



WESTERN CAPE
Economic
Development
Partnership



South Cape
Economic Partnership

South Cape Economic Partnership Review

Report of Recommendation

**Prepared by the EDP for consideration by District and Local
Municipalities of the Garden Route**

November 2019

Contents

| | |
|---|---|
| 1. Background | 3 |
| 2. Informants into this Report | 3 |
| 2.1. EDP internal review | 3 |
| 2.2. Review workshop with LED managers | 4 |
| 2.3. Garden Route roadshow | 5 |
| 2.4. Engagement with Wesgro District Unit..... | 5 |
| 3. Key issues identified..... | 6 |
| 3.1. Need for more involvement from private sector and other spheres of government..... | 6 |
| 3.2. Need to communicate the value of a collaborative, regional approach..... | 6 |
| 3.3. Need to streamline the current SCEP structure..... | 6 |
| 3.4. Need for a common vision and set of goals and priority areas for the region..... | 6 |
| 3.5. Need to clarify the correct process through which municipalities can fund SCEP | 6 |
| 3.6. Need to develop a common understanding of the role of a regional partnership like SCEP..... | 6 |
| 4. Recommendations..... | 7 |
| 4.1. Renaming of the South Cape Economic Partnership | 7 |
| 4.2. Integrating capacity building into the activities of the SCEP/GRDP..... | 8 |
| 4.3. Positioning the SCEP/GRDP as the delivery vehicle of the Garden Route Growth and Development Strategy..... | 8 |
| 4.5. Positioning SCEP/GRDP as a model for a whole of government and whole of society district approach..... | 8 |
| 4.6. Clarifying the process for funding SCEP/GRDP | 8 |
| 5. Implications for the current structure | 8 |
| 6. Conclusion | 9 |

1. Background

The South Cape Economic Partnership (SCEP) was established in 2015 to support a regional approach to economic development within the Garden Route (formerly Eden) District. Currently funded by a number of local B municipalities, as well as the Garden Route District Municipality, SCEP aims to achieve better collaboration between municipalities, between spheres of government, and between government and the private sector, institutions, researchers and civil society. Specifically, the stated objectives of SCEP are to:

- Promote and support **collaborative leadership** and **shared growth** within the economic delivery system
- Serve as a vehicle towards developing **strategic collaboration** and partnerships
- Facilitate **constructive interaction** between key stakeholders
- Be a channel for **managing conflict** and for **communication**
- Provide a platform for the **formulation of solutions**.

The focus and work of SCEP is driven by a representative steering committee with an elected chair, as well as project specific workgroups which were designed to deliver impact in identified priority areas. The programme also enjoys backbone support from the Western Cape Economic Development Partnership (EDP) which has invested in dedicated capacity to support regional partnering and collaboration in the Garden Route, through SCEP.

A number of sectors were originally identified as priority sectors for SCEP, such as timber, tourism, film and skills through the WCG Department of Environmental Affairs and Development Planning's process of developing the Regional Spatial Implementation Framework (RSIF) for the Garden Route to ensure alignment between the framework and SCEP activities.

With SCEP currently in its fourth year of operation, the EDP, being the primary funder of SCEP, identified the need to review the programme and evaluate the structure's suitability for the Garden Route's current context.

In April this year, the EDP began a SCEP review process with an internal review of the challenges and opportunities. In August, the EDP facilitated a review workshop with Local Economic Development (LED) managers from each of the contributing municipalities. The last step in the review process was an EDP roadshow to meet with municipal managers and relevant officials from the Hessequa, George, Knysna, Bitou, Mossel Bay and Garden Route District municipalities. The issues highlighted and recommendations presented in this report are based on insights obtained from these activities, combined with EDP expertise and experience related to partnering and collaboration.

2. Informants into this Report

During the review process, the EDP conducted four sets of activities which have provided the insights that guide this report, namely:

- a) An internal review session of SCEP over the past few years
- b) A review workshop with LED managers of each of the contributing municipalities
- c) A Garden Route roadshow to meet with the municipal managers and officials of the six contributing municipalities
- d) An engagement with the recently established Wesgro District Unit

2.1. EDP internal review

The internal review process focused on two key issues that are relevant to this process: 1. SCEP activities and priorities; and 2. The SCEP structure. The below table highlights the key insights that were surfaced in this session.

