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ONECAPE2040

From vision to action

The Western Cape agenda for joint action on economic development

(19 October 2012)

Introduction

Purpose

ONECAPE2040¹ is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It articulates a vision about how we the people of the Western Cape can work together to develop our economy and our society. It seeks to set a common direction to guide planning and action and to promote a common commitment and accountability to sustained long-term progress.

Like the National Development Plan (NDP), it is a vision and strategy for society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either province or municipalities. It is rather intended as a reference point and guide for all stakeholders in order to:

- promote fresh thinking and critical engagement on the future;
- provide a common agenda for private, public and civil society collaboration;
- help align government action and investment decisions;
- facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global context;
- address our development, sustainability, inclusion and competitiveness imperatives

It will also hopefully influence the priorities of our stakeholders, including government, and the allocation of resources.

It has a long term perspective focused on the big 'step changes' we need to make as a region to address our challenges and to ensure our economy has the skills base, the competitiveness and enterprising spirit required to succeed in a very competitive and rapidly changing world. This is necessary because real deep change, beyond 'business as usual', requires us to see the long-term and global 'big picture'. It also takes focused attention and an on-going investment of effort and money over a sustained period beyond short-term considerations and pressures.

At the same time, while the long-term perspective is important, **ONE**CAPE2040 is geared to catalysing short-term action and collaboration. The emphasis is towards what we have to do now to create a resilient, inclusive and competitive society, rather than what we plan to do at some point in the future.

A key focus is on finding ways to unlock the potential of our region. This speaks both to the considerable strengths and capacities that we have as a people (both realised and latent) as well as the serious constraints and challenges we need to overcome. It reflects a common intention to better harness the skills, energy, commitment and leadership within our region behind a common purpose. It also captures our commitment to finding ways in which every stakeholder can make a positive contribution to improving our society, economy and environment. It is thus a call to action and to collaboration through partnerships.

¹ Incorporating the Future Cape process and City of Cape Town's City Development Strategy (CDS)

More than anything, **ONE**CAPE2040 is a story about big change - that big change is necessary and that it is entirely within our capacities to achieve - now and into the future.

How was **ONE**CAPE2040 developed?

The document was developed by the Western Cape Economic Development Partnership (EDP) for the Western Cape Government (WCG) and the City of Cape Town (CCT) in consultation with a range of stakeholders.

It is based on:

- an extensive contextual report prepared by the Cape Higher Education Consortium (CHEC);
- a wide range of consultations with individuals and interest groups through the City of Cape Town
 City Development Strategy process and the Future Cape process undertaken by the EDP for the
 Western Cape Government in April, May, June and July 2012;
- a number of specialist focus groups on key topics;
- a review of the many research reports and policies relevant to the national and Western Cape economy;
- consultations with 126 EDP member organisations that constitute the core of the Western Cape economic delivery system;

The document should also not be seen as a final statement about common direction. It is rather a summary of evolving thinking at the current moment of an on-going journey of action and reflection. The intention is that this document will be used as a basis for intensive further discussion with stakeholders and the development of detailed plans for joint action.

How does **ONE**CAPE2040 align with national development plans and policies?

ONECAPE2040 is designed to complement national planning while reflecting on the specifics of the Western Cape region. The Western Cape is an integral part of the South African economy. It is South Africa's major agricultural export area, its most important international tourism draw-card, a premier location of higher education institutions, a key logistics node with two major ports and a major national source of professional, business and educational services for the national economy. At the same time, local specifics require a targeted regional approach. For example, our substantial distance from the major national markets concentrated in Gauteng limits our manufacturing and business services potential within the national economy and creates a different orientation and role to what is possible in Gauteng or Kwazulu-Natal. Similarly, the Western Cape has very limited mineral resources relative to the national mean which again requires a differentiated regional response within a broader national policy environment. **ONE**CAPE2040 sees the Western Cape as playing a complementary role to other major economic regions focused on our key strengths and possibilities.

