Practicing Joint Responsibility for Sustainable Regional Development:

Introducing the Concept of Regional Management

Joint Paper by

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1. INTRODUCTION

The South African Constitution and the White Paper for Local Government clearly heralded a new era for local governance in South Africa. Not only did it recognise local government as a distinctive sphere of government, it also, through distinctive legislation like the Municipal Systems Act, Municipal Structures Act and the Municipal Demarcation Act, propelled local government to be more developmental in its approach. Effective operating systems and efficient structures to ensure improved service delivery especially in areas of great need, became a key priority for all involved and this was meant to be reflected in the Integrated Development Plans of all municipalities. Up to now, considerable efforts have gone into unpacking the content, scope and potential of development in using an integrated planning process. Many might even argue that while so much more still needs to be done and notwithstanding the many implementation challenges, the IDP has been the single most important tool to ensure that developmental local governance really works. It laid the foundation for strategic prioritisation of much needed infrastructure projects, access to services and opportunities for economic promotion in most local areas. The question, however remains: As an integrating instrument, is the IDP sufficient?

The following paper attempts to show that a range of additional factors should be taken into account if real sustainable change is to take place over the medium to long term. It introduces the concept of regional management as a complimentary approach to district development and builds on key national debates on intergovernmental planning, developmental governance and joint responsibility for economic development. It puts forward the idea that regional management could be a way to promote joint responsibility for sustainable development in a region in areas with relatively good potential for growth.

2. THE CASE FOR REGIONAL MANAGEMENT

The Concept of Regional Management

Regional Management aims at sustainable development of a region by using its endogenous potentials, mobilized by a concerted effort of actors from the political/administrative arena, civil society and private business. It facilitates and catalyses in a structured but unbureaucratic way the mobilisation of resources for social, cultural, economic and environmental development. Regions are subnational units, defined by functional, administrative, landscape, tradition and heritage, or program communalities. In South Africa, for example, this could range in size from provinces to local municipalities or a range of interconnected localities. In its essence, regional management draws on existing regional networks established on the bases of common identity, heritage, culture, language or common modes of economic cooperation. Thus the REGION is the concrete network of actors in a coherent geographic area which defines itself as a region.

Dimensions of Regional Management

Five important dimensions of regional management are highlighted here.

The first centres on **the importance of interrelated networks and joint responsibility**.
Here the interrelated social, environmental, cultural and economic spheres of a region are highlighted and are seen to constitute the distinctive resource for its sustainable development. These resources are managed by various stakeholders in a variety of ways with a range of mandates. Since none of the stakeholders have sole authority over the resources, a partnership approach is necessary and could lead to a more integrated and cooperative approach to local development, placing clear emphasis on, and involving, networking and negotiations with spatial considerations. Mobilization of all resources and managing those in a development network is a complex but a necessary effort to manage any transformation process or crisis situation. Networks are an important part of a regional approach and establishing it is an important part of the process of improving regional capacity to enhance its local solution strategies and improve its overall market competitiveness. The concept of a learning region embraces this process.

While it could be argued that network management proves to be most challenging and may indeed be less popular and cumbersome, it could be an important ingredient to realising sustainable development of a region. This is especially so where common efforts constitute the price for the dividend of sustainable development and a humane living environment.

The second dimension of a regional management approach addresses **challenges of institutional and social integration**. It could be argued that institutional and social fragmentation, coupled with economic and spatial segregation are key contributing factors for a low equilibrium of economic activities in a specific region. This is exacerbated by extreme disparities between economies and livelihoods between those who have and those who don't: a distinctive characteristic of South African society. A regional approach could strengthen the institutional coherence around specific clearly defined objectives and could drive economic integration and diversification for broad-based regional welfare. At its core, it endeavours to overcome fragmentation and segregation through a partnership approach with considerable emphasis placed on broad based collaboration and engagement.

Thirdly, **multilevel governance and cross boundary cooperation** is emphasised in regional management. This gives credence to the international trend of dispersed decision-making across multiple levels of government- supranational, national and sub national levels. In the event of cross boundary regions this is particularly necessary as the cases of the Maputo Corridor or the Kgalagadi Transfrontier Park suggests. Planning decisions on either side of the boarder has direct implications for investment and service decisions in connected areas. The extent to which multi-level governance and cross-boundary cooperation contributes to and further entrenches economic collaboration and integration across boundaries is of course dependant on the way in which specific initiatives are managed. Administrative, political as well as socio-economic strategies are therefore key and need to focus beyond localities to a more collectivised system of management. This may require a new way of managing and governing affected local authorities. Regional management may present decision makers with an opportunity to work within the existing system of local government but at the same time present an 'out-of-the-box' solution to the usual way of managing economic and intergovernmental agreements.

