

KNOWLEDGE BASED AND PARTNERSHIP BASED GOVERNANCE FACILITATES SOCIAL INNOVATION: THE CASE OF HESSEQUA MUNICIPALITY FROM A REFLECTIVE ANGLE

1. INTRODUCTION: THE STORY BEGINS

This conference on Strengthening Constitutional Democracy touches on four main topics which are relevant to the story of Hessequa Municipality and the birth of the Hessequa Innovation Helix. These topics are creating space for governing closer to the people, making regions and cities smart through innovation in governance, institutional innovation and new forms of participatory democracy and co-creating space for partnerships and modernising governance.

The Hessequa Story is a story of a multi-dimensional focus and approach and will thus cut across more than one of the topics under discussion, but it will also take a close look at the topics of knowledge and partnership based governance and how that facilitates social innovation.

There is a saying which states necessity is the mother of invention and the Hessequa Story is one driven by sheer necessity. To understand this you must understand the Hessequa municipal area and what is happening there and therefore a short reflection on the current realities and driving forces are necessary.

2. CURRENT REALITIES AND DRIVING FORCES: THE STORY BECOMES REAL

Hessequa is situated on the N2 national road between Cape Town and Port Elizabeth and although environmentally blessed, the area is from a geographical point of view, also faced by numerous challenges. It lies on the far western boundary of the Eden District and although part of Eden, thus somewhat detached from the other municipalities in the district. Lying between the well-known Garden Route in the east and the evenly well-known Overberg region in the west, it has over time become a bit of a no-man's land in between. The Integrated Development Plan of the municipality refers to Hessequa as "a region on its own".

Administratively the Hessequa municipal area has, since the amalgamation of numerous municipalities in 2000, become an expensive nightmare to manage. There are, apart from the vast rural areas covering approximately 5 730 square kilometres, 11 towns and villages situated within the area. Riversdale is the main centre of administration with either satellite municipal offices or some sort of municipal presence in 7 of the towns and villages. Some of the towns and villages are situated as far as 80 km from the municipal head office. Physically it means a duplication of services and this comes at a cost for the municipality.

It must further be remembered that before 2000 most of these towns and villages had their own form of local government and therefore constitute historical compacts

with inhabitants who are bound together as communities with a strong sense of belonging and self-disposal.

The profile of the Hessequa population of just above 52 000 people tells a story of its own and often add to the difficulties experienced by the municipality. Over the last decade the population grew at an annual average rate of 1.8% which is positive and manageable in comparison to surrounding areas, but the population pyramid shows a large youth dependency ratio and an age distribution with a proportionally older population. This also suggests "life style" residential and economic choices. About 36% of the population is economically active, which also alludes to variations in household income within towns and across the area.

Furthermore not all the towns and villages have the same economic growth potential. In a growth potential of towns study done in the Western Cape only one town in Hessequa was identified as having high growth potential and three with medium potential. One town has low growth potential and is merely what can be termed as a sleep-town. Despite this fact the inhabitants in each town still expect the municipality to apply resources and development attention evenly.

The stretched out area with vast distances between towns makes economies of scale and agglomeration difficult.

The unemployment rate stands at 14.1%, which can be regarded as positive when measured against the situation in the Western Cape and the country, but a youth unemployment rate of 18.9% is a warning signal. With almost 48.4% of residents 20 years and older being functionally illiterate, it poses a further threat to the local economy.

The Hessequa total gross economic value-add contributes only 7% to the sum total of all the municipalities in the Eden District. Although the Eden District as a whole was over the last decade the fastest growing region in the Western Cape, the 1.3% growth rate of Hessequa was the lowest, not only within the district, but also in the Western Cape.

The high administrative cost of the municipality as a result of the geographical nature of the area it serves and the slow growing economy indicates that the potential for extraordinary municipal revenue growth in future is limited. Although the municipality can be proud of good financial performance in the past, it became evident that challenges lie ahead. For the next ten years the Capex demand of R1 billion by far exceeds the Capex affordability of R640 million.