The thinking within the document resonates with many of the conclusions of the National Development Plan (NDP). It does however have a narrower emphasis – it is a statement of direction for the regional economy rather than an overall development plan with detailed recommendations. It does not seek to be comprehensive in scope but rather to identify areas of collaborative action to be prioritised. It also has a regional not a national focus.



Info graphic of key outcomes of the National Development Plan

Because of this, it concentrates on those areas where provincial and local government, the private sector and civil society in the Western Cape have direct control or influence. The document does not seek to address the many national macro- and micro economic policies and laws that impact both negatively and positively upon the regional economy and necessarily avoids getting into the debates and contentions around national policy.

It will however be important that the process forward does identify key national factors that constrain economic progress with a view to supporting on-going dialogue between national and regional policy-makers on how to improve the national policy context for sustained and inclusive economic growth and social progress.

The Required Change

Context

Globalisation involves a number of profound and complex processes that impact in differentiated ways on local economies. The CHEC contextual report commissioned by the Western Cape Government and the EDP highlights three critical mega-shifts that are of relevance to the Western Cape economy. The first is the geo-economic shifts with the slowing of Western economies and the (re) emergence of Asia and to a lesser extent Africa and Latin America. The second is the socio-digital transition and the role of technology as a driver of economic growth. For example, in the next two years the number of undersea cables linking South Africa to the rest of the world will increase creating opportunities for affordable broadband roll out and universal access. The changing technological environment also calls for responsive and resilient institutions and workers. The third

is the natural limits to growth and global environmental challenges and trends which pose a major risk for the future. Climate change, the depletion in material resources and anticipated changes to the global carbon regulatory environment will all have major impacts on our local economy. With this change the world is likely to refocus on the oceans as an important platform for trade and as a new material resource base. Coastal regions are therefore likely to increase in economic importance.

The Western Cape will be disproportionately affected by carbon taxes. For example a R100 carbon tax will add R0.22 to the cost of a kilogram of fruit from the Overberg while the same tax will only add R0.09 to a kilogram of fruit grown by one of our major competitors, Chile.

The National Planning Commission has elegantly captured the central internal challenge facing South Africa and the Western Cape: We need to transform the nature and performance of the economy to simultaneously achieve sustained GDP growth, greater environmental resilience, and much better inclusion. A key driver of socio-economic exclusion lies in massive unemployment and job-shedding growth. This is largely structural, based on a combination of growth in non-productive sectors and on a deep mismatch between the needs of the economy and the skills-base of existing jobseekers and those being produced by the country's education system. This requires a fundamental shift away from the status quo by massively improving the quality of education for the majority, reducing inequality, unemployment and environmental degradation, while restoring hope, and dignity in work. The alternative, represented by a deepening of the status quo, presents a major threat to social cohesion — a morally indefensible and potentially volatile situation of increasing poverty, inequality and unemployment, socio-economic exclusion, violent crime, and a lack of opportunities and hope for those at the bottom of the socio-economic ladder.

Western Cape real GDP growth in 2011 was 3.6% (SA = 3.1%, Global = 3.8%). Over the last 10 years the average real growth rate for the Western Cape was 4.1% translating into a real economy expansion of almost 45%. Over the same period the workforce only grew by 16%. Over 546 000 people are unemployed in the Western Cape (narrow definition). Over two-thirds of these are between the ages of 15 and 35, and over half have not completed matric. There is a strong correlation between poverty, unemployment and low levels of education

A vision of change

The challenge therefore is to determine how we can create a resilient, inclusive and competitive Western Cape with high rates of employment, growing incomes, greater equality and an improved quality of life for all our citizens and residents that addresses the crisis of joblessness, overcomes our legacy of skills and asset deficits and responds to environmental risk.

Our challenge for 2040

Creating a resilient, inclusive and competitive Western Cape with higher rates of employment, producing growing incomes, greater equality and an improved quality of life

What then is our vision for 2040? There are a number of possible ways to focus a vision. One approach would be to look at outcomes – such as competitiveness or high employment and incomes or greater equality or zero waste. Another approach might be to focus on the economic positioning of the Western Cape – as, for example, a 'great place to live and visit' or the 'greenest region' on the globe.

