategic collaboration and partnerships with key stakeholders across the region, province and country; and
5. Provide a platform for the formulation of solutions to pressing business related issues, problems and challenges.

Membership structure of the SCEP

The structure of the South Cape Economic Partnership reflects the broader business stakeholder community of the South Cape, also known as the Eden District, Garden Route and Klein Karoo. Recognising that the social and business environment is an ever-changing one, the principle of adaptive management has been adopted for the membership structure. This does not imply that the structure can be changed at will, rather that it should be reviewed in conjunction with the changing environment and business climate.

The SCEP's priorities are manifested in the following work groups that members have tasked themselves to support:

- Workgroup 1: Priority sector support
 - Tourism marketing, transformation and co-ordination
 - Agro-processing
 - Oil, gas and renewable energy
 - Creative industries
- Workgroup 2 : Economic Infrastructure
- Workgroup 3 : Entrepreneurship, business development and integration
- Workgroup 4 : Investment promotion

The SCEP has also determined an underlying value system which they aim to focus on to ensure that partnership's success. The members commit to the following indicators of success:

Participation - Working as partners with stakeholders regardless of status and level, encouraging equity, representation, transparency, responsibility and acceptability with the aim of empowerment through awareness, knowledge and skills;

People - That the Partnership is made up of the relevant critical stakeholders within the regional economy;

Resources - That members are willing to commit time and energy to resolving issues and addressing challenges facing the regional economy, to the benefit of all other stakeholders;

Representativity - Representativity of the Partnership, measured against the demographic of the area and addressing issues of equity;

Communication - Strengthening of communication through the Partnership to communities and accurate record keeping, administration and reporting on Partnership activities.

At the time of writing, the SCEP is being incubated by the Western Cape Economic Development Partnership, which includes a service level agreement between members of the SCEP and the WCEDP and agreement with regards to co-funding the interim operational model of the SCEP until it has matured and time has allowed for its incorporation and establishment as an independent organisation. This in itself is noteworthy as there are not

many examples of this type of partnership incubation and support to date in the sub-national economic development space.

CASE 3: WEST COAST ECONOMIC DEVELOPMENT PARTNERSHIP

The case discussed here is that of an economic development partnership initiated by a District Municipality that focuses on economic development within a particular municipal district. The West Coast District Municipality, in its 2012-2016 five year plan, included in its five strategic objectives (in line with national and provincial imperatives) the objective of pursuing economic growth and facilitating job opportunities. As part of meeting this objective, it was decided to form a leading partnership to stimulate inward investment into the West Coast District municipality (WCDM) and to identify private sector driven projects of scale that would have a catalytic effect on the local economies within the district.

In March 2012 the WCDM decided to implement an economic development partnership between the various public and private sector stakeholders in the region in order to improve collaboration around economic development in the best interests of all citizens. With the facilitative support of GIZ at that time, the WCEDP was formed, with the purpose of leading, coordinating and driving economic growth and development. A steering committee was appointed which would be representative of broad economic interests, to meet quarterly, and a management committee was formed to run and manage the meeting and engagement schedule of the structure, named as the West Coast Economic Development Partnership (WCEDP). A schedule of activities and time deadlines was set up with the first workshop held in March 2012. Themes of major interest determined at the time were:

- The Saldanha Industrial Development Zone (IDZ) designation and consequent industrial development in Saldanha Bay Local Municipality (LM) as well as other, contiguous LMs
- Skills development on the West Coast
- Agricultural development on the West Coast
- Diversification of the local economy from the two pillars of agriculture and heavy industry

Subsequently a number of engagements were undertaken, and in 2013, additional resources to support the work of the WCEDP were offered by the national department of Cooperative Governance and Traditional Affairs (CoGTA), specifically the Department of Cooperative Governance (DCoG). In order to add even further impetus to the well accepted WCEDP, DCOG offered to supply the services, for a three-year period, of a service provider to assist and support the WCEDPs efforts, in the context of the DCOG Business Development Forum (BDF) programme, to be implemented by the Local Economic Development (LED) division of DCOG. The BDF process involves a private-sector led, government supported leadership group (EXCO) working together to identify catalytic commercial projects which will be implemented on the West Coast with economic benefits for all.