3. LESSONS LEARNED: THE STORY BECOMES CHALLENGING

Against this background it is evident that there are two main role players within Hessequa and that each of them are battling with their own problems and having their own expectations, whilst the geographical realities present further challenges.

On the one hand Hessequa Municipality and its Council are confronted with questions about long term financial and organizational sustainability, why the local economy is one of the slowest growing in the Western Cape and how to harness all the different communities within the area behind one vision and one set of ideas and goals.

On the other hand the broad community of Hessequa are experiencing various problems, have dissimilar and divergent ideas about how their problems can be solved and who should be responsible for addressing the issues on the table. At the same time there are specific sets of skills and knowledge embedded within the community.

Both Council and the administrative arm of the municipality realized that the municipality could not continue to do business as usual.

But if not business as usual what else? What lessons are there to learn? Where should we go from here? How can we escape the current reality? How can we turn the often negative driving forces we have identified into positive ones?

A number of critical factors influencing both the municipality of Hessequa and the people living in the area were identified. Amongst these the threat to the financial sustainability of the municipality over the longer term was the most evident. Another problem was the extremely low growth of the local economy. Then there was the problem of rising levels of poverty and unemployment.

From a municipal perspective it was noted that the recent GVA growth is cyclical and that the municipality is already generating revenues that exceed the GVA/Capital expectations and that the potential for significant growth in municipal revenues is limited. This suggests future affordability challenges with regard to infrastructure and service delivery.

A municipality is financially viable when it can continue to perform its core functions without collapse and will be able to be there for its beneficiaries over the longer term. This does not only refer to finances and money. For people sustainability refers to the potential of long term maintenance of well-being, which in turn includes environmental, economic and social dimensions and the concept of management. It refers to responsible planning and management of all resources available in a specific area.

As so often is the case, Hessequa Municipality started off by doing the immediate and most obvious things first. The focus was turned to the inside. What can we do? What changes should we bring about? What should we do differently?

The municipality realized that there was a need for financial analysis and modelling and the enhancement of strategic management. This would include a historical financial tendency analysis, an acknowledgement of the current financial position of the municipality, a reappraisal of the credit risk, measuring the actual cash position of the municipality, testing the assumptions made, bringing the capital funding

strategy in line with the available resources, compiling of financial guidelines and strategic objectives and finally reconsidering the assumptions against actual performance.

But, and this is important, as far as both the financial challenges and the local economy and economic growth was concerned, Council and the municipality realized that we do not have all the answers. We needed partners and we needed them urgently.

4. PARTNESHIP BASED DECISION MAKING: FRIENDS COME INTO THE STORY

A key principle of partnership working is that the whole is greater than the sum of the parts. Partnerships have the potential to tackle complex, cross-cutting issues more effectively, co-ordinate services better, increase capacity and access additional resources and deploy them more effectively.

Partnerships can be an effective way of addressing issues which often cannot be tackled alone. It often lead to better co-ordination and integration, flexibility and innovation, producing better policy and implementing more credible solutions than those achievable by single agencies.

Furthermore effective partnerships ensure improved communication and information-sharing, more efficient and effective use of resources to deliver value for money and it include access to additional skills and expertise and therefore also greater capacity to plan and develop solutions, including pooling expertise and resources.

Against the Hessequa background it was evident that partnerships could not only play an important role to foster strategic thinking and give birth to new ideas, but also to assist with institutionalization and implementation. The question, however, remained: How are we going to do this?

Firstly mention was already made of the specific skills and knowledge embedded in the local communities. Secondly local government in South Africa functions within a multi-sphere system characterised by the principles of co-operative government. This suggests the possibility of partnerships amongst the realm of government itself.