A fourth dimension of a regional management is its **emphasis on partnerships for development**. It is widely agreed that development is not the sole responsibility of government and that collective responsibility and ownership of contributions is seminal for any long term sustainable solution. Partnerships therefore become an increasingly important mode of work and its win-win opportunity could provide a turning point for the development of a specific region. One could argue that the challenge around partnerships in not necessarily getting the buy-in of relevant partners in support of a local government driven agenda. In most cases it's the managing of the varying interests at hand and the collaboration and mediation amongst these different stakeholders that is of more relevance. Regional management presents a platform where these interests can be managed in the interest of all who live and work in a region. This does however require specific technical and moderating skills on the side of regional managing practitioners.

Finally, **sustainability** is another important dimension of a regional management approach. It presents decision makers with an opportunity to address all three categories of sustainability namely, economically feasible, ecologically sound and socially just, in a coherent, practical and strategic way. In so doing, emphasis is not just placed on enhancing and furthering high income generation opportunities in a particular region, it also has the potential to address issues of welfare and wellbeing of all who live in a region. Issues of sustainable human settlements, peace and security are not excluded from this since main emphasis is placed on enhancing the community and individual connections to the region and improving quality of life in a broader sense.

While there may be great value in these assertions, it is however crucial to contextualise the relevance and application of regional management principles in South Africa.

3. Contextualising Regional Management

The relevance of Regional Management in South Africa

Local government in South Africa is entrusted with the responsibility of guarding public goods and ensuring as far as possible equitable access to these goods and services. This mammoth task has not been without its many challenges and received much prominence during the National Department of Provincial and Local Government (dplg) 2005 National IDP Hearings Process. Some key regional issues which arose during the hearings included:

- The fact that local government development performance is subject to rigorous evaluation. Many of the weaknesses unveiled were related to local government's ability to strategically deal with development opportunities on the regional level.

- The mobility and population dynamics especially the fluctuating and sometimes uncontrollable in-out migration within a district is a huge challenge. Furthermore, foreign immigration and the urban-rural continuum are poorly reflected in the statistics and analysis of local authorities and even impact on equitable share allocations. No clear evidence exists of local authority driven strategic regional responses towards this spatial phenomena.

- Where in place, Spatial Development Frameworks (SDF's) do not necessarily contain a rigorous enough spatial analysis of the development assets and challenges.

- Limited regional partnerships, whether private –public or public- public, were in place in the interest of improved service delivery or investments. Some argue that a contributing factor to this inconsistency as well as the lack of partnership driven approaches could be due to challenges around transparency of intensions and significance and relevance of initiatives to key regional actors.

- Fragmented institutions are highly evident and this is exacerbated by the lack of vertical and horizontal cohesion amongst strategic players. Some may even constitute a regional development network. Again lack of transparency, mistrust and power relations could be contributing factors to this fragmentation.

- Organizing adequate participation in a region remains a challenge. Since Districts are generally large in size most go for representative participation. In most cases not all interest groups are well organised and therefore fair representation may be compromised. Resident mobility presents another constraint leading to poor representation of certain localities or interests in the region.

- District IDP's are generally poorly aligned to national and provincial planning. While concerted efforts have been made to ensure appropriate upward and downward integration of strategies and projects, much work still needs to be done in this regard.

- The spatial economy for service delivery is poorly understood and neglected in favour of provision of services to specific clients, who often enjoyed these benefits in the past.

- Spatial issues like land use management plan, land restitution issues, spatial integration in housing and regional equity issues are seldom dealt with in the IDP's. Conflict avoidance or decision making stumbling blocks at other spheres of influence may be reasons for delayed responses.

As a possible way forward the hearings emphasised the coordinating and stimulating role of local authorities especially in more established Districts such as Cacadu, Cape Winelands and Motheo.

Coordinator, Stimulator, Facilitator and Cooperative Governance role of Regional Management

Regional management supported by the concept of cooperative governance could be an ideal tool to further enhance this role. It provides district administration with opportunities to take a wider view on spatial functionalities, spatial integration, amalgamation and conflict

resolution. It should be noted however that to be effective, regional management can not stop at district boundaries since many development opportunities do not occur along specified administrative boundaries, which often do not necessarily reflect economic functional regions. Cooperation amongst local municipalities, district and provinces as well as with private sector and civil society could be an appropriate response to the fragmentation of economic regions.

To give further credence to this, some proponents of regional management argue that this responsibility must be guided by a participatory and stimulating process. Where specific regional conditions are in place, a regional management approach could reach out to all partners as a participatory development facilitator. Conversely some authors such as Mayntz (1993) are arguing that complimentary to the facilitation role the "shadow of hierarchy" is conducive to network governance. A strong incentive to engage in solution-oriented negotiations can be set in areas where government can credibly threaten one-sided rule setting, with rules that would in all likelihood be suboptimal for societal actors, in particular the private sector. In territorial development approaches, such as regional management, the shadow of hierarchy is largely absent (Meyer-Stamer and Giese 2004). The Municipal System Act and the Intergovernmental Relations Act provides local government with the necessary legislative powers, functions and procedures in this regard. The challenge however is how to accelerate these endeavours to realize regional network governance.

