

COLLABORATIVE REGIONAL ECONOMIC INNOVATION : TOOLS AND LESSONS FROM REDI EXPERIENCE



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FRAMING THE CHALLENGE

Problem statement – Swimming Upstream

- Rural regions lack agglomeration advantages, economic diversification and stakeholder platforms (universities, business chambers, global corporations) typically present in major urban areas that are key drivers of sustained economic growth

The strategy

- Deliberate and conscious process to link lagging regions to their nearest regional economic centre through building capacity and vehicles for collaboration and innovation in key sectors
- **Application through 3 test sites with varied challenges**
 - TWK : lagging region of small towns adjacent to major metro
 - Cacadu : large low density region with dispersed small and medium towns servicing agricultural and tourism centred around Nelson Mandela Bay metro
 - Ugu : comprising a rural hinterland of high density ex-homeland settlements adjacent to a developed narrow coastal strip with developed tourism, agricultural, manufacturing & retail economy – district borders the eThekweni metro

APPROACH : BUILDING BLOCKS



COLLABORATIVE REGIONAL ECONOMIC INNOVATION CYCLE

Stages	Partnerships	Innovations
1, Ploughing Platform creation	<ul style="list-style-type: none"> • Stakeholder mapping • Identify sources of energy • Organise dialogue • Plugging strategic planning gaps within govt 	<ul style="list-style-type: none"> • Inventory of local innovation • Identify synergies and potential value chain links to surrounding geographic regions
2. Planting Opportunity generation	<ul style="list-style-type: none"> • Identify other potential partners and sources of expertise 	<ul style="list-style-type: none"> • Value chain and market opportunity scanning within the local economy which would draw it into the broader region
3. Watering Programme consolidation	<ul style="list-style-type: none"> • Formalise programme partnerships • Identify champions • Facilitate trust 	<ul style="list-style-type: none"> • Filter possibilities into focused portfolio • Quick wins

COLLABORATIVE REGIONAL ECONOMIC INNOVATION CYCLE

Stages	Partnerships	Innovations
4. Weeding Filtering and fast-tracking	<ul style="list-style-type: none">• Consolidate relationships with knowledge partners• Link with funders and investors	<ul style="list-style-type: none">• Feasibility and business plan development• Assessing competitiveness of lead projects and addressing knowledge gaps
5. Harvesting Strategic implementation	<ul style="list-style-type: none">• Structure project partnerships• Formalise funding deals	<ul style="list-style-type: none">• Acceleration via market, technology and network intelligence
6. Pruning and replanting Review and refocus	<ul style="list-style-type: none">• Add, consolidate and conclude partnerships• Source renewed funding	<ul style="list-style-type: none">• Extracting the lessons• Translating the innovations to other sectors/initiatives

THE WATERSKLOOF EXAMPLE

- Lagging economic region abutting the Cape Town metro and South cape costal region
- Identified tourism sector as short-term intervention – links region with Garden Route, Overstrand, Stellenbosch and Cape Town as competitor and collaborator
 - Developed and launched The Cape Country Meander
 - Developed extensive MTB offering
 - Developed food and wine offerings
 - Opened more farms to tourists
- Identified the green economy as medium term intervention and transitioning the region from being an early adopter to a pioneer
 - Link with provincial and CTFR brands
 - Closely tied into future of farms
 - Leverages off BWI, Palmiet, SAB, Kogelberg biosphere
 - Strengthens lifestyle destination brand
- Identified fine food as second medium term intervention as bridge between agriculture and tourism
- Identified residential development (small holding, off-grid, transition town, lifestyle) as long term intervention coupled with a focus on school based education

CACADU EXAMPLE

- Large rural district centred on Nelson Mandela Bay Metro with arid declining hinterland and growing coastal strip
- Strong focus on innovation systems linking industry, agriculture and HEI with focus on agri-economy:
 - Natural Fibre Cluster – linked to innovative beneficiation of pineapple, agave, (from low tech community craft applications to hi-tech natural fibre composite development for motor and aeronautical industry)
 - Renewable energy initiative – to maximise opportunities of wind potential : Cacadu now largest site for major wind investments
 - Land restoration programmes (as major job creators with carbon credit potential)
- Extensive exploration of cross boundary alliances and extending focus of regional action provincially or nationally
 - Regional fibre cluster reconstitutes as provincial fibre cluster
 - Extensive partnering with East London and Coega IDZ
 - Small Towns regeneration initiative with AHI and GIZ
 - BCDA (based in Somerset East) partnership with Wits School of Aeronautical Engineering to develop Skywake – SA's first fully locally designed sports aircraft.

