

**A partnering approach to economic development at a sub-national level -
A practitioner's perspective**

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Western Cape Economic Development Partnership**

October 2015

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1 Introduction

The Western Cape Economic Development Partnership (EDP) was established in 2012 to create and sustain partnerships between economic stakeholders in the Western Cape economic development system, to foster a more competitive, inclusive and resilient regional economy. This is a deliberate attempt at a 'whole of society' approach to economic development at a sub-national level, as opposed to the more traditional route of establishing a government economic development agency.

This paper will argue the merits of a collaborative approach to economic development and the benefits of partnering. It will reflect on the three-year existence of the EDP, particularly the challenges and lessons learned for establishing economic development partnerships. Examples will be presented of some of the types of partnerships established by the EDP, i.e.:

- spatial partnerships;
- sector and value chain partnerships;
- economic system improvement;
- economic intelligence partnerships;
- innovation systems;
- economic identity and brand partnerships.

This paper will also provide an overview of the methodology and toolkit that has been developed to facilitate partnering practice at a sub-national level for various types of partnerships:

- transversal partnerships - across silos, disciplines, departments, industries, value chains;
- inter-governmental partnerships - connecting three spheres of government and public entities;
- cross-boundary partnerships – creating spatial alignment, connecting 'leading' and 'lagging' areas and regions;
- cross-sector partnerships – connecting public, private, non-profit, philanthropic, labour, civil society, and knowledge institutions.

2 The Context of Economic Development

South Africa currently has significant economic challenges. These challenges are not discrete, nor are they sequential, meaning that making developmental strides means advancement on several economic issues simultaneously. The practice of Economic Development has long focused on addressing economic challenges through the active participation and intervention of government. Mechanisms that have been shown to advance economies to being more functional, independent, and self-reinforcing include:

1. Injecting increased dynamism into particular sectors and supply chains;
2. Integrating businesses into larger supply chains (whether local or global), leading to sales expansion, increased prospects for sustainability, and the potential for export growth;
3. Increasing levels of competitiveness in particular sectors and sub-sectors, with spill-over benefits for levels of innovation, consumer choice and consumer pricing;
4. Assisting in moving particular industries and sectors up the value chain, and in integrating supply chains in ways that capture greater value;
5. Transferring and internalising new technology, skills and "know-how";
6. Creating a broader base of established investors from which re-invested earnings can be channelled; and

7. Broadening participation in the economy to previously disadvantaged/excluded portions of the economy (Lockwood, 2015).

2.1 Economic Development as a system

Government plays a role via the disbursement of money or the investment of resources through various departments at a national and sub-national level. Private sector enterprises advance particular economic objectives on behalf of their stakeholder groups. Academic institutions play a role in increasing the knowledge and research output from which innovation and hopefully new enterprises will flow. This flow of resources, and the numerous entities acting to advance objectives, represent a system, a network, and a community linked by overarching aims. An assertion can be made that if this system functioned cohesively, the various entities would be in a better position to operate and fulfil their mandates and objectives.

Economic development systems generally function as open network systems. Initiatives, programmes, and organisations are sponsored by multiple levels of government (national and sub-national), as well as by different parts of the private sector and civil society. All of these various actors and role-players can lead to a diffusion of activity. These open systems are particularly prone to certain issues. For example, open systems have de-centralised inputs that often lead to a “right hand not knowing what the left hand is doing” and an overwhelming deluge of feedback and/or duplication (Bastedo, 2004). Such issues necessitate expertise for analysis, synthesis, increased collaboration and orchestrated effort.

Whereas economic development represents the practice of improving a region’s economic output and achieving stated objectives, the economic development *system* refers to the interconnectedness of the various actors, beneficiaries and entities that contribute to economic development within the region. For example, despite specific focus on economic development at the regional or sub-national level, the system would not function unless connected to the economic development systems of other sub-national regions, at a national level and of the greater, global economy. The question that can be asked is whether traditional economic development agencies are best placed to strengthen the system of delivery of economic growth, inclusivity and resilience.

3 Economic Development and Partnerships

Studies have revealed that strong institutions correlate with high performing economies and that high levels of collaboration between institutions correlate with innovations and efficiencies in economic systems (Braunerhjelm, et al. 2015). A well-functioning economic development system has the following characteristics, many of which point to the need for effective partnerships:

- An orientation to economic development which sees it as an investment in building the base of clients, jobs, taxes, firms, and infrastructure for the economy rather than an expenditure on a public service
- A public-private economic leadership function that draws in multiple spheres of government and business and institutional leaders, with clear roles for national governments, and clear links to macro-economic policies and frameworks
- An intelligence and evidence system that provides a continuous observatory on economic trends and conditions and performance of the economy, and which leads to regular assessment of interventions
- A visioning and agenda-setting process that leads to both long-term thinking and common agendas and shared plans between the parties
- The translation of intelligence and vision into strategies, action plans, and tactics that are coherent, consistent and can be operationalised

- Mechanisms for engaging wider public sector and business organisations to support or participate in the implementation of these shared plans (e.g. transport, land use planning, universities, etc.)
- A range of financial instruments that can leverage and optimise public and private investment in economic development activities
- A performance management system that achieves continuous improvement in the way that economic development programmes and interventions are implemented
- A review process that regularly updates and adjusts economic development activities as needs and opportunities change.