Furthermore the innovative National Development Plan holds strong views on the importance of provincial and local government to assist with its implementation and the question whether innovative governance can contribute to better governance in all spheres of governance, and if so, how?

Who would then become the partners of Hessequa Municipality? First and foremost it would be our own people, our inhabitants for whom we exist and whose needs we have to address.

Secondly it would be the provincial government of the Western Cape and, wherever possible, also the national government.

Thirdly we would seek to strengthen the relationship with an existing partner and that is the University of Stellenbosch.

Hessequa Municipality then decided to establish a mechanism whereby the expertise and skills of retired professional people ("the Grey Power") living in Hessequa, could be utilized to the mutual benefit of the Municipality and the individuals and communities concerned. For the municipality the benefit would be in respect of the enhancement of skills capacity in a cost effective way and to the individual retired professionals in respect of providing a channel to be useful and plough back skills and experience to the benefit of the community they stay in.

At that stage another partner came on board in the form of INCA Portfolio Managers. They are the managers of the INCA Capacity Building Fund and have over the past few years looked for new ways to contribute to the extension of the capacity in the Local Government Sector. They became involved in the development of a Hessequa long term financial plan and during discussions the concept of the "Grey Power Project" was mentioned and Hessequa Municipality formally requested ICBF to implement a "Grey Power Pilot Project" in our municipality.

The project was successfully launched on the 9th April 2014 and has since become a model that can be utilized by other municipalities in South Africa.

Eventually the approach taken was a modest one and focused on specific requirements of the Municipality and to test the concepts in practice. If proven successful, it could be gradually extended to involve more people and to address other capacity needs.

The Grey Power forum consists of individuals with specific skills and expertise who are willing to assist Council and the municipality on a voluntary basis. Direct costs incurred by the individuals are covered, but not their time costs. A call is thus made on "Grey Power" to contribute their time as their contribution to support their municipality to be strong and vibrant, more effective, efficient and capacitated and this will eventually result in a benefit to the community at large.

The Grey Power Forum consists of a small group with a variation of qualifications and skills. Amongst them there are professors, doctors, business men, retired professionals and ordinary citizens with a lot of life skills and communal knowledge.

Up to date some of the most important contributions of the Grey Power forum were with regard to strategic organizational transformation and introducing a link between Hessequa Grey Power and the Leadership Indaba of the School of Public Leadership of the University of Stellenbosch, which will be discussed later on. At present the Grey Power group is becoming directly involved in the long term strategic planning on which the municipality is embarking.

Today Hessequa Municipality has a community and private sector based think tank at their disposal and as their partner.

The concept of community participation, consultation and partnering was further broadened under Section 17(4) of the Municipal Systems Act 32 of 2000, which states: "A municipal council may establish one or more advisory committees consisting of persons who are not councillors to advise the council on any matter within the council's competence". Under this clause an Economic Advisory Forum and a Social Advisory Forum were established to assist Council with decisions specifically focused on economic development and human development.

Secondly the municipality sought the assistance of the Provincial Government of the Western Cape and they immediately responded positively.

Relationships and partnerships with the provincial government are formally embedded within the legal framework of Section 41 of the Constitution of the Republic of South Africa and Section 3 of the Municipal Systems Act 32 of 2000.

During November 2013 the Western Cape Department of Economic Development and Tourism assisted Hessequa to host a week long session in which we were able to, together with the local role players from the private sector, do a participative appraisal of the competitive advantages (PACA) of the local economy. At the end of the session we reached agreement that, again together with the private sector, the focus for economic growth in Hessequa should be on 17 aspects.

Ten of these were internal issues that the municipality could address. As a result Hessequa Municipality, with immediate effect, revoked a special rates increase on accommodation establishments, whilst over time we redressed our regime of tourism information offices and put it in the hands of our private sector to manage. An issue which receives constant attention is that of investment in infrastructure that enhances income for the municipality and that can stimulate economic growth. As a result a new 66kV power line to the value of R30 million into Still Bay is currently under construction. This will enable the only town in the region identified with a high growth potential to grow further and at the same time grow the economy.