Currently, the WCEDP has formed a business-led executive leadership committee (EXCO). The EXCO identified and confirmed with DCOG four Catalytic Business Ventures (CBVs) which are commercially viable for the region. All four CBVs have been signed off by WCEDP EXCO and

are in the process of finalising the project implementation task teams responsible for fast tracking the projects. The Exco will lead and supervise the task teams undertaking the project implementation process, and twice annually a broad based report back workshop will be held by the WCDM in order to report back to the broader stakeholder community, progress on all projects. The current CBVs include:

- The implementation of an Artisanal Skills Hub on the West Coast (supported by the provincial Department of Economic Development & Tourism and, national DCOG and the IDC);
- The development of an improved waste management system (commercial) for the West Coast (mooted by private sector);
- The development of an aquaculture private sector venture in Matzikamma Municipality, and
- The development of an industrial expansion programme for the major industries in the District, private sector mooted and led.

The intention is that LMs will participate in any and all task teams that are of benefit to their local municipalities, and that private sector firms will similarly participate in project task teams in any venture that is of interest to them from an investment perspective. New ventures can be tabled with the Exco at any time for consideration as potential CBVs. Criteria are, that the venture be truly catalytic, so scale and size of impact is important; that it be a commercially viable project, and that government can assist with removing obstacles to its implementation.

In summary, the WCEDP has been fully institutionalised, is led by captains of industry and fully supported by national provincial, district and local government of the West Coast, and has decided on the first four projects for fast tracking and implementation. Progress will be reported quarterly to the Exco and further, by the DM to all stakeholders CBV's led by business.

Figure 6: West Coast EDP Catalytic Business Ventures (CBV's)



Business leadership to enable catalytic business ventures (CBV) in partnership with Government

Source: Vorster, J. 2014. West Coast Economic Development Partnership.

CASE 4: LOCAL ECONOMIC DEVELOPMENT AGENCIES (LEDA'S)

Development agencies are a popular local and international governance model for economic development facilitation. According to the OECD (2009: 5), a wide range of local, regional, and national governments in other countries, place some or most of their economic development activities under the operational control of appropriately regulated and supervised agency structures, rather than to manage them from a municipal platform, is widespread. One of the means cited to improve economic development is to foster the establishment of Development Agencies which would be local government-led or partnership led agencies, with a remit to lead and co-ordinate local economic development interventions. It reflects an established consensus that economic development activities are unlike the other roles and responsibilities of local governments.

In South Africa various development agencies that aim to support economic development exist. Some municipalities have, for example, supported the establishment of urban development agencies (ex. the Johannesburg Development Agency) to 'oursource' the facilitation function of attracting and coordinating strategic investment in a particular region.

Development agencies generated support mainly because of government funding support since the early 2000's. The Department of Trade and Industry (DTI) launched its agency programme in 2002 to fund and support the establishment of Municipal Development Agencies to fund and speed up local economic development (LED). Accordingly, the IDC, through the agency development support unit, provides development agencies with resources to expand their work of developing and packaging catalytic local economic development projects. A key objective of the DTI's development agency support programme is to create a conducive local environment enabling investment activity that can result in sustainable employment including:

- Linking the public, private and community sectors – promotion of strong social dialogue to focus stakeholders on growth and employment creating activities (social capital formation);
- Supporting job creation initiatives;
- Enhancing local and regional competitiveness and social equity; and
- Supporting broader based participation in the economy (economic transformation).

The agency development support programme aimed to address risk perceptions and a huge skills deficit that discourage potential investors from developing the rural economy. This has prompted the IDC, working in partnership with other co-operating agencies, to focus on restoring and creating business confidence in rural regions. Thus the Agency Development and Support department (ADS) has been responsible for facilitating funding and support services to under-serviced regions. The DTI's ADS also facilitates the advancement and promotion of sustainable and integrated development opportunities through strategic interventions.

In the Western Cape, a number of DTI-supported economic development agencies were established in the past, however, one has to question the extent to which the development agencies planned their support focus with regional/provincial and local stakeholders. In addition, the economic development agencies are dependant on quarterly funding allocations from the DTI making its resource model dependant on national government as the primary funder. Two examples of LEDA's in the Western Cape are the Cape Agulhas Economic Development Agency and the Central Karoo Economic Development Agency.

The LEDA's tend to focus on investment promotion and sector support for particular economic sectors in the locality they operate in, which represents an overlap with what LED units in municipalities and regional government actors also pursue. Project examples include aquaculture sector development, emerging farmer support, general skills development, development of cold storage facilities, hydroponics, solar energy projects etc. (as identified by the two LEDA's cited here).