Greg Clark points out in *The Business of Cities* (Clark, et al, 2014) that, unlike other traditional functions of government (such as representation, regulation, and service delivery), economic development is a vision-driven activity that seeks to ‘assess comparative and competitive strengths and opportunities, define a path into the future, and shape the behaviour of other actors, most of whom are not in the control of governments and public bodies’. This fourth role is different, and includes different markets, geographies, timeframes, partners, financing, clients, and stakeholders. It therefore requires additional expertise and different arrangements to traditional departmental service delivery functions. It is highly desirable therefore that ‘economic development is orchestrated as a partnership activity between public, private, and institutional sectors, with substantial vertical and horizontal collaboration on the public sector side’ (Clark, et al, 2014).

Over the last decade, there has been a growing academic focus on the nature and operation of partnerships between entities. This has been a natural outgrowth of greater attention within the fields of organisational behaviour and organisational design on the concept of “complexity.” Management theorists began to notice that success in an increasingly networked and intertwined modern operating environment meant that new models for relationships had to be established. Thus, academics and professionals noticed that the thickness of relationships, not just within an organisation, but among organisations, was of the utmost importance (van Tulder, et al, 2015).

There is great diversity in the study of partnerships, with some studies focused primarily on the interaction of players with direct relationships, and others on actors across sectors. A key difference is to distinguish economic development partnership study in formal Public Private Partnership (PPPs) arrangements from those of, what are called, “multi-stakeholder partnerships.” Public Private Partnerships are governed largely along extensive technical parameters, having contractual arrangements meted out for distinct milestones and targets. Multi-stakeholder partnerships (MSP), on the other hand, have a much greater reliance on informal arrangements such as simple Memoranda of Understanding. PPPs are generally focused on large-scale infrastructure projects, either social or economic, e.g. hospitals, power plants, roads, etc. Given the risks – financial, regulatory and legal, the scope for collaboration is very narrowly defined within the parameters of risk appetite that parties find acceptable. The literature suggests that there are institutional limitations to this approach to generate substantive impact, as it is often the outcome of a negotiated struggle between actors, where the focus becomes less about outcome and impact, and more about the measurement of outputs (van Tulder, et al, 2015).

The focus of this paper is on the potential of the MSP type of partnerships within the context of the economic development system. Most of these MSPs build relationships to achieve specific economic ends, e.g. to solve issues in bringing a product or service to market. This can happen within a specific sector or value chain, where collaboration is needed across the full range of activities spanning R&D, design, production, marketing

and distribution. There are also MSPs that result from a variety of organisations who wish to pursue a common vision or agenda of a thematic or geography-specific nature. This is often the case where the associated issues are intractable and mobilisation towards a solution cannot be achieved by any one, single entity. Here “cross-sector” partnerships arise, where entities and actors from different sectors (public, private, non-profit) provide a contribution of capacities and resources to address difficult concerns. For example, a lack of skilled labour within a region that has a limited tax base to provide for state education within a community can lead to an appeal for, and the realisation of, support from non-state actors.

The OECD, in a study on local partnerships published in 2001, defined a partnership thus: ‘Systems of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships, and mutually adopted plans among a number of institutions. They involve agreements on policy and programme objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time.’ (OECD, 2001)

Another definition comes from the Partnership Resource Centre in Rotterdam and describes a partnership as: “a form of cooperation between government, business and civil society in which they agree to work together to reach a common goal, or carry out a specific task, jointly assuming the risks and responsibilities, and sharing their resources and competencies”. (van Tulder, et al, 2012)

Greg Clark was quoted in the *Business of Cities* earlier in this paper as saying that economic development should be ‘orchestrated as a partnership activity between public, private, and institutional sectors, with substantial vertical and horizontal collaboration on the public sector side’. (Clark, et al, 2014)

The EDP distinguishes between partnerships and partnering, with the former being the entity or end result, while partnering refers to the processes, behaviours and attitudes that may result in a formal partnership and/or increased collaboration across multiple organisations and/or sectors.

Partnerships and partnering can be seen to serve as a collaboration paradigm of the 21st century (van Tulder, 2008). Within this paradigm there are a variety of services that can be offered that may or may not lead to a formal partnership. Not all collaborative processes necessarily result in formal partnerships. If the job can be done without partnering, then it should be done by the relevant entity.

Partnering should be undertaken in order to achieve a specific outcome, whether that is only for the purpose of information sharing, to achieve a shared vision through dialogue, or to jointly undertake a set of deliverables. Partnering processes can be used to promote dialogue, trust building and shared visioning. More importantly, they can also be used for agenda setting, resource and competency mobilisation, and joint action. This goes further than traditional stakeholder engagement and participation processes. It is not the same as out-sourcing or privatisation.

3.1 Partnerships as a vehicle for systems improvement and innovation

It is argued therefore that Partnering and Partnerships offer mechanisms that enable economic development system improvement. These mechanisms enable collaborative analysis, synthesis and orchestrated effort.

System improvements are necessary, but system innovations are also needed. The partnering process can create the safe ‘in-between spaces’ to generate the collective intelligence, experimentation and innovation needed to steer and guide change.

A partnership approach is potentially useful in the following ways:

- The scale and complexity of the economic challenges we face (as a neighborhood, community, city, region, nation, world) are beyond the ability of any single sector, discipline or sphere to manage or resolve. There is a need for a whole-of-society approach rather than just that of a capable state or an efficient private sector. No one organisation or part of society has all the resources or ideas necessary to solve persistent problems that require going beyond ‘business as usual’.
- Partnering for economic development is not just about mobilising non-government resources to supplement limited public-sector resources; it is about juxtaposing different and even competing ideas and institutional cultures, beyond a conventional consultation and participation process, in order to co-create and co-implement solutions.
- Structured partnerships (as opposed to ad-hoc or symbolic encounters) are necessary to create sustainable platforms for dialogue, trust building and joint action.
- A partnership approach has the potential to build higher levels of (mutual) accountability and moves away from simplistic models of privatisation vs. state control. In this way, it seeks to assist stakeholders to progress beyond a binary thinking mode (in which only two, opposing, solutions to any problem are seen).
- Partnering is about co-design and co-ownership of solutions. It steers a path between organisations’ preconceived notions of the problem and its solutions. In complex situations, such as in a developmental state, partnerships can be thought of as a prerequisite for success.
- Partnerships can take many forms, beyond simple formal public-private partnerships. A partnership can exist for dialogue purposes to establish a shared vision and common agenda, and as a vehicle for project implementation, or both.
- A collaborative intermediary organisation is useful in providing an independent or neutral platform to guide and stimulate partnership formation.