Embedding Regional Management in existing Processes and perspectives

The concept of RM cannot be seen in isolation of other existing processes in SA. The Integrated Development Plan (IDP) which is a legislated plan for all municipalities firmly places the development of a particular administrative locality on the local administrative agenda. As a strategic plan it is meant to embody all aspects of development as well as infrastructure maintenance and budgetary considerations. At the provincial level Provincial Growth and Development Strategies (PGDS) are meant to encapsulate development and investment priorities within a province. These are meant to be spatially referenced and speak to the key challenges and opportunities in a province on a sector by sector basis. Linked to this is the National Spatial Development Perspective (NSDP) which lays down a number of principles which guides development processes within a locality. The NSDP emphasises that platforms need to be created for intergovernmental alignment and provides a set of guiding principles for infrastructure investment and development spending in all Districts and Metropolitan areas. It is intended that these normative principles and guidelines provide the central organising concept for alignment facilitation and serve as the mechanism for improved coordination and alignment of government programmes'[1].

The authors believe that regional management provides a complimentary approach to this view in that it enables a more targeted approach to unpacking the development potential in a specific area. In most cases, development potential also cuts across a number of municipal demarcated boundaries. This therefore requires a structured and coordinated approach amongst all affected stakeholders to ensure the maximisation of developmental benefits. Having said that, it could also be argued, not all municipalities are in a position to strategise around the maximisation of development potential in its area. Strategic decisions that have significant economic and development impacts are often dependant on decisions of a host of strategic role players in a specific area- all with its own agenda, set of objectives and areas of interest. Practices of the private sector and national spheres of government often support this view. A common regional objective which is facilitated through a legitimate and appropriate process and or structure could provide the necessary solution to managing all these diverse interests and could ensure that momentum is achieved and development

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[1] NSDP, 2003

impetus is realised. It could also convene the necessary resources to do so without prevailing constraints.

4. Implementing Regional Management: What do we need to make it work?

Value addition and preconditions of Regional Management

The value added dimension of a regional management approach is in its ability to enable decision makers to:

- Focus on the region
- Emphasis is placed on managing and coordinating contributions of different role-players
- Ensure that critical elements of a strategic initiatives are identified, elaborated upon and addressed
- Address potential conflicting issues
- Promote cross boundary collaboration
- Promote and structure multi-level governance arrangements where appropriate

To derive significant benefit from these value additions, a number of key preconditions need to be in place. These include:

- A minimum **societal consensus** on common goals in the region must be prevailing.

- **Sufficient trust** amongst development partners especially with regard to 'fairness' in the regional competition for income opportunities

- **Sufficient latitude** should be granted to regional actors by local government.

- **Regional identity** as an important motivation for getting involved in regional development partnerships and ensuring voluntary contributions.

- **Transparent local authorities** especially with regard to its motivation for regional management and the credibility of its institution and service orientation.

While all of the above are necessary preconditions, they could also be targeted as first steps in a regional management process.

Factors impacting on Success of RM Approach

A number of factors impact on the success of a regional management approach. These include:

- Commitment to the area/ region
- strategic interventions and resources to ensure that activities can be actualised
- Drivers of the regional agenda
- Appropriate institutional arrangements

Factors deterring a Regional Management Approach

At the same time a number of factors may deter a regional management approach. These include:

- Lack of trust amongst local role players
- weak local identity and therefore limited allegiance to improving the profile and economic and social sustainability of the region
- Too much municipal or other sphere of government interference in regional processes.
- The prevalence and dominance of big businesses in a region especially when they adamantly want to dictate prevailing conditions

The Regional Champion

One of the big issues in local government and local development is how does one bring on board all of the stakeholders and make use of 'local champions and leaders' for leading such a process. This could be particularly so in localities where champions may not necessarily be bound to a particular political agenda or be part of a formal structure like a council, but at the same time have a long history of the area and have the interest of its development at heart. An example could be the export farmer in the Soutpansberg Mountains who has lived in the Thoyandou area all his life is the main source of employment for most people in the area and who knows the development potential of the area intimately. In most cases formal political structures do not necessarily capture the interest of such local champions but at the same time an important contribution can be made through knowledge sharing, development opportunity generation and economic development promotion. A regional management strategy could bring on board such an individual and strategies could be devised to ensure the further promotion and enhancement of the development potential in a specific area.