UGU EXAMPLE

- Underperforming economic region to south of the eThekweni Metro with developed narrow coastal strip and large undeveloped ex-homeland hinterland
- Initially identified agriculture & forestry as key sectors – strong forward linkages into the regional & global economy with potential to integrate Ugu-based businesses & stimulate job creation
 - Halted the closure of the Umzimkulu Sugar Mill through stimulating supply through small grower support
 - Stimulated downstream activity through initiative to establish a furniture incubator and furniture sector cluster
 - Launched project to facilitate development of rural Trust land for commercial agricultural & tourism development & to promote regional spatial integration
 - Mobilised funding for major infrastructure project to address water supply capacity of the region
 - Established links to metro based training, investor and sector-support institutions
 - Implemented economic inclusion strategies such as Work-Link Centre, incubator & small grower support
- Identified a Tourism SEZ as a way to position the district competitively owing to strong linkages with other sectors & neighbouring regions
- Mobilised broad social compact around a Growth & Development Strategy for the region that includes pillars of strategic infrastructure investment, sectoral support, education, social integration and institutional strengthening

LESSONS

1. ROLE OF CHAMPIONS AND LEADERS

- Emphasis on identifying and working with people with energy and drive
 - Distinct but complementary to more representative participatory processes
 - Requires fluid fast process support by efficient administration
- But finding ways to push them out of comfort zones through collective effort
- Projects without sufficiently skilled committed champions invariably fail

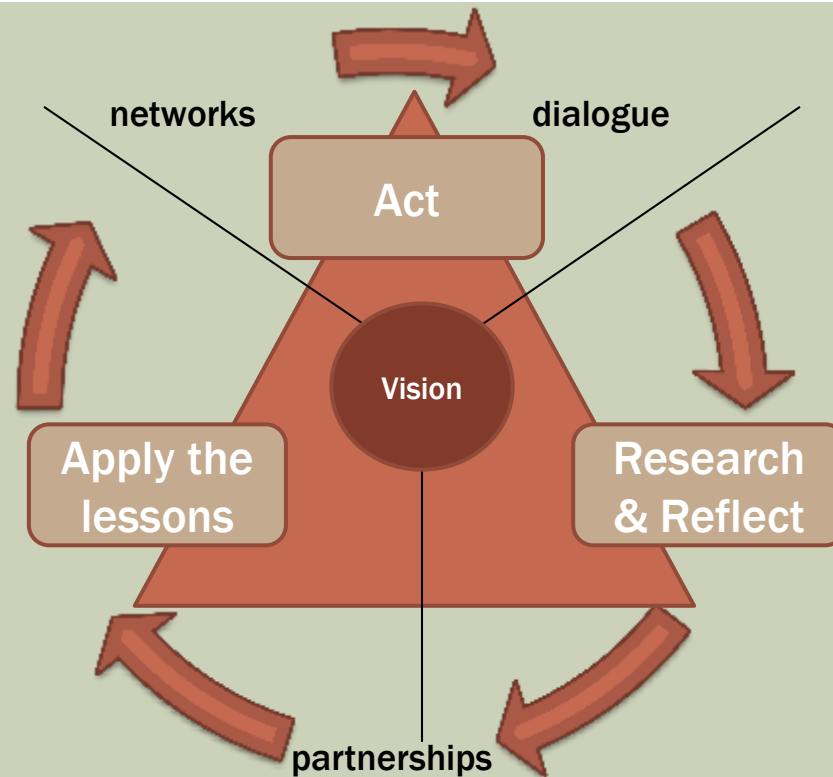
Capable enterprises more important than generating good project ideas

2. MARKETS AS DRIVERS OF INNOVATION

- Requires excellent economic intelligence on local economy
- Looking at assets and opportunities not needs as drivers of growth
- Looking at value chain opportunities linked existing sector strengths and internalising markets where-ever possible
- Identifying synergies between needs and opportunities

Market analysis requires excellent economic intelligence of local economy and also regional economy

3. STRATEGY ROOTED IN ACTION LEARNING



Clear vision, smart planning, robust frameworks plus on-going cycle of implementation and reflection

4. WORK WITH NEW NARRATIVES

Good processes and projects:

- Create new mindsets
- Generate a transformative narrative
- Grow energy

Narratives define the playing field and transforming these unlocks traditional relationships and opportunities

5. LARGE PORTFOLIO WITH IMPLEMENTATION FUNNEL

Cacadu

- Over 50 projects in portfolio list but business plan support for only 7 projects