3.2 Do partnering and partnerships offer value to participating stakeholders?

Partnering and partnerships generate value for stakeholders and actors within a system. There are four different types of value created for participants in partnership engagement (Kindornay, et al, 2014). These are associational, transferred resource, interaction, and synergistic value.

Associational value	refers to the benefits that accrue to partners by having a partnership, such as improved projected credibility
Transferred resource value	refers to benefits that accrue as a result of resource transfers between partners or the ability to leverage off partners’ resources
Interaction value	refers to the benefits generated by working in partnership, such as shared knowledge and improved trust between partners
Synergistic value	refers to the benefits generated as a result of a partnership that would otherwise not have occurred for participants, such as achieving specific outcomes

The types of value created through partnerships are not mutually exclusive; partnerships can generate a combination of value types.

4 The EDP Story

The Western Cape Economic Development Partnership (EDP) was established in 2012 to create and sustain partnerships between economic stakeholders in the Western Cape economic development system, to foster a more competitive, inclusive and resilient regional economy. This is a deliberate attempt at a 'whole of society' approach to economic development at a sub-national level, as opposed to the more traditional route of establishing a government economic development agency.

Initially the establishment of a government-funded mega agency was mooted in order to better coordinate economic development activities in the region. A subsequent discussion paper concluded that 'An EDA, on its own, will not solve all the problems and be able to address all the gaps. We need to strengthen the system for delivering regional economic strategy and not just pin our hopes on a single institution. (Internal EDP documents)

Greg Clark was one of the advisors during this exploratory phase, and his contention that 'economic development is orchestrated as a partnership activity between public, private, and institutional sectors, with substantial vertical and horizontal collaboration on the public sector side' (Clark, et al, 2014), held sway with the investigative team.

The EDP was thus registered as a non-profit company and purposefully not set up as a traditional government economic development agency. Furthermore, provincial legislation was enacted in order to formalise this status. A novel concept at the time, the EDP modelled on some of the key features of the Cape Town Partnership, which focuses mainly on the Cape Town central city and surrounds, and the Central City Improvement District (CCID), an area-specific partnership of property owners and city officials, focusing on the improvement of the central city district with respect to crime and grime. The EDP had a broad mandate, given that anything and everything is the economy. The initial seed funding came from the Western Cape Government and the City of Cape Town. This funding base has broadened and now includes funding from other municipalities, project-specific funding from provincial, local and national government departments, and also funding from private foundations.

4.1 Expectations of the role of this new entity

One of the first tasks of the EDP, before it was even formally launched, was to commission a State of the Region investigation. A number of challenges and malfunctions emerged that could limit the efficacy and efficiency of successful intervention (Internal EDP documents). They included:

- Priorities and planning often not being driven by evidence
- Competing policy approaches generating confusion and uncertainty
- Endemic non-collaborative behaviors
- Inconsistent intergovernmental cooperation and support
- Weak and fragmented business and civil society voices
- A strong public sector compliance culture, with resultant high risk aversion behavior
- Policies, strategies, and plans with a low rate of successful implementation
- Development that stopped at municipal boundaries

As the proverbial ‘new kid on the block’, the EDP experienced its first year being buffeted by a range of expectations from stakeholders, beneficiaries and funders in the economic development space. There was also some concern that the EDP was the beneficiary of funding that could more fruitfully have gone elsewhere, that it would replace any of the other entities in the system, or even that it would simply duplicate their work.

The notion of the EDP as a public benefit organization, rather than a public sector agency that delivers on specific measurable and tangible projects, is novel in the South African context. Instead, the primary role of the EDP is to play an enabling and facilitative role in the interest of system improvement (for public benefit, not for public sector benefit), through the fostering of better collaboration and information sharing amongst the parts of the system towards a more inclusive, resilient and competitive economy. In other words, the EDP focuses specifically on taking a systems view where the whole is greater than the sum of the parts, and on acting primarily to orchestrate better cohesion between the parts through a range of partnering services in order to create value for all stakeholders in the economic development system.

4.2 Partnering focus areas and services offered

Two overarching principles that govern the EDP’s activities are: 1) jointly creating a shared view of and common agenda for the regional economy and 2) building partnerships to achieve new thinking and action towards improving the regional economy. To achieve its aims, the EDP utilises four different partnership-building strategies, namely, *transversal, inter-governmental, cross-boundary and cross-sectoral* partnerships. Depending on the situation, any one of these can be utilised, sometimes in sequence, or a blend of all four may be needed. Partnerships also change over time and a new configuration of partners may be required. A level of flexibility has to be built in, in order to allow for these changes. A brief description of each type is given below.

4.2.1 Four types of partnering

Transversal partnering:

Within large institutions like sub-national governments, there is often little collaboration across disciplines or departments. Work is frequently performed in silos and one arm doesn’t know what the other is doing. This is particularly prevalent when looking through an economic development lens, since what can be construed as economic development goes beyond the traditional activities of the department of that name. For example, planning for the local economic development of a particular geography crosses any number of departmental boundaries, from spatial planning and housing to transport, health, public works, tourism, sports and recreation, and environmental services. These departments, however, even within one municipal entity, are often not included either in the planning or the implementation process of economic development thinking. This phenomenon, however, is not limited to the public sector alone. The same silos can be found within industries, value chains and knowledge institutions.