Core functions of Regional Management

Three core functions serve as the basis for institutional arrangements for regional managment. Whether permanent and holistic or temporary and issue-focussed, each institutional arrangement for RM has to fulfil at least **three core functions**:

1) Consultation and joint decision-making
2) Analysis, planning and concept development
3) Co-ordinated joint action

Linked to the functions of RM, Rauch[2] recommends three types of institutional arrangements:

a) *Platforms*, forums or arena for consultation, negotiation and joint decision-making.

b) Professional *management units* (agencies, offices, secretariats) for providing information, concepts, documentation to the management.

c) Issue-focussed temporary *task teams* for co-ordinated implementation of action programmes.

He also argues that important questions would need to be asked before any firm decision is reached on institutional arrangements and if any local ownership is to be realised.

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2 Rauch authored the revised Regional Management manual of the GTZ's Strengthening Local Governance programme, 2005

Furthermore emphasis is placed on 'equal partnership, flexible co-operation mechanisms and unrestricted private initiative'. These questions include:

Permanent versus temporary institutional arrangements :

- As a temporary joint effort towards regional change in a specific critical historical situation which requires a regional transformation process. This could ensure easier coordination and mobilisation of support in times of crisis.

- As a permanent institutional arrangement and especially 'due to global economic dynamics' [3] regional adjustment is a never ending challenge. In order to be able to respond in time, RM as a mechanism for flexible response and on-going change should be institutionalised on a permanent basis in all regions.

Issue-focussed versus holistic instrumental arrangement:

- Issue-focussed arrangements are easier to get in place and could ensure visible quick win situations

- Institutional frameworks for holistic multi-purpose agendas, in contrast, may be better for flexible response to all kind of issues which may arise.

Rauch argues that if one was to consider these issues, 'the limited social capital' and the 'acute challenge of regional economic transformation as a response to the problem of unemployment, encourages a more temporary and issue-focussed approach to Regional Management in South Africa as a starting point. ''If role players involved in this process are successful in jointly resolving one priority problem, they may be better prepared to continue co-operating on that basis for tackling other issues. Eventually, they may arrive at an institutional framework for permanent and holistic RM. This recommendation, which is in favour of a cautions gradualist approach, however, should not discourage any District or Metro to go further from the very beginning"[4]. In principle one could argue that the best solution for a specific regional approach would have to be locally driven and tailor made to meet local challenges and needs.

Regional Management capacity

Any regional management institution requires specialist experts who have basket of specific and necessary skills. These include coordination, mediation, negotiation, promotion, design capabilities and more importantly, extensive loyalty and interest in a particular region. Not only will this contribute to furthering the identity of the region, but through concerted coordination, facilitation and strategic linkages between government and private sector investment partners, significant work can be done to achieve real development in a particular area.

Implementation considerations

A number of implementation considerations needs to be addressed if regional management is to be successful. These include:

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3 GTZ's Regional management resource book 2005

[4] GTZ's Regional management resource book 2005, p33-37

Capacity and staff

Since the requirements of a regional management initiative are general yet technical, it requires a range of specialised skills that is not only flexible but also has the strategic background and knows how to really facilitate, steer, manage and monitor development initiatives.

Decision making autonomy

It is pivotal that drivers of a regional management agenda or designated regional managers are in a position to make clear, strategic and effective decisions. Furthermore it is also important that clear accountability measures are in place with visible communication and collaboration efforts. A central principle decision should be limited bureaucratic interference and a clear commitment of support to realise regional management objectives.

Funding streams

Any sustainable and strategic endeavour of the regional relevance and scale requires effective and guaranteed investments. This could be financial injections from a host of role-players who have interests in the region and could include a once off cash injection or a continuous financial commitment from an agency such as a Business Trust or international donor organisation.

Managing Board

A managing board as the governing body of a regional management institution may be an important formalisation of interest groups. Volunteerism of board members may also be a good indicator of not only commitment of strategic role-players within a region, but also, could be an important cost saving solution during the advent of a more formalised regional management arrangement.

5. CONCLUSIONS

Regional Management presents localities and administrations with an opportunity to strategise and operate 'out of the box' compared to its traditional service delivery role. At its core it allows for multi-stakeholder cooperation and coordination around a particular project, service or development intervention that could have far reaching impacts for all involved. It also shares the responsibility of managing these key initiatives amongst critical stakeholders. Furthermore, while it has a fundamental sustainable development dimension, it enables strategists, policy makers, community stakeholders and businesses to expand on its social, economic and/ or environmental agenda in the interest of overall development of a specific region.

As argued throughout this paper, there are many merits in favour of adopting a regional management approach as a complimentarity to district development. These include:

- By engaging in regional processes local government will increase its credibility amongst all development partners. It could also offer a more realistic overview of the spatial development assets of a region and contribute towards more innovative means of nurturing these assets.

- Next to vertical planning alignment the horizontal alignment of Planning and mobilization of all development force can add significant value to the vibrancy of the economy and the living quality in a region. This is strongly embedded in the application and actualisation of national spatial development perspectives.

