Building effective partnerships for inclusive growth
Introduction to the Western Cape Economic Development Partnership (EDP)

“While we can walk faster alone, we can walk further together”
– African proverb
What is the EDP?

- A cross-sector partnership that focuses mobilising a wide-range of socio-economic stakeholders towards a more inclusive and resilient regional economy
- A voluntary association
- An independent, non partisan organisation
- A new breed of institution:
  - Collaborative
  - Intermediary
The EDP is not...

- A government agency or statutory body
- A private sector lobby group
- A bargaining forum
- A marketing agency
- A substitute or replacement for government, or for private sector or community organisations
Lessons of effective partnerships

- Harness mandates
- Culture of collaboration
- Innovation
Commitment

- Shared values
- Vision & Action
- Time
EDP Membership: Spread of Sector Representation (124)

- Business Associations (30)
- Professional Associations (4)
- Knowledge, Research & Policy (6)
- Industry Associations (17)
- Government & Statutory Bodies (4)
- Local Authorities & Local Development (16)
- Econ Dev & Support Organisations (5)
- NGOs, Comm-based, Social Movements (22)
- Trade Unions (1)
- Media Partners (2)
- Training & Skills Development (1)
- Community Based & Social Movements (4)
- Associate Businesses (10)
LEADERSHIP

60 nominations
Board will be finalised by mid-July

NOMINATE

Capabilities
- Understand big picture
- Create vision
- Diverse organisations
- Joint ownership
- Win-win solutions
- Encourage participation
- Embrace diversity
- Translate perspectives

Experience

SELECTION COMMITTEE

BOARD
Developing the EDP role...

1. Rowing

2. Steering

3. Cheering

4. Coaching
Co-creation

- Vision and strategy (One Cape 2040)
- Economic intelligence
- Leadership development

Co-delivery

- Improved business & investment climate
- Economic system performance & reorganisation
- Sustainable employment
- Local economic partnerships
Vision and strategy

Do we have a shared vision? What are the key transitions? How do we navigate these transitions successfully?

Data and intelligence

Do we understand long-term global demand trends? Are our policies and plans based on sound evidence?

Business & investment climate

Leadership is required to open spaces for experimentation and innovation, identify trade-offs, make the tough choices, and to persuade and inspire.

Regional economic delivery system performance

How do we continuously improve the performance of the regional economic development system? How do we assist our organisations to deliver better on their own mandates?

What should we measure? How should we rank performance? Do we have an integrated strategy for contested markets?
One Cape 2040: The challenge

- Inadequate job growth to meet the employment challenge & inequality (crisis)
- Skills and assets deficit (legacy)
- Unsustainable resource use (risk)
Our 2040 ambition*

A resilient, inclusive and competitive economy with low rates of unemployment producing growing incomes, greater equality and an improved quality of life

* Not a differentiated territorial marketing brand but a unifying societal vision
<table>
<thead>
<tr>
<th>Leading Change</th>
<th>Educated Cape</th>
<th>Enterprise Cape</th>
<th>Connecting Cape</th>
<th>Living Cape</th>
<th>Green Cape</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration</td>
<td>Every person will be appropriately educated for opportunity</td>
<td>Anyone who wants to be economically active is able to work</td>
<td>Welcoming, inclusive and integrated communities</td>
<td>Healthy, livable, accessible, high-opportunity neighbourhoods</td>
<td>Functioning ecosystems working for &amp; with communities</td>
</tr>
<tr>
<td>Innovative mechanisms</td>
<td>Recognised centres of ecological, creative, science &amp; social innovation excellence</td>
<td>The entrepreneurial destination of choice</td>
<td>A global meeting place and connector</td>
<td>Ranked as one of the greatest places to live in the world</td>
<td>Leader and innovator in the Green Economy including green jobs creation</td>
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<td>Supportive rules</td>
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### Key transitions: 2012 - 2040