Inter-governmental partnering:

If transversal collaboration is a problem within one layer of government, then it is even more pronounced across all three layers. This is not necessarily the case in every department, or in every province. There are numerous formal and informal inter-governmental structures that exist, such as the MINMECs between the national ministers and MECs at the sub-national level, the MINMAY at sub-national level between provincial MECs and mayors, and the Premier’s Consultative Forum, which includes all the municipalities. These are all formal arrangements but there are also informal arrangements at sub-national level, for example, the Inter-Governmental Council (IGC),

between the Western Cape provincial officials and those at the City of Cape Town Metro level. However judging from the experiences shared at the ERLN sessions and the EDP's experience thus far, there is a great deal of room for better collaboration across the three spheres of government, as well as with the state-owned enterprises (SOEs) that play a huge role in the economy. It is therefore important to identify at which level of government the authority, competence and mandate for solving economic development problems rests. This process goes beyond just formal interaction, and extends to the building of relationships across the levels of government.

Cross-boundary partnerships:

The economy is not defined by municipal boundaries. It is in the best interests of an economic region if the municipalities and metros collaborate beyond the statutory structures. This also enables the connecting of 'leading' and 'lagging' areas and regions, as lessons and experiments can be shared across boundaries. The EDP has come across examples where duplication has occurred or could have occurred due to lack of sharing of knowledge and plans and of a silo mentality of municipal boundaries. Tourism is an area where this kind of duplication often occurs, for example: adjacent municipalities will plan festivals without mutual consultation, and this has, in the past, led to unnecessarily competing tourism activities in the same area at the same time.

Cross-sector partnerships:

From a government perspective, it is useful to get these first three types of partnering in place (transversal, inter-governmental and cross-boundary), before attempting to get non-government partners on board (cross-sector). It is very frustrating for external partners when government does not have its act together, and sends out contradictory messages or demonstrates competing behaviours. At a national level, formal cross-sector interaction takes place at forums such as NEDLAC. This is limited to big business, big government and big labour. Further on in this paper the parlous state of government - business relations is discussed. At a sub-national level, it is important to encourage increased interaction with all players, including representative organisations of big business, SMMEs, and informal business, as well as from philanthropy and non-profit organisations, civil society, local labour organisations and knowledge institutions.

The EDP views itself as an intermediary organisation operating in the in-between space of the economic development role players. This role is best described as providing services that are not easily performed from within one single institution. These include offering:

- A neutral platform – with no vested interest in complex interactions
- A 'translation' service – where voices from different sectors and institutions are often speaking in different 'languages'
- A safe space, and a creative space – neutrality and translation provide this environment, as well as the fact that it is not subject to any specific regulations
- Deliberate juxtaposition of different ideas and organisational cultures
- Mediating competing interests – linked to its neutrality
- Space for experimentation and prototyping.

4.2.2 EDP service offerings

The EDP offers a range of services within selected focus areas that have evolved during the start-up phase of its existence. Partnering services can be classified into the following seven activities, which are not mutually exclusive:

- I. **Build:** Brokering relationships and formalising agreements between institutions
- II. **Convene:** Bringing together stakeholders to achieve a common purpose
- III. **Design:** Shaping the architecture of a partnership or partnering process

- IV. **Facilitate and support:** Partnering advisory function
- V. **Manage:** Providing an operational function to collaborative processes and partnerships
- VI. **Monitor and evaluate:** Conducting analysis and identifying recommendations for system improvements
- VII. **Teach and share knowledge:** Designing curricula on partnering methodology and practices, and participating in learning forums like the Economies of Regions Learning Network (ERLN).

These services are offered across six focus areas, increasingly driven by demand from stakeholders across the spectrum of public, private, academic and civil society sectors. These focus areas are:

1. Partnering for system improvement
2. Theme-based partnering
3. Value chain partnering
4. Area-based partnerships (place making)
5. Knowledge-sharing partnerships
6. Collaborative leadership development

4.2.3 The EDP's six focus areas

1) Partnering for System Improvement

The needs of an economic region of the size and complexity of the Western Cape are diffuse, including innumerable issues around skills development, enterprise support and investment coalition building, to name only a few themes. The EDP has therefore structured itself to allow for a demand-driven request system that will allow it to support, facilitate, and advise the region and its economic actors on areas of potential improvement within the system. Through its interaction with the various stakeholders of the economic development system, the EDP is able to identify gaps, duplications, or opportunities to improve or innovate the system, primarily by using its convening power as a neutral intermediary.

Some examples of the EDP's work in this focus area are outlined below.

Business-Government dialogue platforms:

The EDP works on facilitating dialogue between government and business in a variety of sectors, geographies and themes. Examples are:

- Convening and hosting large-scale Business meets Government sessions,
- Convening business stakeholders relevant to a specific theme, for example, energy security, and
- Facilitating dialogue in a geographic space amongst six municipalities, business chambers, tourism and agricultural organisations, in the South Cape. This has resulted in the establishment of the South Cape Economic Partnership, which is currently working on various multi-stakeholder projects in the region.
- Further hosting of targeted issue- or geography-based dialogue sessions on demand.

Partnering for regional competitiveness - Regional Communicators' Forum (RCF):

Currently, the Western Cape has a relatively weak economic and business identity (other than tourism, leisure and property), as indicated in all prominent global indices that measure city or regional economic performance. International best practice is clear: in an increasingly competitive and mobile global environment, a coherent economic narrative that is shared by all the key economic actors in a region, and which

is activated through a brand partnership, is essential to develop a compelling case for regional investment.