KEY INSIGHTS

Into SCEP activities

- Reposition SCEP to be a vehicle for implementation (i.e. not just Paul)
- Need for clarification of roles and responsibilities of SCEP partners and the SCEP partnering platform
- Create processes that review the focus areas of SCEP and feed into the strategic direction of SCEP
- Better shared understanding of the role of a partnership

Into the SCEP structure

- Explore how we can move SCEP to the next level of maturity
- Work to solicit provincial government support and collaboration more strongly
- Review the current structure. Needs a smaller, agile, tighter and focused Steercom to drive strategy and hold overall objectives (address risks, blockages etc)
- Explore the possibility of designating additional EDP capacity to SCEP in order to have greater impact

2.2. Review workshop with LED managers

On 16 August 2019, the EDP facilitated a SCEP review workshop with LED managers of the contributing Garden Route municipalities. The purpose of the workshop was:

- To reflect on the successes and challenges of the SCEP over the past 4 years
- To identify key insights to inform the next steps in advancing the SCEP.

The below themes were identified as areas that required revision in order to improve the performance and impact of the SCEP.

a) SCEP Structure

It was noted that the SCEP steering committee is perhaps not constituted in a way that allows for swift and strategic decision-making, but that it rather functions like a forum, with significant focus on information sharing and gathering. Insights revealed that it might be necessary to create a separate smaller structure to drive the strategic direction, manage the deliverables, manage risks and make key decisions. The role of this platform and the role of the current platforms (workgroups and steering committee) must be clearly defined and communicated to all stakeholders.

b) Participation from the private sector

It was highlighted that the flagging private sector attendance at SCEP events and commitment to SCEP was worrying. Amongst other things, this was attributed to the lack of coordination of private sector players in the region, and the existence of many different forums and associations that tend to pull in different directions. The need for a stronger regional business platform, with the specific purpose of organising business and working with government around common issues, was identified. Further exploration is required to determine whether the Garden Route District can/should take up this role.

c) Clarification of roles and responsibilities

Participants expressed that the roles of various role-players in the SCEP are unclear and need to be defined. Specifically, there seems to be a lack of clarity around the role of the steering committee chairperson, the role of the SCEP coordinator (Paul Hoffman) and the role of LED managers and other participants. These roles will need to be jointly decided on and clearly communicated, moving forward.

d) Review of the SCEP processes

As with the lack of clarity around roles, there is also a lack of clarity around certain processes within the SCEP – i.e. when and how the chairperson is elected, when and how the SCEP focus areas are reviewed, as well as how deliverables are determined and project progress is tracked.

e) Commitment to a regional approach to economic development

A common thread throughout the discussion was the lack of understanding of what a regional approach to economic development entails, and a perceived lack of commitment to such a regional approach. While various municipalities are contributing to the SCEP, it was highlighted that this is often done with the intention that the SCEP would deliver specific projects for specific municipalities. It was agreed that work must be done to detail what a regional approach involves, and to what extent local B municipalities buy into this idea.

2.3. Garden Route roadshow

Between 31 October and 1 November 2019, the EDP conducted individual visits with the Municipal Manager and relevant officials for each of the municipalities currently contributing to SCEP. At present Hessequa, Bitou, George, Knysna, Mossel Bay, and the Garden Route District municipalities all contribute financially to SCEP. The meetings highlighted the following:

- The need for a shared understanding of a regional approach to development and its value to local municipalities
- The need for a shared understanding of the various roles and responsibilities within the SCEP
- The importance of capacity building within the SCEP structure and within municipalities to enable better collaboration
- The imperative to clarify the regulatory environment that enables the transfer of funds to SCEP
- The need to address 'race to the bottom' competition between local municipalities, and tensions between a regional and local approaches

2.4. Engagement with Wesgro District Unit

As a last step in the review process, the EDP met with the newly established Wesgro District Unit to get clarity on the role and plans of Wesgro in the Garden Route, to ensure alignment between Wesgro, EDP and SCEP and to avoid any duplication of efforts. The following themes were highlighted in the discussion:

- There is agreement that the work of both the SCEP and Wesgro should be focused on issues of a regional nature.
- There is a need to create a shared narrative about the value of a regional approach and the separation of roles of the SCEP and Wesgro
- Activities such as investment promotion should ideally be elevated to a district level, and should be aligned to the Garden Route Growth and Development Strategy, currently being developed.
- The EDP and Wesgro roles can be defined as follows: the EDP, through the SCEP, works on issues related to **regional destination planning, management and development**, whereas Wesgro, through the District Unit, works on issues related to **regional destination marketing and promotion**. These are complementary, rather than competing, roles.