Credible information on the planning processes, governance arrangements and programme content of the LEDA's is limited in the public domain. There is also the risk that without proper coordination, communication and partnership between municipalities, provincial government stakeholders and LEDA's, duplication might occur. In essence, a lack of synergy between planning processes that seek to advance regional and local economic development persists. In the Western Cape there have been instances where LEDA's are established but with a lack of clarity on its operational objectives and the creation of a staff establishment that lack credible leadership for economic development.

Given that the LED SIAP referenced earlier in this paper sees an active role for LEDA's to implement LED policy and strategy of municipalities and playing a strategic role in bridging local and regional economic development facilitation process, there is a need for reviewing the institutional make-up of the economic development agency model in the South African context.

CASE 5: INNOVATION HELIX APPROACH TO FACILITATE LRED: THE HESSEQUA INNOVATION HELIX (HIH) INITIATIVE

The Triple Helix model is increasingly relevant as a conceptual framework for regional development and is considered here for its potential to provide coordination and collaboration between local and regional economic development facilitation stakeholders. The well-known Triple Helix Model (Etzkowitz & Leydesdorff, 1995) sees active collaboration between business, government and academic institutions in development facilitation. Examples of this type of the triple helix approach in practice or its institutionalisation at a local and regional level is limited or less prevalent than at a national level. In the triple helix model approach, economic development is suggested to be stimulated by cooperation between government, business and industry. In this interplay, the willingness to share knowledge is significant and, at the local level, there is a need for knowledge-based governance to find solutions to complex social and economic challenges (Pennink, 2014: 252).

In this case we investigate an example of a triple helix approach in the local economic development sphere: Hessequa Municipality in collaboration with the Stellenbosch Good Governance Forum and Stellenbosch University established a Hessequa Innovation Helix (HIH) in March 2015. The launch of the HIH included an ideas' matching and beneficiation process, aimed at unlocking local and regional economic potential and collectively finding ways to transform it into economic opportunity. Eleven project proposals were presented and voted for at the end of the session, taking into account their feasibility. The projects were subsequently prioritised and institutionalised to support its implementation. The HIH has set out to achieve the following:

- To create and grow public value in the Hessequa community;
- To facilitate innovation for economic development through the growth and unlocking of value in the community of Hessequa through learning projects;
- To establish learning and co-operation between Hessequa Municipality, the School of Public Leadership, the Stellenbosch Good Governance Forum, civil society and business.

A collaboration agreement was made between Hessequa Municipality and Stellenbosch University to establish a cooperative relationship to facilitate the implementation of a holistic development facilitation programme that is based on multi-disciplinary collaboration over a three-year period. The academic partners participate in the process because it provides an executive fellowship action research network called the Leadership Indaba (LI) with a researchable environment for *public value creation*, in this case, a small local municipality in a rural context. In this sense, from a social research perspective, Hessequa becomes a social laboratory where outcomes of action research can add public value.

Governance Structure Built on Trust and Public Value Creation

The HIH has a coordinating committee that pursue innovation projects identified in public participation sessions with local business, the academic partner and external stakeholders. The coordinating committee has sub-committees for specific projects to monitor and evaluate the project progress. The first major project identified was the "Hessequa Energy Island" and saw

the establishment of the Hessequa Energy Utility Agency which goal is to create affordable, renewable and sustainable energy supply that will place Hessequa in a competitive position within a business context.

The difference between processes that have a strict focus on perceived competitive advantages pursued by a limited number of government officials and the Hessequa Innovation Helix programme is that the latter is based on a more collective pursuit of innovation, consensus-building and partnerships to facilitate social and economic development in the area. It incorporates a ‘network governance’ approach to project support and implementation and- in the words of the lead facilitator of the initiative- depends on a ‘coalition of the willing’ to co-create public value through concrete projects in the area.

The HIH has defined its ‘rules of the game’ that provides the underlying value system for collaboration among stakeholders involved in the process. These elements include that the HIH:

- Is focussed on geographical or virtual area/space;
- Has specific jurisdiction, authority & institutional involvement;
- Driven by a community of stakeholders;
- A space where stakeholders innovate, experiment and learn through development of local opportunities;
- Where feasible projects are established and institutionalised
- Programmes and projects are founded on innovative business models
- Aims to build sustainable thriving Social Enterprises.