The EDP established and convenes the Regional Communicators' Forum (RCF), comprising over 60 of the Western Cape's key economic communications specialists, that meets every two months and is focused on identifying key issues and trends in the Western Cape's main economic stakeholders' communications and marketing. Besides convening the forum, the EDP has built and maintains a narrative matrix of stories that are pertinent to building the brand of the economic region. This is available online to all members of the network at www.wcedp.co.za/ren.

Partnering for Data Governance:

The EDP has established, and runs, the Economic Data and Intelligence Consortium (EIC) on behalf of a range of data partners. The challenges of information asymmetry and limited resources are tackled through the EDP's attempt to crowd in stakeholders that can create solutions for more systematic data flows, greater data accessibility, and stronger engagement around information and the use of knowledge. The EIC is a community of practice of researchers, analysts and statisticians, focused on ad hoc learning and knowledge sharing. Its objectives are:

- To diagnose and track the performance of the current economic system
- To play an advisory role in system improvement
- To facilitate the transversal generation of data and intelligence for partners and internal EDP programmes

Partnering Methodology:

The EDP is currently engaged with the design and implementation of a Partnering Methodology that can be used by all EDP partners and stakeholders. This methodology, which encapsulates global and local best practice in partnering behaviour and processes, includes:

- a) A rationale for partnering and partnerships – why they are needed in the socio-economic development context
- b) A lexicon of partnering terminology – in order to avoid confusion in the way words such as 'partner' or 'partnership' are used or understood
- c) A process for partnering - an iterative series of steps consisting of activities that outline the partnership journey, as well as descriptions of supportive and inhibitive behaviours that can advance or impede progress
- d) A toolkit - a set of tools, guidelines, checklists, templates and best practices that can be applied to any step in the process. This includes a Partnering Readiness Assessment (PRA) tool that the EDP has developed and utilised with a variety of stakeholders
- e) The critical success factors for partnering – including behavioural, structural and technical factors that are imperative to success
- f) Application - how this methodology can be used and applied directly, or facilitated by an intermediary
- g) A network of resources - intermediary organisations, facilitation experts and topical specialists who could be utilised in the application of the methodology.

2) Theme-based partnering

The EDP has identified themes where it feels it can add value, based on requests from stakeholders, or from analysis and evidence gleaned from its interaction with system stakeholders. Some examples are outlined below.

Partnering for innovation:

The EDP and its partners recognize that innovation is at the heart of moving the country from its present mix of resource- and efficiency-driven economic activity to one driven by the generation and application of knowledge. The aim of this initiative is to strengthen collaboration and cooperation between universities, research institutions, industry, and government at a regional and local level, and to set a long term agenda to design partnerships that can drive innovation in the region.

The EDP hosts and manages the Regional Innovation Network (RIN) for the Western Cape. This is currently funded by the Department of Science and Technology. The RIN focuses on the following areas:

- The Financing Innovation Project (with the Venture Capital Forum), with the purpose of launching an innovation fund to fill an existing funding gap
- The Innovation Indicators Project (with the National Advisory Council on Innovation and the HSRC), to identify indicators that will enable the region to track its progress in developing a robust regional innovation system
- Providing partnering support for the UWC Advanced Manufacturing Technology Lab
- Performing Partnering Readiness Assessments for the Cape Peninsula University of Technology (CPUT) and UWC Technical Transfer Offices (TTO)
- Facilitating an engagement with the Cape Higher Education Consortium (CHEC) to plan a 2016 programme
- Providing support for the Stellenbosch Innovation District, by facilitating a formalization process of the network to include the whole range of the multi-helix stakeholders.

Partnering for Open Data:

The Open Data Forum is a cross-sector forum set up to advance the impact of open data. The EDP serves as a convener, secretariat and facilitator of various events, e.g. hacking sessions. The forum operates through four clusters:

- Business cluster: Unblocking routes from data to commercialisation
- Democracy cluster: Fostering transparency, trust and responsiveness, as well as capacity for data journalism and coding
- Academic cluster: Use of open data for research and knowledge sharing on open data systems, policies and communities
- Digital System cluster: Improving data system fundamentals (broadband, Wi-Fi, sensors/data collection, screens/access & digital skills)

The Open Data Forum thus also serves as a valuable space for businesses, civil society groups and government to interact, share knowledge, present information about their current projects and identify new ways to deepen collaboration. Through this platform, progress on the transition towards open data is communicated directly to individuals and organisations with a public stake in Open Data and a commitment to share the information with their networks, enhancing public trust. The Forum also provides a platform for networking and engagement on potential data uses. The goal is that through pro-active engagement between the public sector and users of the data, the data made available will be applied to projects and discussions that boost collaborative problem solving, rather than be used to further fracture the region.

The EDP has been requested by various stakeholder groupings, across various themes, to assess their partnering readiness before designing a suitable partnership process. For example, the EDP received a request from coalition of civil society organisations to assist in their engaging with public sector departments on inclusive land and housing

delivery. Another request was to assist in the design of a partnering process for five municipal departments to develop a coastal management strategy.

3) Value Chain Partnering

The dynamics within economic sectors and value chains are prime examples of the need for partnerships. The relational interaction between firms can lead either to significant synergies or obvious break-downs. The EDP sees partnerships within Sectors and Value Chains as critical to supporting economic development. The Western Cape has several sector-specific Special Purpose Vehicles that in many ways serve as sectoral partnership in their respective sectors.