Furthermore the municipality unlocked a large percentage of commonage and developed models for small farmer development on the land, as well as started with business skills development for small and medium sized entrepreneurs. The Afrikaanse Handelsinstituut (AHI) came to the table during 2015 to assist with entrepreneur training.

In a process to fast track applications relating to economic development opportunities a so-called One-Stop Shop approach was implemented where large potential developers meet with the municipal manager and his senior management team to put all his/her requirements on the table and at the same time get acquainted with what will be expected from him/her.

Also as part of the PACA outcomes the municipal reporting lines with regard to economic development actions were changed so as to report directly to the municipal manager and a Local Economic Development Forum was established. Another issue that was identified was the importance to avail valuable municipal land for large scale development. This aspect has already received some attention, but the approach is a careful one and will now become part of long term strategic planning on which the municipality is embarking.

The priorities directly linked to economic sectors and identified through the PACA process were, inter alia, destination marketing for tourists, retired people and life-style seekers and product packaging and route development. Resounding success was reached with a new destination marketing focus, a re-brand of Hessequa in the world of tourism and route development. Reference was made earlier to Hessequa being part of the Eden District and as such also of the Garden Route, but unfortunately the region was in reality nothing else than the no-mans land in between. By re-branding Hessequa as "The Explorers Garden Route" a new angle came to the forefront offering plenty opportunities. The private sector has responded positively and are busy developing new routes and products to offer to the explorers coming to our shores.

Focusing on the attraction of retired people and life-style seekers and simultaneously attracts the development of medical facilities as economic development priority, the municipality hosted a summit in Still Bay in 2014 to address the issue. As this story is busy unfolding one new care facility has already opened its doors in the town and a large private hospital is under construction. This process will further culminate under the auspices of the Hessequa Innovation Helix which will be discussed later on.

The promotion and attraction of agro-processing investment as part of the agricultural sector will be supported by the municipality, but will be driven by the private sector. This includes growing the niche markets for aloe ferox exports. Together with the Western Cape Department of Economic Development and TRANSNET there is also a focus on the revival of the Southern Cape railway line for a "waste by rail" project and passenger transport between towns.

The municipality has since adopted an economic development strategy and further policies to support the drive towards economic growth and the annual LED maturity assessment of the provincial department clearly shows the progress made over the last three years.

The PACA process also alluded to the need for financial discipline and stability. During 2013 a long term financial plan was developed and adopted by Council.

With the assistance and financial support of the Western Cape Provincial Government the municipality could also embark on several work study exercises in order to shape the organization to effectively deal with future challenges and changes, but also to become financially more viable.

As a result of an effective partnership between the municipality and the community of Stilbaai the "Tuin op die Braak" was born, today showcasing numerous very rare endemic plants and offering a world class experience for tourists, including the blind on a special smell and touch route.

Today Hessequa has numerous larger and smaller partners and the municipality and the region are reaping the benefits.

5. KNOWLEDGE BASED DECISION MAKING: THE STORY BEGS FOR CHANGE

Reference was made of the University of Stellenbosch being a third important partner of the municipality.

During 2012 Hessequa Municipality entered into an agreement with the University of Stellenbosch to assist in various ways to ensure good governance. The university was in particular interested in rural areas and the problems being experienced there, because the same problems over time present and manifest themselves in the cities.

Some of the buzz words during the initial phases of reaching an agreement was the develop of human potential, integrated communities, recycling and re-use of waste, communication, financial resources, water surety, energy neutrality and the repair of ecosystems

Again the first focus was on internal administrative processes and in 2013 a Good Governance project was rolled out between the University, the Hans Seidel Foundation, the Western Cape Government and the municipality. Policies, strategies, roles and responsibilities and rules of order were revised and risk management and the organizational structure of the municipality received attention.