However, it is recommended that the most appropriate focus should be on our attributes as society – the qualities we need to have that would enable all the people to have good quality lives and that would allow us to thrive irrespective of the state of the external world beyond our control.

The following six qualities emerged as key ingredients of our vision. We need to be a society that is:

- Highly skilled as the basis for both economic competitiveness as well as social progress;
- Innovation-driven to solve our challenges and to ensure our economic future in a knowledge era;
- Resource-efficient to mitigate environmental and regulatory risk and seize the opportunities of a post-carbon future;
- Connected to each other and to the world;
- High opportunity as a product of an enabling physical, services and regulatory environment geared to quality living and enterprise.
- Collaborative as a key to achieving the required social, economic and environmental impact required.

Our vision for 2040

A highly-skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society

Although these attributes are to some extent already present, they are not yet the predominant qualities. This is therefore a vision of change – about how we work together to ensure that these attributes are generally reflected throughout the province and all its private, public and civil institutions.

We can also 'unpack' these six qualities in more detail as part of the economic transition agenda we need to achieve over the next 20-30 years:

Transition	From	То
Knowledge transition (Educating Cape)	Unequal variable quality education plus limited innovation capacity	High quality education for all plus high innovation capacity

Economic access	Factor and efficiency driven	Innovation driven economy with low
transition	economy with high barriers to entry	barriers to entry with high
(Working Cape)	and low productivity and	productivity and entrepreneurship
	entrepreneurship rates	rates
Ecological transition (Green Cape)	Unsustainable carbon-intensive resource use	Sustainable low carbon resource use
Cultural transition	Barriers to local and global	High level of local connectivity and
(Connecting Cape)	connectivity (language, identity, distance, parochial and inward-looking attitudes)	global market fluency
Settlement	Unhealthy, low access, often	Healthy, accessible, liveable multi-
transition	alienated, low opportunity	opportunity communities
(Living Cape)	neighbourhoods	
Institutional	Defensive, adversarial structures	Open, collaborative systems
transition		
(Leading Cape)		

Change goals

As a way of focusing attention on the required changes and defining the change more clearly, twelve goals have been developed, two for each of the primary transitions proposed. The first of these paired goals is a *foundational goal* geared to achieving an inclusive and caring society. The other is more *aspirational*, geared to ensuring that the Western Cape is positioned as a relevant and competitive region in a global context. The 12 goals are outlined in the table below:

Transition	Goals		
Knowledge	Every person will have access to a good education that will ensure he or she is		
transition	appropriately skilled for opportunity.		
(Educating Cape)	The Western Cape will enjoy a global reputation as a location of ecological,		
	creative, scientific and social innovation excellence.		
Economic access	Any person who wants to be economically active is able to secure work.		
transition	The Western Cape is recognised internationally as an entrepreneurial		
(Enterprising Cape)	destination of choice		
Ecological transition	All people have access to water, energy and waste services that are delivered		
(Green Cape)	on a sustainable resource-efficient manner.		
	The Western Cape is a recognised leader and innovator in the green economy.		
Cultural transition The communities that make up the Western Cape are confident, v			
(Connecting Cape) inclusive and integrated.			
	The Western Cape is regarded as a global meeting point between East and		
	West and an important connector with the new markets of Africa, Asia and		
	Latin America.		
Settlement	The neighbourhoods and towns of the region are provide good quality of life		
transition	to all and are accessible, have good public services and are rich in opportunity.		
(Living Cape)	The Western Cape is ranked as one of greatest places to live in the world.		
Institutional	Ambitious socially-responsible leadership exists at all levels in our society.		
transition	The Western Cape is home to many world-class institutions in both the public		
(Leading Cape)	and private spheres.		

Delivering the Change

Identifying levers and tipping points

It is useful to identify the interventions that have the greatest potential to leverage change in each of the areas of transition so that the goals can be achieved. This would provide insight into where to concentrate resources and build partnerships in order to achieve the transitional 'tipping point' after which the change becomes difficult to reverse.