Figure 7: Hessequa Innovation Helix Value System



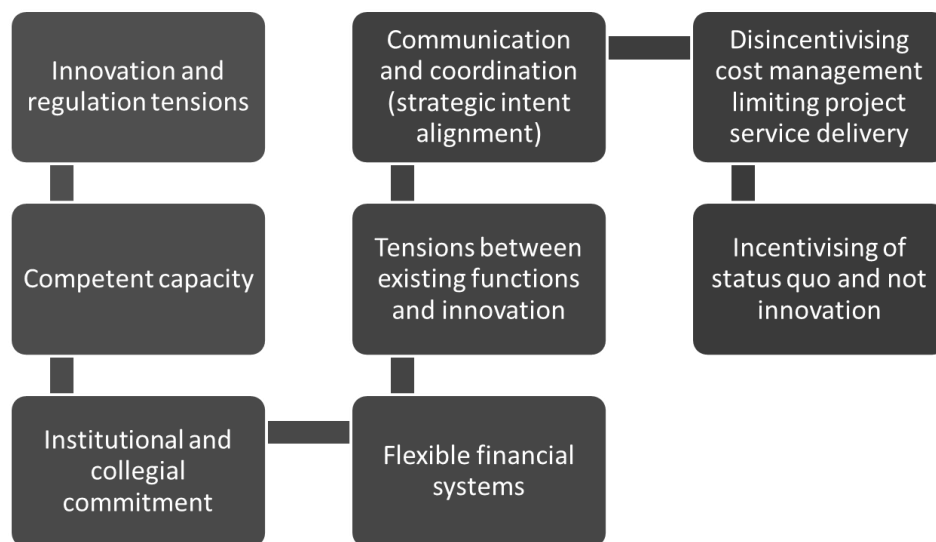
Source: Pretorius, T. 2015. SPL Conference presentation.

Each partner benefits from the triple helix process because the **academic partner** is provided with a ‘social laboratory’ to test and apply action research from a range of disciplines (health, engineering, social work, public governance etc.); the **local authority** benefits by being a lead facilitator of innovative responses to facilitate LED (part of its legislative mandate);

regional/provincial government partners are provided with a recognised collaborative partnership (the HIH was formally Gazetted in the provincial Gazette), representing a 'landing space' to connect with for implementation of provincial catalytic projects; **the local business sector** is an active member of the partnership and both supports and benefits from the development of entrepreneurship and enhancement of emerging economic opportunities (for example the waste economy). Finally, **civil society** benefits as the the HIH process is driven by extensive participatory and cooperative planning processes between all the role players involved. This combination leads to the creation of a local innovation ecosystem.

Etzkowitz & Ranga (2010) describe how *consensus spaces* are created in the triple helix approach and is described as a mix of top-down and bottom up processes to create leadership through collaboration, a neutral ground where the different actors in a region, from different organizational backgrounds and perspectives, can come together to generate and gain support for new ideas promoting economic and social development. A process of "cross-institutional entrepreneurship" spanning the triple helix spheres is thus initiated and aims at improving the conditions for knowledge-based regional development.

Figure 8: Variables for Innovation Helix Success



Source: Pretorius, T. 2015. *Conference on Strengthening Constitutional Democracy. Innovation Helix Eco-Systems (Social Lab)*

The triple helix approach that the HIH is built on creates an active linkage between regional and local economic development as it draws external partners from the academic community, business community and government sector, including international stakeholders mainly due to the University's strong international academic partnerships. It follows a multi-disciplinary approach, creates space for learning and experimentation, taking macro-challenges into consideration such as the energy crisis, the contrived financial resource model of municipalities and the importance of developing human capital in a locality. To date, the HIH facilitation team have identified variables for success and challenges posed by the current institutional context in which it seeks to drive innovation partnerships for economic development (see Figure 8).

IMPLICATIONS FOR L&RED INTEGRATION: POLICY AND PRACTICE

Following the case study examples discussed in the previous section, a number of observations that relate to the creation of synergy between local and regional economic development planning processes is made: In two of the cases (West Coast EDP and SCEP) there is clear alignment between the focus areas of the regional economic development partnership and the strategic economic development priorities of the Western Cape Government. In this way, institutional alignment is facilitated and a governance gap being filled to provide for inter-local and local-regional economic development collaboration between stakeholders in a structured manner.

The Joint Planning Initiative is a positive development to facilitate intergovernmental planning, but it is hoped that the evolution of the process will see more detailed collaborative governance between local and regional government stakeholders to achieve economic development outcomes.