As part of the agreement a rooftop study was done to assist the municipality to gear itself for energy neutrality of residents and itself. Currently a water study is underway on water security with specific reference to planning for future use, the link between water systems and eco systems and sustainability of current water resources. The Water Institute and Swedish partners joined Hessequa in this exercise.

Thinking about a university one automatically thinks about knowledge and our involvement with the University of Stellenbosch brought Hessequa Municipality straight into the realm of knowledge based decision making and eventually introduced us to the concept of an innovation helix.

Knowledge based decision making can be regarded as a strategy for change. It is paradoxically both simple and complex and can refocus the attention of a municipality on those things that matter to the members or the greater community it serves and makes time for Council to talk about strategic issues critical to the future of the organization and the community.

The problem is that knowledge based decision making requires refocusing not only on how the municipality functions, but also on what it pays attention to, who participates in the conversations, and how it handles other things that previously dominated the time of Council meetings. It means, essentially, rethinking roles and the types of skills and competencies necessary, as well as the ability of both Councillors and municipal staff to do business in a far more ambiguous environment than the one they are traditionally used to.

But apart from Stellenbosch University the municipality already has our other partners with whom we consult and that is also part of knowledge based decision making.

We therefore realized that if we want to move towards a knowledge-based governance strategy and create opportunities for stakeholders to participate in conversations relating to various issues the municipality are trying to address, the views of our partners of the municipality's efficacy will undergo a significant change – because they will sense that the municipality is directing attention to things that matter to them.

Although still very new to the game of knowledge based decision making in the true sense of the word, we also realized that in a knowledge-based governance strategy Council and the municipality will still have to execute an organizational role for which it is well positioned. There are certain decisions that only governance is legitimately capable of addressing. At the same time the focus of Council's time and attention on providing strategic leadership for the municipality will be crucial. We will have to make Council a more proactive and less reactive body and in doing so decrease the amount of time we spent receiving reports on activities and objectives the municipality had already accomplished. We should also promote the active participation of all our Councillors in Council meetings and workshops.

There are three important elements of knowledge based decision making on which we are focusing at the moment, namely dialogue has to precede deliberation, decision-making should be based on knowledge and strategic thinking and governance processes should be integrated.

It is in this context and against this background that the Hessequa Innovation Helix was born – a step that will bring partnership based and knowledge based decision making to full fruition in the form of innovative ideas.

6. THE BIRTH OF THE HESSEQUA INNOVATION HELIX – A STORY WITH A TWIST

It is a known fact that the potential for innovation and economic development in a knowledge environment lies in a more prominent role for tertiary learning institutions and in the hybridization of elements from university, government and private sector to generate new institutional and social formats for the production, transfer and application of knowledge.

Through the intervention of the Hessequa Grey Power forum and as part of the Hessequa agreement with the University of Stellenbosch a link between the municipality and both the School of Public Leadership of the University, the Stellenbosch Good Governance Forum and the Leadership Indaba (LI) operating within the School was established. The South African Chapter of the Leadership Indaba, a social entrepreneurship executive fellowship programme, was established in partnership with the University of Leeds in the United Kingdom and the VU University Amsterdam in the Netherlands. The people development element is manifest in the fact that a number of community members in Hessequa are part of the Indaba. This interaction and focus sets the scene for research and learning to introduce evidence-based and systematic responses to local economic and social challenges in Hessequa.

The School of Public Leadership and the Stellenbosch Good Governance Forum introduced their concept of an innovation helix to the municipality on 28 January 2015. The Hessequa Innovation Helix was consequently formed – consisting of the municipality, civil society, organized private economic sectors and academic institutions such as the University of Stellenbosch and the School of Public Leadership as well as local educational institutions such as South Cape College.