This is not a straightforward exercise. It needs to be evidence-led and locally relevant. There is a need to pilot innovations and develop prototypes in order to gather solid evidence over time as to what works well and what does not.

The table below provisionally identifies one critical lever per goal as a basis for further engagement as to what interventions should be prioritised in order to achieve the goal. These will need to be refined through the process.

Transition	n Goals	Primary change lever
	Every person will have access to a good	Working with parents and teachers to
) (90	education that will ensure he or she is	improve the learning and development
Саре)	appropriately skilled for opportunity.	environment of children
Knowledge transition (Educating	The Western Cape will enjoy a global	Structured innovation networks linking
Knowledg transition (Educatin	reputation as a location of ecological,	researchers with investors and entrepreneurs
ans	creative, scientific and social innovation	
7 T A	excellence.	
	Any person who wants to be	Intensive subsidised work experience
	economically active is able to secure	creation supplemented by job intermediation
nic On	work.	services.
Economic access transition	The Western Cape is recognised	Focus on social enterprise as a vehicle for
Econor access transit	internationally as an entrepreneurial	economic growth and jobs
пат	destination of choice	
	All people have access to water, energy	Energy and water infrastructure and
cal	and waste services that are delivered on	regulation geared to sustainable resource use
Ecological transition (<i>Green</i>	a sustainable resource-efficient manner.	
col ran <i>3re</i>	The Western Cape is a recognised leader	Innovation and the fast tracking of the green
E T	and innovator in the Green Economy.	agenda incentivised
	The communities that make up the	Programmes to build inter-community
e)	Western Cape are confident, welcoming,	partnerships and cohesion
itic Sap	inclusive and integrated.	
ans ig (The Western Cape is regarded as a global	Expanded cultural and trade ties with
tr ctir	meeting point between East and West	targeted regions in Africa, Latin America and
ura	and an important connector with the new	Asia
Cultural transition (Connecting Cape)	markets of Africa, Asia and Latin America.	
	The continue of a second terror of the	
	The neighbourhoods and towns of the	Shift from provision of subsidised housing to
_	region are provide good quality of life to	better household and community services
nt pe)	all and are accessible, have good public	including major improvement in public
settlement ransition Living Cape)	services and are rich in opportunity.	transport and pedestrian access.
tler ısit	The Western Cape is ranked as one of	Fast, cheap and reliable broadband and a
Settlement transition (<i>Living Cap</i>	greatest places to live in the world.	safe living environment
, + C		

_		Ambitious socially-responsible leadership	Multi-level collaborations for innovation (EDP
ons	nc 7	exists at all levels in our society.	eco-system)
iti	transition (<i>Leading</i>	The Western Cape is home to many	Leadership development to cultivate
stit	ans ea	world-class institutions in both the public	ambition and responsibility at all levels
ㅁ	tr (2	and private spheres.	

A long-term change roadmap

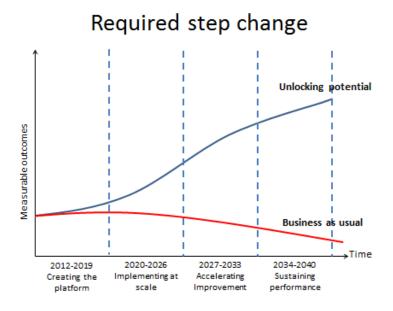
The major shifts required to put the Western Cape on a successful path will not be achieved overnight. Deep change is often inter-generational in nature and requires sustained systematic effort over many years. The impacts of significant school improvements made today, for example, will only be realised in 15 years plus when children entering Grade R today finish tertiary training and come onto the market as a new generation with new and improved skills.

The twenty-eight year transition framework to 2040 allows us to think more systematically about how the change needs to be sequenced and how we can break the change into manageable parts and chart and measure a deliberate path.

The period has been divided into four phases of seven years, each with its own distinct focus as illustrated in the diagram below:

- A first preparatory phase to 2019 focused on creating the necessary platform for change at scale;
- A second phase from 2020 to 2026 geared to implementing at scale;
- A third phase from 2027 to 2033 which seeks to add quality to the quantitative emphasis of the previous phase by accelerating improvements;
- A fourth phase from 2034 to 2040 that seeks to consolidate progress with an emphasis on sustaining performance.