- Partnerships for development are important and indispensable but also no easy feat. Network governance is by far a more complicated process than initially envisaged but at the same time a necessary approach to development and probably, in most cases, hard to avoid. The complimentary approach of regional management is that it embeds joint responsibility for a region in the very identity and characterisation of this region, and it uses the contributions and loyalty of various formal or informal stakeholders or interest group, in strategic and effective, results driven way. These benefits could really be far reaching and could engender the spirit of sustainability in a creative and practical way. Not only will this lead to improved credibility of local and or District governments, but also, through the promotion of a common identify and local allegiance, regional management could bring people from diverse communities and backgrounds, closer together.

In conclusion, Regional Management may be one of the key approaches that safe guards sustainability at its best. We believe it is worth pursuing and could add an exciting new dimension to the way in which local government and other development partners work. In some ways this is happening already as reflected in cooperative strategies around tourist routes in KZN and Eastern or Western Cape. Investment strategies around agro-industries in the Karoo or even collaboration around the Xhariep Dam in Free State also reflects similar cooperative principles. The potential benefits of a regional management approach could far outweigh reservations around its merits. Significant gains are to be made especially where major regional transformation issues still need to be dealt with.

The argument is not for a blanket approach to regional governance but rather that each regional management approach is considered strictly on its value addition and merits with due regard for the wider, strategic implications and impacts on the development of the region.

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To demonstrate the applications of regional management, two case studies in two countries were analysed: Pereslavl, Russia (Annex 1) and Cham, Germany (Annex 2).

CASE STUDY

Learning Region Pereslavl, RUSSIA

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1. Genesis and Regional Setting

After the communistic authoritarian system collapsed in the end of the 80's Russia became a federal state with some decentralized powers and functions. It was in this transformation period that GTZ entered into a partnership with the district of Pereslavl, where the principles of Regional Management was piloted for democratizing its local government as well as its civil society. A more decentralized, participatory and inclusive approach was carefully piloted and became an important learning ground for local government transformation.

The challenges were immense, politically, structurally and from the perception of the population towards the administration. The RM approach was designed specifically to suit this particular transformation situation. Interestingly it was building on means which had been the strength of the old regime all along: getting the message through by all levels of education institutions, involving the youth and its organizations, getting support from Universities to rationalise the approach by scientific theory. Now of course the process, attitude and message were different.

Pereslavl is a district in the Oblast (province) of Jaroslawl, 130 km northeast of Moscow. The district comprises 21 local municipalities (about 24.000 inhabitants) and the town of Pereslavl (40.000 inhabitants). Pereslavl is characterized by a high concentration of educational and training institutions. Especially an IT institute founded in the 70's and a private university founded in 1993 create favourable conditions for local education. Furthermore, the district's tourism potential is excellent.
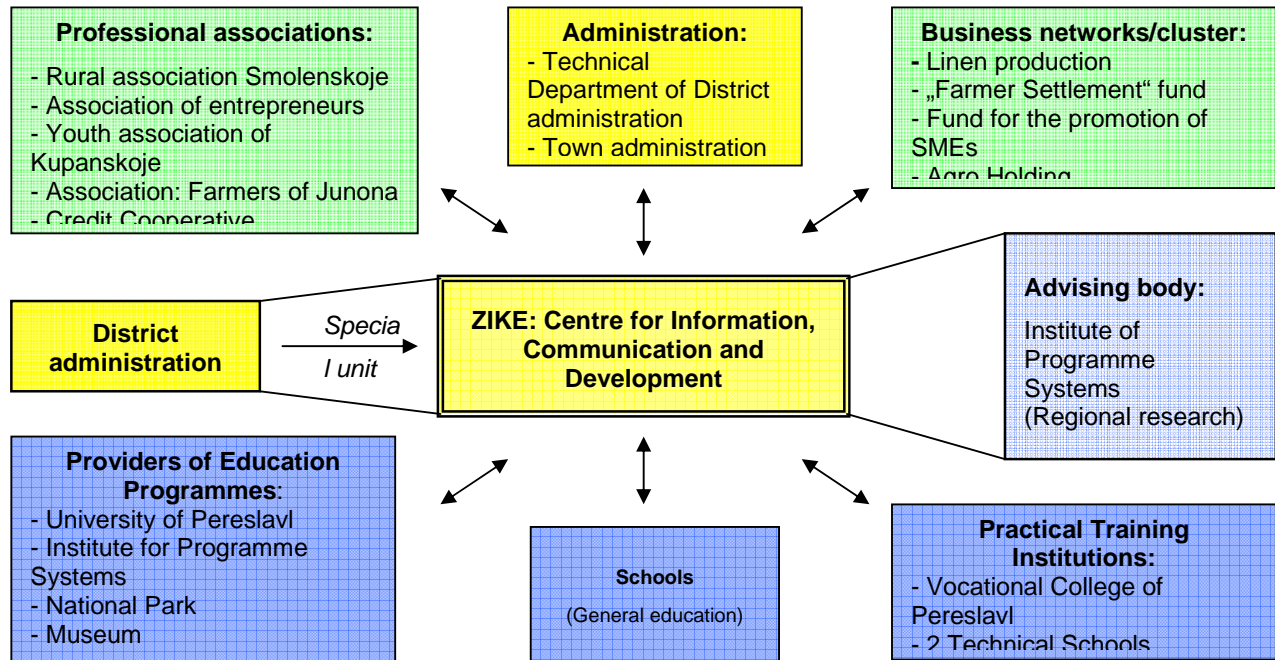
2. Institutional Model