3. Key issues identified

3.1. Need for more involvement from private sector and other spheres of government

While there is some representation of the private sector on the SCEP steering committee, there are key role-players still missing from the conversation. In addition, representation from private sector has not resulted in meaningful collaboration around specific projects.

Likewise, while provincial government has been included in the current steering committee, there is very little provincial government presence within the SCEP structure and its activities.

3.2. Need to communicate the value of a collaborative, regional approach

There is a need to communicate the value of a regional approach to leaders who tend to want to see direct local benefit from SCEP. Currently, there is still unhealthy competition amongst local B municipalities, where there is a perception that funding SCEP would mean funding for specific projects in specific municipalities. This indicates a lack of understanding of what a regional partnership is meant to do and of what it entails.

3.3. Need to streamline the current SCEP structure

Currently SCEP is directed by a relatively large, representative steering committee with an elected chairperson. This structure has proven to be ineffective in guiding the strategic direction of the SCEP, managing the delivery of outcomes, as well as highlighting and addressing any risks and barriers. This structure functions more like a forum where information is shared, and project reporting takes place. There is a need to streamline the SCEP managing structure to be more effective in terms of decision-making and strategic planning.

3.4. Need for a common vision and set of goals and priority areas for the region

While much work has been done through SCEP, there seems to be a lack of a common vision that all projects are aligned with. Because of the broad nature of SCEP and the number of focus areas being worked on under its banner, activities undertaken may not have had the intended impact. There is a need to focus the activities of the SCEP by identifying a limited list of priorities to work towards, that feed into a broader goal for the Garden Route.

3.5. Need to clarify the correct process through which municipalities can fund SCEP

Given the current cost containment environment in which municipalities are operating, municipalities are growing warier of transfer payments that may result in an audit finding from the Auditor General. Many municipalities have voiced the need for clear direction as to how they would be able to continue funding a common purpose and mutually beneficial structure such as SCEP.

3.6. Need to develop a common understanding of the role of a regional partnership like SCEP

A regional development partnership works best when it is able to focus on issues of local importance that have potential regional significance, and regional issues that have potential local impact.

An effective partnership is based on a clear understanding of the differentiated roles of the partners - to deliver on their mandates, *in a collaborative manner* - and the 'backbone structure', e.g. SCEP - to help partners understand the value of partnering, identify a common agenda, facilitate joint action, share knowledge, and build partnering capacity. In other words, a backbone structure is not a local project delivery vehicle, but rather, a platform designed to help partners deliver their own projects in a way that results in *regional collective*

impact. Therefore, conceptualising a regional partnering backbone structure like SCEP as a 'service provider', regulated through 'service level agreements' is inaccurate. It is more helpful to see SCEP as the vehicle through which inter-municipal and public-private partnership agreement get implemented.

An economic growth strategy needs to include *promotional activities* (trade and investment, tourism, film, etc.), *system improvement activities* (getting the basics in place and doing the fundamentals well, i.e. water, energy, waste, roads, safety, urban management, etc.) and *developmental activities* (ensuring the quality and distribution of growth, i.e. township economies, informal economies).

An effective economic growth strategy includes both *risk mitigation* (understanding how to improve system performance) and *reputation enhancement* (understanding what the region is known for) approaches. Both these processes require capabilities to *manage* the things that one controls directly and *influence* those things (institutional mandates, processes, decisions, budgets, plans, strategies, priorities, etc.) that are part of the same system, but which are beyond one's direct control.

It is helpful to draw a distinction between the *District* (the Municipality, with its specific powers, functions, roles and responsibilities) and the *area of the district* (the territory as a whole, including the inhabitants, the assets, private sector and community investments, institutions, etc.). A 'systems and partnering approach' starts with seeing the territory as a whole, with all its components, and not just the institutional mandates.

A regional partnering approach includes a whole-of-government approach (WoGA) and a whole-of-society approach (WoSA). It also includes getting the relationships right between 'bottom-up' and 'top-down' initiatives, both between local municipalities and the district municipality, and between the public sector 'authorising environment' and the non-government 'mobilising environment'.