These phases and the key shifts required in each are illustrated in the diagram below and the associated text.



There is an established association between a seven-year cycle both within the innovation process as well as in development planning. A seven-year cycle also has the advantage that it transcends shorter electoral and government planning cycles which helps to facilitate continuity and longer-term thinking.

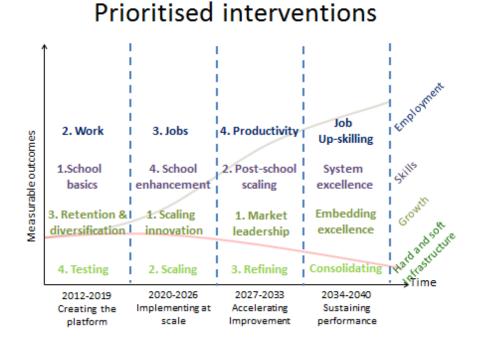
This phased step change approach framework is of course indicative in nature. In practice, different processes will follow different time logics – some may move through all four phases in a seven year period while others may even take longer than this schematic.

Our approach also assumes that step change tends not to be linear and follow a straight line. Change and innovation instead typically follow an 'S-curve' where change uptake and impact is initially slow but rapidly expands once a critical mass of evidence, support and innovation has been established. It eventually then levels off as the change enters a mature phase.

It also suggests that a "business as usual" path where the Western Cape fails to make the essential transitions is a path of long-term decline as competitiveness, social cohesion and unsustainable resource intensity combine to undermine current performance over time.

The Drivers of Step Change

The diagram and text below outlines the drivers of change that need to be prioritised in each of the seven-year periods.



Creating the platform (2012-2019)

The first phase from 2012 to 2019 is focused on creating the necessary platform for effecting change at scale.

The first priority is fixing the school system and getting the basics in place on a universal basis so that every child who enters a public school will receive a good quality basic education. This is the most fundamental building block of the future. Key measures will include intensive support for poorly-performing schools, new school development in poorly resourced areas and a strong programme to support the teaching of the new curriculum. It will result in a situation where all schools demonstrate basic functionality and compliance with basic norms and standards by the end of the period. The intention is that this will result in substantially improved matric pass rates, significantly lower pre-matric drop-out rates and a significant increase in the number of matriculants with maths, science and languages pass rates. This effort will be supported by the testing and introduction of a workable system of universal grade R by the end of the period. It will also be supplemented by developing and testing better models for the delivery of both post-school training as well as early childhood development.

The second linked priority will be to massively increase the opportunities for work experience available to young people particularly as a first step in addressing the very high rate of joblessness in the province. The intention here is to ensure that the large majority of young people are able to access some form of on-going work experience and work skills development even if only on a part-time basis for which they would be paid a basic stipend. The approach here is to massively upscale a range of proven programmes of this nature including the conditional cash transfer programmes which have been shown to help break patterns of dependency and reduce poverty in Brazil and a number of other countries. This effort will largely be driven by public funding using existing subsidies reinforced by a substantial re-allocation of public resources to this priority. However, the private and non-profit sectors also have major roles to play in partnering with government to increase the scale and impact of the programme through funding, project implementation and taking people who have come through the programme into formal employment.

The intention is that these initiatives would create a platform of enhanced social stability, increased self-esteem and self-motivation amongst young people particularly those currently without jobs or access to further education and will increase the general levels of work readiness and employability. Most importantly, they are about transforming current negative mind-sets of dependency and despair into positive confidence and self-actualisation. When we do this, we begin to break the cycle of poverty that drives many other social ills from substance abuse to crime and violence. The scale of investment and the coordination required also creates opportunities for small and social enterprises to emerge and grow.