The main structural intervention was to establish a regional development centre affiliated to the district administration to promote sustainable district development. The "Centre for Information, Communication and Development" (ZIKKE) was designed as a networking hub to:

- improve the framework conditions for the social, economic and ecological development of the district
- support initiatives and the participation of the population with regard to social and economic development
- develop and implement development strategies for the district of Pereslavl
- support the district government in economic promotion

The regional management model in Pereslavl is characterised by strong partnership between the sphere of science and administration to steer the process. The district administration particularly asked the local Institute of Programme Systems to advise the management on the basis of a regional research programme. At the same time educational institutions were used to get the message across to all parts of the society with special emphasis on the learning youth.

<u>Institutional Structure of the Initiative:</u> *Learning Region Pereslavl*

Professional associations:
- Rural association Smolenskoje
- Association of entrepreneurs
- Youth association of Kupanskoje
- Association: Farmers of Junona
- Credit Cooperative

Administration:
- Technical Department of District administration
- Town administration

Business networks/cluster:
- Linen production
- „Farmer Settlement" fund
- Fund for the promotion of SMEs
- Agro Holding

District administration

Specia l unit

ZIKE: Centre for Information, Communication and Development

Advising body:
Institute of Programme Systems (Regional research)

Providers of Education Programmes:
- University of Pereslavl
- Institute for Programme Systems
- National Park
- Museum

Schools
(General education)

Practical Training Institutions:
- Vocational College of Pereslavl
- 2 Technical Schools

3. Initiatives/Elements

ZIKKE initiated, fostered and/or conducted many innovative activities to accelerate the regional development of Pereslavl. Some of them are:

Job Creation Campaign:
Creation of jobs in rural areas in cooperation with the village and district administration as well as the Job Centre , promotion of SMEs and new business networks.
Instruments: Round Tables, Questionnaires about training needs, practical region specific Master theses, internships, advice regarding promotion programmes and support in the recruitment of specialists.

Education Campaign:
Providers of education and training adapted their offers to the needs of enterprises in the region. Instruments: Fairs, Education festivals, job and training advice, databank of training possibilities, Learning Centre and a programme arranging for training places.

Youth Campaign
Youth living in the town and the district of Pereslavl participated in the realisation of the development strategy. Instruments: Youth Center Kupanskoje, Project "Internet access at district schools", Thematic competitions, summer holiday programmes with job orientation, publications, and extension of existing computer centres in the municipalities.

Inter-municipal tourism strategy
Development of a regional tourism strategy which integrated the variety of tourism opportunities in an attractive tourism portfolio. Pereslavl teamed up with 2 neighbouring districts. An intermunicipal arrangement secured the improvement of the complimentary tourism offer of the entire region.

Regional Learning network

Establishment of the information network "Learning Region Pereslavl".
Instruments: Coordination Office in the Institute of Programme Systems, Information system on the municipal economy (KWIS), Homepage, workshops, presentations, and publications.

4. Impacts of Regional Management:

The impacts of piloting regional management in Pereslavl until today can be described as follows:
- The Learning Region initiative of the District Government changed the paradigm from a formerly centralised authoritarian administration into a developmental cooperative administration
- An atmosphere of cooperation and common learning was created
- Trust and participation of the population improved through awareness campaigns
- New business networks and associations came into being
- New enterprises in different sectors, as well as the restructuring process of firms, especially in the agricultural and service sector, were formed
- Strategic industries and businesses received special support (e.g. the Linen industry)
- Young and well-skilled specialists settled in the district, instead of migrating to bigger cities
- Project funding was mobilized by the district and province administration, and from private investors
- Improving rural infrastructure and reviving villages were prioritised in the district plan
- The local government reform was informed
- RM was an ideal approach to open up the administration towards the real needs of the population, craft partnership with the private sector for development and reach out to civil society to mobilize their self-help potential.

5. Lessons for South Africa

An important lesson is to build on existing strength e.g. strong education system, high youth engagement, and strong advisor role of the academia to the administration. In South Africa there are many of those assets regional management can build on.

Including the Youth in the process of regional development is remarkable and interesting for SA with its high proportion of young people.