A common misconception is that a partnering approach is only about 'dialogue' or better 'coordination' processes. The rationale for a partnering approach is to *enhance implementation* by specifically addressing two questions that are often ignored in planning processes, to the detriment of implementation: *who* needs to work together to make things happen, and *how* are different leaders and institutions going to work together in practice. The 'who' question can be clarified through the development of a Partnering Framework, based on a systems and stakeholder analysis, assessment of the risks and dependencies associated with a 'a managing and influencing' analysis, joined up mandates and budgets, and identification of internal and external relationships that need to be strengthened. The 'how' question can be addressed through the development of adaptive leadership capabilities, i.e. collaborative attitudes and behaviours, responsiveness and creating an enabling environment, and an ability of reflection, learning, adjusting and adapting.

4. Recommendations

4.1. Renaming of the South Cape Economic Partnership

It is proposed that the South Cape Economic Partnership (SCEP) be renamed the Garden Route Development Partnership (GRDP).

This will align it with the recent name change of the Garden Route District Council and will allow the partnership to focus on a broader set of cross-cutting development issues and systems such as water and sanitation, energy, waste, mobility and transport, public safety, township economies, i.e. the systems that underly the development of a sustainable and inclusive economy, rather than narrowly focused 'growth sectors' and 'economic projects'.

4.2. Integrating capacity building into the activities of the SCEP/GRDP

It is proposed that the GRDP include an adaptive leadership capacity-building component, for example, for Municipal EMTs, Councillors, and GRDP Steercom members. This is to build the collaborative capacity of municipalities to ensure maximum impact of the GRDP.

4.3. Positioning the SCEP/GRDP as the delivery vehicle of the Garden Route Growth and Development Strategy

A key component of revising the current SCEP model is to ensure that focus areas for collaboration are aligned with the priorities and goals of the Garden Route region. As such, the new structure should be geared to deliver and implement the Garden Route Growth and Development Strategy, to ensure alignment, avoid duplication, and promote co-ownership of the strategy amongst local B municipalities, as well as by the private sector, civil society and other institutions.

4.4. Revising the structure of the SCEP/GRDP steering committee

It is recommended that the current SCEP steering committee be repurposed as a **stakeholder forum** with the purpose of sharing information, reporting back on progress, and obtaining insights from a broad range of stakeholders.

In addition, it is recommended that a new, smaller steering committee be set up, with the purpose of guiding the strategic direction of SCEP/GRDP and making key strategic decisions, as well as to address risks and barriers experienced at the project level. This steering committee should be chaired by the EDP, as the neutral body, and should comprise of representatives of each of the contributing municipalities.

4.5. Positioning SCEP/GRDP as a model for a whole of government and whole of society district approach

The SCEP/ GRDP model could influence the development of National Government's District Coordination Model. For example, the 'one district, one plan' approach can be nuanced through a focus on both 'top-down' and 'bottom-up' relationships.

Similarly, the work of the GRDP needs to align with the WCG's proposed Joint District Approach (JDA). The GRDP needs to be able to engage with the WCG Garden Route interface team, as well as with the Wesgro District Unit to ensure and aligned and coordinated district approach across spheres of government.

4.6. Clarifying the process for funding SCEP/GRDP

A critical component of ensuring the success of the revised structure, is to clarify the process for funding to ensure that SCEP/GRDP enjoys sustained support from the municipalities of the Garden Route. The EDP undertakes to engage the Western Cape Provincial Treasury in this regard and work to identify a clear funding mechanism for SCEP/GRDP.

5. Implications for the current structure

Should the above recommendations be accepted, there are three fundamental shifts that would be required:

- I. The name change of the platform from SCEP to GRDP would need to be clearly communicated to all stakeholders
- II. The current steering committee would need to be reconstituted to reflect the new structure, i.e. the establishment of a Stakeholder Forum and a smaller Steering Committee, chaired by the EDP, with municipal representation

- III. The current workgroups and focus areas would need to be restructured to be aligned with the emerging priorities of the Garden Route Growth and Development Strategy, and to include an adaptive leadership capacity-building component.

The EDP recommends that a six-month transition period (January 2020 to June 2020) is allowed for the above changes to the structure and focus of the SCEP.

6. Conclusion

This report will be tabled at the Garden Route Municipal Managers Forum on 4 December 2019. Should the recommendations be adopted, a transition phase of six (6) months will commence in January 2020, to enable the changes in focus and structure of the SCEP. Part of this transition would include an educational roadshow to councillors in the Garden Route to inform them of the changes to the SCEP structure.

For more information contact the EDP team: Rushka Ely at rushka@wcedp.co.za, or Paul Hoffman at paul@wcedp.co.za