The third priority is to stabilise our economy and gear it towards the future so that it can grow rapidly and create the required jobs and income. In the current global economic slowdown, a key focus of this first phase is on the retention of current businesses and current market share in key sectors through a collaborative programme of support through the SPVs and other mechanisms. However, the downturn must also be used as an opportunity to focus on product and market innovation as a basis for accelerated growth when the global economy outlook improves. This product and market diversification will be supported by sector based programmes and targeted trade and market expansion programmes targeting Africa, Asia and South America.

Lastly, the initial phase will focus on creating the foundations for making the critical shifts we need to achieve in our hard and soft infrastructure. This period will be about developing and testing the

extensive new technologies and practices required – most of which are still largely in the development stage - so that implementation at scale can follow over subsequent periods. Key areas where 'hard infrastructure' development is imperative include:

- urban and rural public transport systems that ensure improved access to all while mitigating the general risk of accelerated oil prices into the future;
- energy generation, distribution and management technologies and infrastructure to meet our requirements in a post-carbon age;
- water infrastructure, resource management and delivery mechanisms required to address our critical water constraints in an era of exaggerated climate change risk for the Western Cape;
- fast cheap and reliable broadband and other connectivity infrastructure required to compete in a digital age;

The soft infrastructure will include:

- knowledge infrastructure to promote higher levels of economic and social innovation;
- institutional infrastructure required to promote collaboration, to facilitate cost reductions (of costs of doing business and delivering services) and to produce the required co-ordinated implementation at scale;
- job intermediation infrastructure needed to optimise our level of employment and to lower barriers to entry level jobs;
- funding infrastructure required to support enterprise growth and innovation at micro, small, medium and large scales

Implementation at scale (2020-2026)

The second phase from 2020 is the period when the economic and infrastructure innovations of the first phase are now implemented at scale. The priority now shifts to away from the school turnaround and work readiness emphasis of the first period to driving substantially higher rates of economic growth and infrastructure re-tooling at scale.

At an economic level, priority is given to supporting the expansion of innovative sectors into new markets. In particular, the private sector and government work together to consolidate the Western Cape's position in the African, Asian and Latin American markets and to grow the knowledge and innovation component of key sectors to increase the value add and competitiveness.

This growth focus is supported and enhanced by a second priority emphasis on infrastructure implementation at scale as new technologies and systems in a range of hard and soft areas are rolled out over the period acting as a further impetus to economic growth, job creation and investment. For example, the lessons of the initial IRT roll-up in the metro are applied to leverage major service quality improvements across the whole of the public transport system and are extended at appropriate scale to other urban nodes. The efficiency of the logistics system including road, rail and the ports is improved. Big investments in renewable energy and gas-generation begin to reduce the Western Cape's carbon footprint. Major improvements in waste and water infrastructure and systems management reduces costs, creates new opportunities and reduces environmental risk. The 'soft infrastructure' roll-out considerably improves the enabling environment for micro, small and larger businesses which helps drive investment inflows and attracts entrepreneurs to the region.

The successful implementation of high speed cheap and reliable broadband provides a crucial platform for scaling up service businesses and enabling them to serve a global market.

Within the employment realm, the work experience programme of the first phase continues but the emphasis now shifts to facilitating access to formal jobs as a growing demand for human resources is generated by sustained higher rates of growth. A strong network of employment intermediation services built on the lessons of both the non-profit and private sectors in the first phase now supports unemployed people to enhance their employability and to help them find jobs. International research suggests that strong job intermediation services based on private-public partnership can reduce unemployment (at least in developed economies) by up to 50% by improving the information efficiency of labour markets as well as stimulating job creation in its own right. The private sector has committed at the same time to increase its rates of hiring, to facilitate employee-equity in their businesses and to localise their value chains wherever possible to maximise the inclusiveness of growth.

In education, attention is focused on enhancing the impact of the reforms in the first phase by improving the quality of teaching at schools across the board and refining the curriculum to be more responsive to future skills requirements. Improvements in the post-education system are also consolidated with a view to rapidly increasing the scale and variety of post-school educational needs in the next phase. Pre-school interventions prior to Grade R are also rolled out in less resourced areas as a basis for improving school readiness and excellence.