The current work of the EDP in value chains is limited to the agricultural sector with a specific focus on land reform and improved farming practices. This work arose primarily as a result of the EDP's convening of the FARE (Future of Agriculture and the Rural Economy) process in response to the labour action on farms in the Western Cape in 2012/2013. A number of recommendations emerged from the broad-based consultation that was the core of this process. The EDP has continued to work on establishing partnerships in agriculture to address a number of the priority recommendations.

Partnering for Transformation in Agriculture:

The agricultural land reform and labour work of the EDP is focused on supporting sub-national priorities and achieving the following outcomes:

- Supporting farmworker dialogue for decent work in the agricultural sector
- Scaling up models of good practice in land reform and labour practice on farms through creating a network of practitioners in the sector in order to share experiences and case studies
- Building local ethical value-chain behaviour and benefits for workers
- Supporting District Land Committees to optimally resolve conflict and monitor transformation through sound evidence

This work is being done under the auspices of three projects being undertaken at the moment.

1. The EDP has launched the Better Practice Farming Network with a group of farmers and producers from the wine and fruit industries. This work is being funded by the Bertha Foundation.
2. The EDP has received funding from the Commonwealth Foundation to support and facilitate the Dialogues for Decent Work among farmworkers in collaboration with the Ethical Trade Institute and the University of Cape Town.
3. The EDP is facilitating a Honeybush Tea Project in conjunction with the South Cape Economic Partnership (SCEP) and the Honeybush Tea Association.

4) Area-based Partnerships

All economic systems have spatial components, and do not function in a vacuum. They are influenced by human migration patterns, topographical accessibility, and established transactional linkages. Translated, this means economies are bound by spatial parameters and influenced by constraints that do not necessarily correlate with municipal (or even provincial) divisions or jurisdictions. Some of the EDP programmes work to establish more coherent economic regions. Functional economic systems need interventions that cut across geography, sectors, themes, spaces and/or value chains to identify what might be leveraged for greater success amongst stakeholders.

The South Cape Economic Partnership:

The South Cape Economic Partnership was initiated by business and, as it stands, constitutes a good balance between municipalities and local business working together for economic development at sub-national level. The EDP currently has a full-time project manager located in the area to drive the programmes identified by the partnership. Overall, this partnership has yielded better-than-expected results, in the following ways:

- The local municipalities have begun to work beyond their borders, and to collaborate with higher levels of trust
- The programme is gaining momentum in raising the profile of the South Cape
- It has led to a greater footprint for the EDP, and proven that the partnering learnings within the EDP are transferable to other geographies
- It demonstrates Local Economic Development in action, through the private and public sectors working together to enhance regional competitiveness.

Other projects in area-based partnerships:

- The EDP is participating in the Cape Town International Airport 'Aerotropolis' process to help design a partnering approach.
- The EDP has been requested to conduct a Partnering Readiness Assessment for Saldanha Spatial Targeting.

5) Knowledge-Sharing Partnerships

Knowledge and best practice sharing is an important aspect of the work of the EDP. The efficacy of a partnering approach is best demonstrated in action. Emphasis is placed on both formal and informal networks of sharing as well as utilising different media. All EDP programmes have built-in elements of knowledge sharing, be it a case study on progressive labour practices on farms or on innovation funding, or contributions to events at a national level via the ERLN. The EDP was instrumental in the founding of the ERLN and has participated and contributed to this network since its inception. The EDP also supports and mentors area-specific partnerships such as the Greater Tygerberg Partnership, the Stellenbosch Innovation District and the Hout Bay Partnership.

The EDP is working on establishing linkages with global and local partnering organisations and networks, e.g. the Collaborative Leadership Institute based in Potsdam, the Partnerships Resource Centre in Rotterdam, The Partnering Initiative in Oxford and The Partnering Alliance, a multi-stakeholder initiative with the objective of developing open source best practice standards, as well as a common language and typology for partnering and partnerships.

6) Collaborative Leadership Development

The EDP believes that its work will not have an impact unless there is a willingness on the part of leadership from all sectors in the system to move from narrow positions and special interests to collaborating on solving the intractable problems facing our country, at a national and at a sub-national level. For example, business confidence is seen to be at an all-time low in the past 20 years and it is important to increase dialogue beyond the formal structures such as NEDLAC. The work of the EDP in convening and hosting business-government leadership platforms is illustrative of this belief.

For government at a sub-national level this is of particular importance. An OECD report on Local Economic Leadership (OECD 2015) states that, "Local economic leadership is somewhat distinct from local government's main tasks of service management and administration. Not only must leaders manage services, assets, infrastructure and resources across the local economy, *they must also shape and influence activities over*

which they have limited formal authority, but which affect the broader system of local development.” (Emphasis supplied by the author). In another OECD report (OECD 2013), certain key characteristics emerged for leadership at a sub-national level. These included a ‘can-do’ pragmatism and a willingness to compromise, sincere engagement with, and learning from, the private sector, and a long-term, multi-cycle approach to growth and investment.

Besides hosting forums for dialogue, the EDP is currently working on developing material for collaborative leadership and partnering training that is experiential and practice oriented. This work has been commissioned by the Western Cape provincial government in order to increase the success of its provincial strategic plan over the next five year period. The partnering methodology and toolkit, mentioned under System Improvement above, is the foundation for the training programme being developed. Part of this methodology highlights the critical success factors for partnering, which includes amongst others, behaviours such as openness and transparency, willingness to make trade-offs, appreciation of independent thought and ideas, recognition of others’ contribution, and understanding partners’ differences, needs and constraints. Good leadership is required from all or at least some of the partners if a partnership is to be established and to flourish

4.3 Challenges and the road ahead

There is a wide range of challenges with which the EDP is grappling. As an experimental organisation, still in its start-up phase, a number of questions can be asked: “Is this partnering approach to economic development yielding the results that it was established to yield? How can impact be measured? How does one measure the success of a partnership? How will we know that the system has improved and/or innovated?” The next phase of the EDP’s existence will have to focus on answering these questions. There are, however, a few specific areas that are worth highlighting, that are pertinent to the sustainability of the organisation in its role in advancing the economic development agenda.