The case examples highlighted the importance of defining clear objectives and an underlying value system of a partnership or collaborative governance arrangement, for example the HIH initiative is intentional in its focus on social innovation, entrepreneurship and building an innovation eco-system that seeks to create public value. The case of the HIH suggest that multiple bureaucratic barriers to building local innovation systems that aim to create economic opportunity and social progress in localities prevail in the current institutional framework, suggesting that new governance responses in L&RED might require a number of reforms to make the legislative framework more conducive for flexible governance responses to address economic development challenges in the sub-national sphere.

In three of the five cases analysed, one can identify a commonality in the partnership arrangements, albeit different, in that their programmatic imperatives are organised in the form of a limited number of clusters. The SCEP, West Coast EDP and HIH to an extent attempt to focus on regional competitive advantages and supporting the network of industries in each competitive advantage cluster (tourism, agriculture, aquaculture etc.). In other words, the partnership interventions aim to build and strengthen the sectors and sub-sectors of current leading sectors. In addition to this focus, a focus on skills development is also prevalent in the case of the SCEP, West Coast EDP and HIH initiative.

The case analysis also suggest the need for partnership incubation and a need for L&RED policy to support a differentiated approach in supporting alternative institutional arrangements for L&RED collaboration, as the current LED policy framework as provided by CoGTA is limited to reliance on local economic development agencies (LEDA's) as the key vehicle for local government to deliver on its mandate to facilitate LED. As we have argued in this paper, the success of LED practice is inherently linked to integrating regional economic development with LED facilitation processes. This raises the question whether LEDA's, which in the South African experience tend to be resource-intensive bodies with limited impact on local-regional planning integration, should not be reviewed by policy-makers and development actors?

We conclude that the elements discussed in this paper, and observations from the case studies, point to the need for responses to economic development facilitation that integrates local and regional planning which demand the formation of regional partnerships that coordinate planning between localities that are part of a wider functional economic region, and between this functional economic region and the sub-national or provincial region.

CONCLUSION: DIFFERENTIATION, COLLABORATION & INNOVATION

The trend towards regionalism and new-regional has led to an increasing focus on sub-national regional collaboration in economic development and served as a framework to consider inter-local and intra-regional planning. However, the complexity associated with multiple actors that share economic development facilitation priorities, but varying institutional imperatives and mandates - including local government, regional government and other development actors working in the sub-national sphere are increasingly creating the need for new governance arrangements that facilitate partnership and collaboration. This paper argued that there is an institutional gap resulting from a natural overlap between the local and regional economic development (RED) facilitation system in South Africa, with specific reference to case examples in the Western Cape that relate to, and in some cases, respond to fill this institutional void.

A multi-level, multi-actor space for local and regional economic development renders any given locality or sub-region a complex space in which to act as economic development facilitator. This complexity calls for innovative and flexible responses, which includes the development of collaborative governance processes and hybrid partnerships to ensure regional and inter-local coordination, alignment and synergy. However, new partnership arrangements often takes time to mature before formal institutionalisation is completed, highlighting the need for L&RED policy and programmes to consider channelling more support toward partnership incubation based on local institutional dynamics. Whereas different stakeholders in the local and regional economic development system serve different purposes, enhanced cooperation between stakeholders can foster trust and create 'institutional thickness' – whether it be formal or informal . This relational convergence between local and regional economic development facilitation actors could provide for more efficient and effective economic development outcomes for both the participating localities and the sub-region as a whole.

At the time of writing the authors are aware of a number of municipalities in the Western Cape considering the establishment of economic development partnerships as external facilitation vehicles to provide for dynamic participatory planning between business, civil society and government. The envisaged local economic partnership arrangements are emerging from the local level or as 'bottom-up' interventions, but given the nature of and content of collaborative governance to effect LED facilitation in a specific locality or sub-region, these new arrangements will have to include clear planning linkages with the regional economic and spatial development agenda of the wider functional economic regions in the province.

The authors acknowledge the limitations of this paper as resource limitations did not permit in-depth assessment of the different cases. The inquiry was thus limited to the case information presented for purposes of drawing reference to the issues highlighted in the sections on the scholarly and policy context as it relates to the paper theme. The authors suggest that economic development partnership arrangements and sub-elements of effective collaborative governance arrangements be studied in greater depth. Finally, we conclude that innovative partnerships based on collaboration and ultimately network governance between role-players in the local and regional economic development arena should be explored in more detail and recognised in sub-national economic development policy and planning processes.

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