The adaptation of curricula of the regional training institutions to the specific need of the region is a very interesting initiative for South Africa with its serious capacity deficits in terms of adequate training.
Inter-municipal cooperation can be very useful to manage regional opportunities like tourism stretching over the boundaries of municipalities or even provinces.

Trust and short term proof for effectiveness must be created before the business sector is buying into a regional management process.

Democratizing local government must go hand in hand with democratizing its citizens.

Transformation from an authoritarian centralized government towards a decentralized participatory local government can be well supported by adopting a regional management approach from the start.

Literature:

GTZ, Oktober 2004: "Auf dem Weg zur lernenden Gesellschaft – nachhaltige regionale Entwicklung durch Vernetzung und Kooperation. Lernende Region Pereslavl"

Annex 2

CASE STUDY:

Regional Management in the District of Cham, Germany
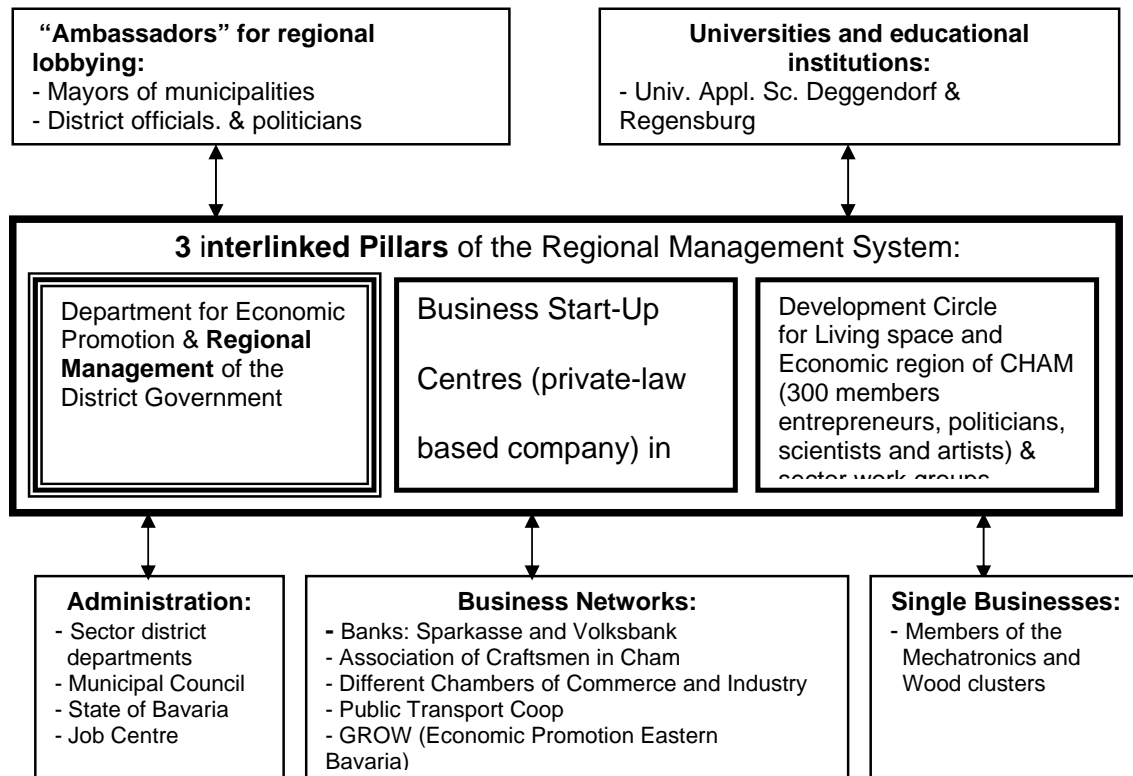
1. Genesis and regional setting

Cham is the fifth biggest district in Bavaria. With 131,000 inhabitants the population density is relatively low. The district is bordering with the Czech Republic and comprises 39 municipalities, including six towns. With its attractive landscape and numerous health and spa facilities Cham, was known as a quality recreation area, but far from economic centres.

With the opening up of the borders towards Eastern Europe in the historical moment of the "lifting of the iron curtain" some 15 years ago, the geo-strategic location of Cham changed drastically. Markets towards the east were emerging, accessibility of the region improved tremendously quasi over night. But also significant risks for the region arose. Cheap labour was competing on the door steps of Champ and investors were attracted to go east.

The urgent need for a regional concerted effort to respond to the new opportunities and risks of new geo-strategic situation of Cham was recognised. The district government took the lead to actively design the necessary regional transformation in close partnership with the civil society organisations and the business sector.

2. Institutional Model

Since 1993, the district of Cham has been institutionalising Regional Management more intensively. An association, called Development Circle: Living space and economic region of Cham, was founded.