4.3.1 The arena of economic development

Economic development within the public sector is often interpreted as activities performed by the Economic Development Department, whether that be at a provincial or a municipal sub-national level. However every aspect of service delivery impacts on the economy. It is therefore important to view sub-national levers for economic development as being broader than any stemming from just one department.

Interaction among the traditional economic stakeholders in South Africa, namely government, the private sector and labour, is historically adversarial and currently, private sector organisations view government with increased suspicion and disillusionment. This is primarily evidenced at a national level, but it makes it difficult to resolve issues at a sub-national level when the big issues, such as visa regulation, the state of the SOE’s, to name two, can only be resolved at a national level. In an article in the Business Day of 25 August 2015 entitled, *The government cannot go it alone – but is it listening?* Hilary Joffe, editor at large, says, “What corporate CEOs are seeking, ... is a posture, a philosophy, an attitude to the private sector. Despite the frequent talk of partnership with the private sector from the government, and despite the fact that big business and the government are having more meetings than ever, an increasingly frustrated business sector is finding that posture ever more absent. It’s not that business doesn’t talk to Pretoria, nor that business leaders don’t speak truth to power, says one CEO. It’s that Pretoria doesn’t listen — or perhaps it can’t, given that the lens through which it views the economy is so different.” She went on to comment on the CEO of Anglo American, Mark Cutifani’s speech where he spoke about the need for

government and the private sector to work together. Joffe said, “He spoke the language of partnership. It’s a language the government speaks too, but whether it means the same thing as the private sector isn’t clear. There is an increasing number of meetings of various sorts between business and the powers that be, but are they just photo opportunities? Are the parties’ paradigms so far apart they can’t hear each other?”

Partners are relatively disorganized. Corporate interests tend to dominate the private sector agenda at a national level, while civil society is fairly fragmented and tends to be excluded from national debates. Increased service delivery protests at a community level can be viewed as an indicator of the economic disenfranchisement experienced by people who have little hope of finding meaningful work. This situation calls out for leadership on all fronts to approach intractable problems in a collaborative way, and to move away from ideological positions that prevent interaction from moving beyond dialogue into collaborative action.

4.3.2 Mandate and role

The assumptions of some of our public sector partners are still those more suited to treating the EDP as an agency, a service provider or consultant, i.e. a ‘what can you deliver for me’ approach, rather than exploring how the EDP can improve the system. It is therefore a constant challenge to change the perception of the EDP as an ‘agency’ to that of a public benefit organization, where it does its work in the interest of the public and not just of the public sector.

The perception of competing and overlapping mandates can lead to role confusion and institutional territorialism. As public sector budgets are increasingly squeezed, agencies funded by government compete for public sector funding with increased intensity. Given the intermediary work and positioning of the EDP, it can be argued or claimed that the EDP’s work suffers from overlapping mandates and so should not be competing in shared arenas for public sector funding.

There is a constant and healthy tension between the extent to which the EDP’s work is demand driven (from any group of stakeholders), versus the extent to which it is driven by identified programmes or themes that have come through prioritisation from funders or internal work by the EDP. An increase in demand for ad hoc services is an indication that stakeholders find value in the EDP services. However, the EDP has limited resources and this increase in demand can easily result in a loss of organisational focus due to overloading the limited resources.

4.3.3 Funding of a collaborative intermediary organisation

Seed funding for the EDP came from one sector, the public sector. As a neutral organisation, its mandate has to extend beyond the interests and needs of just one set of funders. This can be operationally challenging, given government reporting requirements with other project-driven development agencies, and the fact that the EDP is not subject to the requirements of the Public Finance Management Act (PFMA) or the Municipal Finance Management Act (MFMA). The EDP ideally should be funded from all sectors if it is to play a truly neutral intermediary role.

It is more challenging to fund processes as opposed to projects with concrete deliverables. However, a collaborative intermediary organisation does not typically deliver projects, or even consulting services. Thus the sourcing of funding, including the broadening of the funding base, beyond a start-up phase, remains challenging.

4.3.4 Measuring Impact, System Change and Partnerships

The challenges of measuring partnership impact and evaluating performance is not limited to the EDP and the field of economic development. The EDP recently researched other international partnership organisations in order to gain insights into global best practice on the tools and metrics for monitoring and evaluation. These challenges include how to assess the state of partnership, and, more particularly, how to determine if greater interaction, or partnering behaviour, or the push for partnership, has resulted in value creation.

The examination and measurement of partnerships seems to remain a complex undertaking. To resolve this, many international entities such as the OECD and other donor organisations have started to require partnerships to establish a “Theory of Change” at the outset of their creation. This is to track intended results and impacts at the outset. However there has been a general push back from practitioners for two reasons:

1. That the process of populating and formulating a Theory of Change can disillusion partners, particularly in situations where partnerships have been established to address a crisis or immediate need.
2. That Theory of Change necessitates a body of scientific evidence for formulation of intervention strategy but that often such things cannot be defined except in highly controlled environments.