The overall theme of the Hessequa Innovation Helix is “from potential to prosperity” and with “Social Innovation for good governance in a rural environment” as sub-theme. The approach is multi-dimensional. The first introductory session with the Hessequa role players took place on 10 March 2015 and the fact that 90 innovative thinkers from all walks of civil society participated, underlines the multi-dimensional approach. There were large contingents from the government sector, business sector, academic and knowledge based sector and civil society.

At this session Prof Erwin Schwella of Stellenbosch University’s Stellenbosch Good Governance Forum (SGGF), who can be regarded as the main driver behind this venture, facilitated the session and stressed the point that the helix will serve as incubator for new innovative ideas and the processes of institutionalization and implementation. He also reiterated that creativity, although necessary, is not the only and sufficient condition for innovation. Innovation requires more. It requires ideas and successful implementation. Furthermore complete original and new ideas are not necessary as innovation often benefits from existing ideas under conditions of challenge and competition. This means that within the Helix we could continue with some ideas and some projects that were already on the table, but perhaps just put them under scrutiny and challenge their outcomes.

The first plenary session included an ideas matching and beneficiation process aimed at unlocking potential and collectively finding ways to transform it into economic opportunity. At a high level the workshop aimed to create and grow public value in the Hessequa community through their participation, facilitate innovation for economic development and to establish learning and co-operation between Hessequa Municipality, the School of Public Leadership, the Stellenbosch Good Governance Forum, civil society and business.

Several Leadership Indaba fellows from outside the area participated in the workshop and in doing so provided the LI action research network with a researchable environment. In this sense, from a social research perspective, Hessequa became a social laboratory where outcomes of action research can add public value.

A total of 13 ideas and project proposals were harvested and voted for at the end of the session. During the voting process the feasibility of each project was taken into account. The projects were grouped into clusters for tourism and related projects, town development & management, people and economic development, municipal governance, renewable energy conversion, radio and communication and a community based currency. All of the ideas and projects suggested can create and enhance economic growth, but can also enhance the way in which the municipality does business.

Up to and including September 2015 a lot of activity is taking place and will still happen in order to kick off specific projects. Amongst these are a Freedom Peace Parks Family House Program, an energy summit, a continuous involvement with "Open Africa" to assist in marketing the Explorer's Garden Route, a Hessequa Property Development work session, a "Good Citizen" programme and a "Customer journey mapping" and "stakeholder and opportunity mapping" exercise.

Apart from these higher level activities the identified projects were prioritised and institutionalised to support implementation. This process is facilitated by the Hessequa Innovation Helix Coordination Committee consisting of representatives from the University, Hessequa municipal Councillors and personnel and the Hessequa Grey Power forum.

Some of the projects were plugged in where they belong within the context of what is already happening in Hessequa and others are now being refined and grounded within project teams with specific focuses. This incorporates a 'network governance' approach to project support and implementation. In the words of Professor Schwella, it depends on a "coalition of the willing" to co-create public value through concrete projects in the area.

In today's environment innovation has become critical to the success for all functions of government. The helix concept works with people and leaders at all levels and across functions to drive innovation. And although there is a lot of buzz around the power of innovation it can neither be reduced to a manageable process nor to sheer creativity. You cannot 'make' innovation. But you can create a condition that make innovation more likely and that is exactly what Hessequa Municipality is doing.

That's why we developed an organizational framework for delivering innovation: the Hessequa Innovation Helix. In doing so we are trying to develop an innovation and functional ecosystem and a coherent roadmap combined with a set of pragmatic tools. Both will eventually help the municipality not only to create a sustainable

environment for any innovation, but also to successfully raise the innovation capabilities of the municipality and the people of Hessequa.

Hessequa Municipality is in the process of investing in people and partnerships to implement projects that stimulate the local economy and improve all the towns in the Municipality. The intention is for the area to stand out as a place of quality and opportunity and to allow for citizens to co-create solutions to challenges together with their local authority and deepens democratic local governance.

This is indeed ***a story without an end!***