Today, the association has around 300 members from the business sector, administration, politics and civil society. Around the same time, two business start-up organisations were set up under the roof of the private-law based business promotion. The district government mandated its department for business promotion and regional management to lead and coordinate the Regional management process which was based on the 3 pillars model portrayed below.

Institutional Structure: *Regional Management in Cham*

"Ambassadors" for regional lobbying: - Mayors of municipalities - District officials. & politicians	Universities and educational institutions: - Univ. Appl. Sc. Deggendorf & Regensburg

3 interlinked Pillars of the Regional Management System:

Department for Economic Promotion & **Regional Management** of the District Government	Business Start-Up Centres (private-law based company) in	Development Circle for Living space and Economic region of CHAM (300 members entrepreneurs, politicians, scientists and artists) & sector work groups

Administration: - Sector district departments - Municipal Council - State of Bavaria - Job Centre	Business Networks: - Banks: Sparkasse and Volksbank - Association of Craftsmen in Cham - Different Chambers of Commerce and Industry - Public Transport Coop - GROW (Economic Promotion Eastern Bavaria)	Single Businesses: - Members of the Mechatronics and Wood clusters

By having regional management as a Core function of the district administration the core funding is secured by local government. The development circle and its working groups are based exclusively on volunteerism. The business start-up centres are financed by the chambers together with regional government.

3. Initiatives/ Elements

The participation of the citizens of Cham and the business sector was realized in working groups mandated by the development circle: "Living Space and Economic Region of Cham": They were constituted during an initial "workshop for the future". The working groups substantially contributed on the basis of voluntarism in the following sectors:

Service provision, Public Administration, Tourism, Economy and Labour, Agriculture and Forestry, Traffic, Quality of Life and Settlement, Construction Development, Social Engagement, Health, Youth, Education, Culture, and Environmental Protection.

The most remarkable initiatives are:

- The Ambassador initiative: everybody who wants to be an Ambassador of Cham gets business cards and information material to promote the region, all engagement is voluntary. There are currently 700 ambassadors lobbying for the region.

- Vocational orientation for the youth since 1993: the biggest vocational formation campaign in Bavaria, buses take pupils to companies, costs are taken over by the "development circle".
- Integration of public transport since late 1990s: Previously, one had to buy three to four tickets to get from one corner of the district to the other due, to different transport companies operating. Today one ticket is valid for all means of public transport.
- Initiative "Honorary post": The district government acts as a platform for coordinating voluntary tasks.
- "Bright outlooks" was branded successfully as the regional logo for the district and is now used for regional marketing.
- Economic clustering is supported around mechatronics (mechanics, electronics and informatics) and wood industries.
- Trans-border consultation of entrepreneurs: 200 entrepreneurs are consulting with their counterparts in the Czech Republic on a regular basis. 20 entrepreneurs have branches across the boarder.

4. Impact of Regional Management

Regional management in Cham has yielded large impacts:

- The promotion of SMEs was supported by various initiatives, especially by the two start-up centres. As a result, numerous new companies were set up in the district of Cham.
- More than 10,000 new jobs were created and unemployment came down by 30%.
- Regional management were core funded by the district administration. It attracts project funding from the structural funds of the EU. The private sector also contributes substantially to project realization.
- The EU accession of the Czech Republic was turned into an opportunity and the accompanying threats were dealt with by e.g. the trans-border consultations with entrepreneurs.
- Within the past 15 years the region became an attractive place for business investment, above all in mechatronics. Existing Wood Processing and Recreational Tourism were intensified.
- The image of Cham changed from the region "behind the woods" to a region offering attractive investment opportunities and a high quality of life. Cham became famous with the regional LOGO "bright outlooks"
- The plausible assumption is that by having dealt with the transformation challenge in a proactive and participatory way the credibility of Local Government improved significantly.

5. Lessons for South Africa

- The risk of patronising the process by local government is counterbalanced by the 3 pillars model, where the "development circle" and the organisation for business promotion participates in steering and contributes in implementation.

- The commitment of individuals is critical. In the case of Cham exceptional leadership was provided by one person active in all three pillars.

- When Regional Management is exercised as a core function of district government institutional sustainability and core funding is secured.

- The initiatives "ambassadors" and "regional branding" can also be instrumental for strengthening the profile of South African regions and the sense of belonging of its inhabitants.

- The Initiative "Honorary post" might be instrumental to boost the voluntarism which is considered to be a critical success factor in the municipal sphere in SA.

- For young people who decide to stay in their region the vocational orientation for the youth seems to be effective. At an early stage it gives the youth an idea about the employment opportunities and related vocations in the region.

- Transformation challenges, opportunities and risks, can be constructively dealt with when Local Government partners and other regional actors consistently engage in a sound institutional setting.

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Information is obtained from different publications and information brochures about Cham as well as by a personal interview by Natalie Klein with Isabella Bauer who is in charge for regional management at the district council in Cham.

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