Hence, driving pragmatic results requires that impact be measured in methods that are tangible and actionable from a practitioner’s point of view. To do so requires an understanding of some of the issues that arise from attempting to measure partnership impact:

- Is it an attempt to understand the potential and range of impacts, or is it to provide evidence of partnership value-add?
- The importance of avoiding issues of analysis confusion as to what within the partnership is getting examined. For instance, are examiners looking on at a micro, meso, or macro level? Or are there elements at each level? Is it measuring the impact on individuals, organisations, the partnerships or even ‘the community’, however that is defined?
- The distinction between “output” and “outcome” and between “immediate”, “intermediate” and “longer term” outcomes that can stand as the appropriate measurements for impact
- The type of problem to be addressed affects the style and approach to benchmarking successes and impact. “Simple” problems require different impact assessments than “wicked problems”;
- The degree to which affected partners are adequately involved in deciding and assessing impact;
- The intervention logic as defined in a more or less detailed Theory of Change; relatedly, how to define a sequence of “plausible effects”;
- The possibility to specify control or benchmark groups;
- The extent to which the partnership context has to be taken into account and at what level (region, network, country, supply chain);
- How to account for typical partnership effects: spill-over, indirect and unintended effects;
- Whether the focus should be primarily on efficiency or effectiveness of the partnership;
- What part of the impact chain can be left un-researched (black box), and what that implies for replicability and general applicability of the assessments. (van Tulder, et al, 2015).

In the context of South Africa, even at a sub-national level there are Theory of Change models that apply to agencies that receive government funding. Compliance to these models has often been found to be onerous and resource consuming on the part of these agencies. From the set of issues above, it is evident that this experience is not unique to one country and that the issues are more complex within a relatively new model of partnerships for development. These are questions that the EDP will have to grapple with as it develops metrics appropriate to the context of the Western Cape region.

Systems Change Measurement:

The characteristics of a well-functioning system have been outlined earlier in this paper. If these are to be accepted as a goal to be attained, a mechanism for measuring progress will need to be developed in order to track progress at the sub-national level. The EDP is working on the development of such a mechanism.

4.3.5 Demonstrating value

There is relatively little public or media interest in the theory of collaboration or partnership. People and organisations want to see immediate, tangible results, such as how many jobs have been created, or by how many percentage points GDP has increased. Causality in this respect is not easy to establish or prove.

The role of a collaborative intermediary organisation involves changing the way in which a development system functions, in order to meet stated economic transition goals. This is inherently a relatively long-term process. However, short-term return on investment of stakeholder time, energy and funds in partnership building needs constantly to be demonstrated to sustain longer-term participation.

Carli Bunding-Venter, past board member of the EDP and currently LED manager at the George Municipality and PhD student at the University of Stellenbosch, has been doing research on the concept of Public Value Creation. She defines public value as ‘any value defining the qualities of relationships between the individual and the public and ultimately impacting on how individuals or groups fulfill their basic needs.’ (Bunding-Venter, Minderman, 2015). She argues that “Public Value Creation (now increasingly gaining favour in the field of public management) may offer an alternative view of the space within which economic partnerships operate and, if consciously applied, could assist in creating improved consensus on deliverables.” She goes on to quote from Trujillo and Ospina (2012) that “Value may also be created through process and not only through the final outcome or result produced, specifically in situations where collaboration is taking place (or then within networks). At the same time however, even if process related value is created, a joint initiative or collaboration may not be sustained if it does not deliver on the intended outcomes that required initial collaboration.”

The EDP will have to deal with the tensions in illustrating value to its core funders, despite the fact that they may have diverse views on what value might look like.

4.3.6 Next Steps:

The EDP inhabits an ambiguous space where it has to exist within an environment where inherent tensions exist around the following:

- A persistent perception of the organisation being an agent of delivery versus an independent body that offers public value as opposed to public sector value
- Balancing the demand for services from a wide array of stakeholder with a clear and prioritised programme list

- Being dynamic and agile versus an being an organisation limited to a work programme approved via a business plan
- Economic development being more not just the work performed by the government department by that name, but instead a body of work with a broader definition that includes all services and functions of government at a sub-national level.

The EDP has focused, for the past twelve months, on embedding organisational processes and resources and on honing its focus areas and methodology. There are lessons that have been learned, over the period of its existence, on which it will need to capitalise as it moves into the next stage of organisational development. A few are listed below in conclusion.

- The value of partnership and collaboration needs to be explicitly illustrated and made visible. To ensure organisational longevity, measurable and tangible results in the start-up phase are just as important as the long-term objective of improving the regional economic development system.
- Focusing on the mandate and learning to say 'no' are critical. As a start-up organisation, the EDP has taken time to clarify its role to stakeholders and to refine its mandate. In order to justify and illustrate the role of a new kind of organisation, it has been tempting for the EDP to try and be all things to all people.
- The EDP needs to broaden its funding base to include more operational funding from sources other than the public sector.
- It is crucial for the EDP to continue to tap into global expertise, of both practitioners and academics, and so to build a community of practice and support.

5 Conclusion

This paper has attempted to illustrate the merits of a collaborative approach to economic development by outlining the link between economic development and partnerships. The Western Cape Economic Development Partnership has been presented as an example of an intermediary body at a sub-national level that has undertaken the role of forging partnerships transversally, across different departments of government at a sub-national level or any large institution, inter-governmentally, across the three levels of government, across boundaries, municipal boundaries, and most importantly, across sectors, government, private, civil society and knowledge institutions.

What is not disputed is that different approaches to economic development are welcome, and necessary, in order to resolve the complex and intractable economic problems facing South Africa at a national as well as sub-national level. It may be too early to categorically state that the EDP experiment in partnering for economic development has produced value. As the EDP enters the next phase of its evolution, it needs to address the challenge of constantly demonstrating the value of partnering and partnerships, while simultaneously diversifying its funding and delivering concrete results for its identified programmes, if it is to be deemed an experiment in economic development that is successful and that deserves to flourish.

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