<table>
<thead>
<tr>
<th>Transition Type</th>
<th>From</th>
<th>To</th>
</tr>
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<tbody>
<tr>
<td><strong>Knowledge transition (Educated Cape)</strong></td>
<td>Unequal access to quality education Low numeracy and literacy Knowledge taker</td>
<td>Equal access to quality education Science, maths, language excellence Knowledge generator</td>
</tr>
<tr>
<td><strong>Economic transition (Enterprise Cape)</strong></td>
<td>High barriers to entry (Closed monopolised economy with high structural unemployment) Low levels of productivity High leakage out of the local economy</td>
<td>Low barriers to entry (Open accessible and employment generating economy) High levels of productivity Low leakage out of the local economy</td>
</tr>
<tr>
<td><strong>Cultural transition (Connecting Cape)</strong></td>
<td>Inward looking and parochial Bilingual Insular and scarcity-based</td>
<td>African and Global orientation Multi-lingual Open and abundance-based</td>
</tr>
<tr>
<td><strong>Settlement transition (Living Cape)</strong></td>
<td>Disconnected stratified low opportunity high cost suburbs/townships Unsafe poor quality public transport</td>
<td>Connected liveable multi-opportunity affordable neighbourhoods Safe affordable integrated public transport</td>
</tr>
<tr>
<td><strong>Ecological transition (Green Cape)</strong></td>
<td>Unsustainable resource use Carbon-intensive, high waste Environment disconnect from economy</td>
<td>Sustainable resource use Low carbon and zero waste Environment cornerstone of economy</td>
</tr>
<tr>
<td><strong>Institutional transition (Leading Change)</strong></td>
<td>Competitive relationships Silo delivery Passive Citizenship Compliance</td>
<td>Collaborative relationships Seamless delivery Active Citizenship Innovation</td>
</tr>
</tbody>
</table>
Getting people into work
- Bridges into employment including EPWP, CWP, skills to work and job intermediation
- Institutional, environmental, infrastructure innovations developed & tested

Changing the way we work & live
- Infrastructural and resource investments and institutional improvements at scale
- Social impact of CWP-type programmes and job intermediation comes through

Resourcing excellence and new ways of working and living
- Attracting investment
- Attracting entrepreneurs
- Opening up new markets

Retooled economy & society starts working
- Improved skills + improved enterprise environment + zero waste and new resource base + improved infrastructure + repositioning = major increases in jobs, enterprises and investments
- Poverty and social challenges decline significantly

Economy & society matures
- Employment stabilises, equality increases, savings increase, environmental footprint declines

Recognising and gearing up excellence
- Gearing up globally competitive businesses and innovative market leaders

2012-2019
2020-2026
2027-2033
2034-2040
“An economy’s competitiveness cannot be reduced only to GDP and productivity because enterprises must also cope with political, social and cultural dimensions. Therefore nations (and regions) need to provide an environment that has the most efficient structure, institutions and policies that encourage the competitiveness of enterprises”
- IMD World Competitiveness Yearbook 2012
The role of business and investment climate performance indicators

- Provide information to enhance decision-making
  - For business to determine and validate investment plans and to assess locations for new operations
  - For government to benchmark policies
  - Analysts evaluate how nations (and regions) and enterprises compete on world markets
- Promote learning and orientate stakeholders toward results
- Promote participation, capacity development and good management practices
- Improve transparency and enhance accountability
Example: Factors that determine the quality of a business climate - International Economic Development Council, 2011

<table>
<thead>
<tr>
<th>Business tax levels</th>
<th>Workforce availability</th>
<th>Energy costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size</td>
<td>Quality of services</td>
<td>Cost of living</td>
</tr>
<tr>
<td>Quality of life</td>
<td>Environmental regulation</td>
<td>Permitting &amp; licensing</td>
</tr>
<tr>
<td>Real estate costs and availability</td>
<td>Infrastructure</td>
<td>Access to financing, capital &amp; incentives</td>
</tr>
</tbody>
</table>
Example: World Bank *Ease of Doing Business Index*, 2011

- Enforcing contracts
- Protecting investors
- Starting a Business
- Dealing with construction permits
- Trading across borders
- Getting credit
- Registering property
- Closing a business
- Paying taxes
Example: 12 Pillars of Competitiveness
– World Economic Forum 2011/12 Global Competitiveness Report

Basic requirements
- Institutions
- Infrastructure
- Macroeconomic environment
- Health and primary education

Key for factor-driven economies

Efficiency enhancers
- Higher education and training
- Goods market efficiency
- Labor market efficiency
- Financial market development
- Technological readiness
- Market size

Key for efficiency-driven economies

Innovation and sophistication factors
- Business sophistication
- Innovation

Key for innovation-driven economies
South Africa competitiveness ranking 50/142
– World Economic Forum 2011/12 Global Competitiveness Report

**Strengths**

- Market size (25th)
- Quality of institutions
- Property protection (30th)
- Property rights (30th)
- Accountability of private institutions (3rd)
- Goods market efficiency (32nd)

**Weaknesses**

- Labour market efficiency (95th)
- Rigidity of employment practices (139th)
- Lack of flexibility in wage determination by companies (138th)
- Significant tensions in labour-employee relations (138th)
- University enrollment (97th)
- Infrastructure upgrading (62nd)
- Business costs of crime and violence (136th)
- Police unable to provide protection from crime (95th)
- Health of workforce (129th)
Ranking the ability of nations to create and maintain an environment in which enterprises can compete.