Ugu

- Over 40 development projects identified 7 projects supported via the REDI

TWK

- Over 30 projects on the list but business plan support for 5 projects

Encourages innovation, networks and preparedness to take higher level of risk

6. VALUE CHAIN FOCUS LINKING MICRO WITH MESO

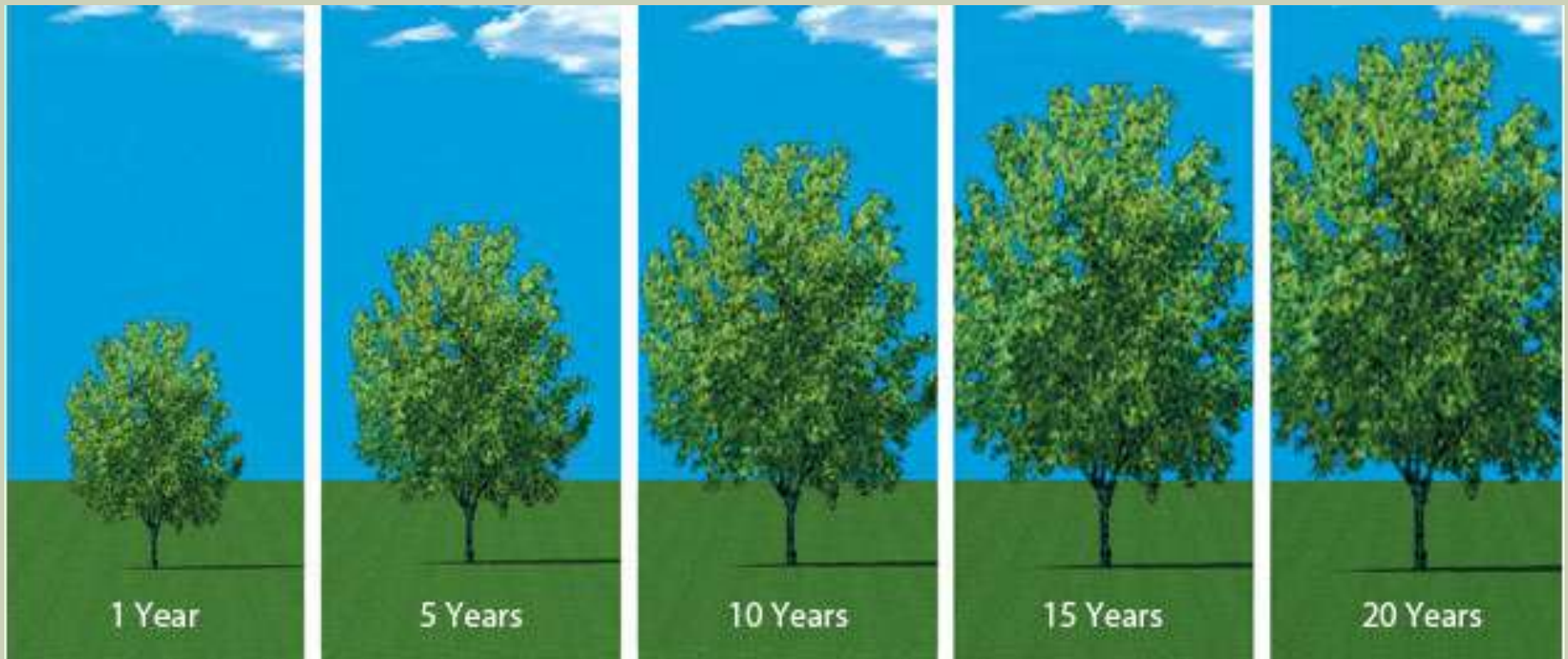
- Drive growth at a meso level by linking with growth centres to increase opportunity and income
- Identify market opportunities within the value chains of key sectors
- Identify opportunities for increasing value provided by the region
- The benefits of improved macro performance do not reach the community in an inclusive way. Requires finding supportive ways of linking emerging business to the growth opportunities

Downstream enterprise development needs upstream impulses and visa versa

7. POWER OF MULTI-LEVEL AND MULTI-STAKEHOLDER REGIONAL APPROACH WITH FLEXIBLE BOUNDARIES

- Dynamic of regional networking capacity linked with local implementation capacity
- Working with economic rather than administrative boundaries
- Working with private sector, public sector, NGO and academic partners

8. ENSURE STRUCTURE & INCENTIVES SUPPORT LONG-TERM VIEW



Project conception to sustainability takes longer than five years so need a long term view with identified short term milestones and achievements

9. DEDICATED 'EMBEDDED EXTERNAL' FACILITATOR

- Importance of an external facilitator to broker partnerships and networks, the institutional base for economic development.
- Building the stakeholder momentum and harnessing the energy requires capacity and capability and takes time
- Importance of institutional credibility of facilitator
 - who initiates, who hosts, who pays, who oversees performance only really answerable in specific contexts

Recognising and supporting external facilitation key to regions ability to make a step change in its economic interventions

STICKY ISSUE – DIFFERENTIAL BENEFIT

- Movers and shakers in rural areas tend to be older white males (with land and skills) or large corporates and while generally committed to collective improvement also receive individual benefit
- Accessing ex-Homeland areas for investment is difficult, entrenching old economic spatial patterns
- Trust gap between municipal leadership and local entrepreneurs
- Solutions
 - Moving beyond adversarial mind-sets and contest for leadership (political leadership or business leadership) to more collaborative approach based on new understandings and capacities – dialogue linked to joint action as key tools
 - Competitiveness activity balanced by strong resourced programme of development for emerging entrepreneurs
 - Public money into projects offset by community shareholding

CONCLUSIONS

- REDI has demonstrated that it is possible to stimulate regional economic development outside the metros but this requires fresh thinking which includes:
 - Re-thinking stakeholder engagement and processes
 - Re-thinking geographic boundaries
 - An entrepreneurial approach focused on delivery
 - Collation of good economic intelligence
 - Developing action learning tools to support such institutional development