Example: World Competitiveness Yearbook 2012 – IMD World Competitiveness Centre. Four competitiveness factors, 20 sub factors, 329 ranking criteria.

- **Infrastructure**: Basic Infrastructure, Technological Infrastructure, Scientific Infrastructure, Health and Environment, Education.
South Africa competitiveness ranking 50/59 - IMD World Competitiveness Centre

**Strengths**

- Fiscal policy (8\textsuperscript{th})
- Prices (7\textsuperscript{th})
- Effective legal environment
- Quality of corporate governance
- Dynamism of the economy
- Open and positive attitudes

**Weaknesses**

- Unemployment rate 25\% (59\textsuperscript{th})
- Labour market (56\textsuperscript{th})
- Basic infrastructure (55\textsuperscript{th})
- Education (50\textsuperscript{th})
- State competency
- Research and development
- Skills of workforce
Example: Vietnam Provincial Competitiveness Index – DAI and The Asia Foundation, 2011

- Entry Costs
  - Time costs of regulatory compliance
  - Business support services

- Land access and security of tenure
  - Informal charges
  - Labour and training

- Transparency and access to information
  - Proactivity of provincial & local leadership
  - Legal institutions
Conclusions

• Economic governance matters!
• Measuring the regional business & investor climate, and acting to continually improve it, requires an inter-governmental, transversal and cross-sector partnership approach
• There is no optimal design for a performance indicator system – we must set clear regional objectives before we determine factors and criteria to be measured
• There is a need to differentiate those factors which fall within the ambit of sub-national government and those which are part of national government
Mobile and contested markets: City and regional promotion

• The local and regional (and national) economy must succeed in highly mobile and contested markets
• International competition is increasing with expansion and integration of global economy
• Perceptions matter. The Cape Town/ Western Cape/ South Africa story must be clear and well organised, advantages must be proven, and reputation must be well managed
• This is a development and performance challenge as well as a communications challenge
Multiple contested markets... Not just tourism

Increasing Mobility

- Students Academics
- Domestic & Foreign Investors
- Institutions
- Innovators Entrepreneurs
- Researchers and Research Funds
- Business & Leisure Visitors
- Firms Enterprises
- Events Festivals Exhibitions

Domestic & Foreign Investors
Entrepreneurs
Innovators
Students
Academics
Firms
Enterprises
Events
Festivals
Exhibitions
Business & Leisure Visitors
Territorial branding and marketing

• A city-region brand is about reputation and identity. It is not a slogan or logo or visual code
• Image and perception must match reality
• Our regional (and national) reputation is, at best, ambiguous. We have a reputation as a beautiful place to live and to visit, with wonderful people. We also have a ‘reputation’ for high levels of poverty, inequality, unemployment and violence, poor health and living conditions, and racial tensions and divisions
• Our identity is also ambiguous. Because of our divided history, we still tell very different stories. Many citizens do not identify with traditional marketing efforts because they do not see themselves in the stories that are presented to the world
Territorial branding and marketing

• A visioning and branding process does not result in a logo but in a brand management system
• If properly conceptualised and integrated, the brand management system can help drive economic and social development processes
• For example, if we recognise that a great place to live is a great place to visit, then our brand must reflect our efforts to build a more liveable region for all citizens and help hold us accountable for our efforts
• Our brand (reputation and identity) should therefore not so much be about our beautiful natural setting but more about being a region that is changing itself through dialogue, partnership, organisation, leadership and innovation
City-region branding: Key learning principles

- Brands without substance are meaningless
- In cross-sector relationships, the private sector and community organisation’s brand is just as important as that of city and regional government
- When building brands, city-regions must take advantage of local culture and history in order to differentiate themselves from others. Authenticity is valuable
- Increasing citizen pride, engagement, and a sense of identity are essential components of any city-region brand
- In some cases, especially in smaller towns, re-development must come before re-branding
- City-regions should use what resources they already have
- Preparing for the long-term is essential. The cycle of return on branding investments is much longer than any political cycle
- The process is about more than just branding. It’s about perceptions, pride and identity
- A city-region must believe in its brand in order to make it work

Source: City Branding and Urban Investment Report, Urban Land Institute, July 2011
Find out more

- www.wcedp.co.za
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- Twitter: @wcedp
- Next EDP Members Forum: 02 October