Accelerated improvement (2027-2033)

The third phase builds on the momentum created in the first two phases and the emphasis changes from the quantitative emphasis of basic functionality and delivery at scale of the first two phases to enhancing quality while continuing expansion at scale.

The Western Cape economy has now grown at an accelerated rate for a number of years and exports particularly have seen major expansion. The strong collaboration between the private and public sector that developed during the earlier phases now any new markets and to establish the region as a market leader and innovator in a range of niche areas linked to key economic sectors.

Unemployment has now dropped to close to a 'natural' rate and the employment focus now shifts from job creation to productivity improvement with a view to increasing economic competitiveness as well as employee remuneration. Inequality starts to fall as the income of majority of the population increases.

The school system is performing at a high level and quality public education is now available to all. The education focus shifts to rapidly expanding both the quantity and quality of post-school training and development to absorb the rapidly growing population of matriculants with good basic skills as well as the demand for improved skills from the economy.

The major infrastructure investments of the previous phase can now be refined. Quality of life particularly for poor residents has improved substantially. Many of the seemingly insurmountable social challenges of a previous era have declined substantially – the human development index rises as mortality rates, crime and other social pathologies diminish rapidly and a new generation emerges. At the same time, the expertise gained in implementing the green, social and settlement

infrastructure provides further impetus for a growing export of products and services particularly to the growing market in Africa and Asia which experience similar challenges.

Sustained performance (2034-2040)

In the fourth phase from 2034, the growth of the economy slows down from the high levels experienced during the previous two phases as the potential for substantial productivity gains slows down, as rates of population growth fall due to the maturing demographic profile and as basic consumption needs are met.

The key transitions outlined in this above have largely been achieved. The focus now is on sustaining performance. It is also a time of reflection on what the future looks like and rethinking the Western Cape economy to address the challenges and opportunities of a new era but from a very different starting point from 2012.

As the economy matures, the rate of employment growth slows and the emphasis switches from more jobs to better jobs through on-going up-skilling. The collaborative institutions that have emerged to support the major economic progress re-orientate themselves to address new challenges and to ensure their on-going effectiveness. The education system is now performing excellently at pre-school, school and post-school levels and improvement now seeks to ensure that all components function effectively together to achieve sustained system excellence. At an ecological level, now is time when the infrastructure and practice change of the previous decades are leveraged to enable the region to comply with the massive carbon and other resource use reductions required for minimum global ecological stability.

Lessons

The previous section was to some extent an exercise of speculative imagination based on proven change approaches and the real experience of other countries. It is a story about how 'big change' might be sequenced and realised over time. Nothing in this story is unfeasible or has not been done before. The point is that massive step change is possible if we do the right things at scale and on a sustained consistent basis. Improved anticipated outcomes may however often come much more slowly initially than we would wish. Persistent effort reinforced by on-going improvement in implementation is what is required to eventually provoke the change outcomes which often come about in a more far-reaching than originally envisaged.

The Vision in Action: Work experience opportunities for young people at scale

A vision for change articulated only as abstract ideas in a document is not sufficient to mobilise the popular imagination and generate the energy and commitment required. It needs to be articulated in practical action. This is the best way of developing common understanding regarding what big collaborative change at scale actually looks like and growing a broader commitment.

It is proposed that the most important expression of this vision for change needs to be in a high profile programme that creates opportunities, fosters initiative and self-confidence, builds collaboration and addresses the key transitions we need to make.

The common sentiment throughout the consultations of this process has been that joblessness, particularly amongst young people, is our single most important challenge and that immediate joint action is required.

The key proposition then is that the focus of **ONE**CAPE2040 should be an intensive and immediate multi-stakeholder programme that seeks to massively increase the opportunities for work experience for unemployed young people on a subsidised basis. We have provisionally called this Paths *to Employment*.

The proposed programme aims to provide the substantial majority of young people currently without employment with the opportunity for structured and supervised work experiences and learning at least on a part-time base for a small stipend. This is a critical intervention with a potential for a direct positive impact on range of social challenges ranging from crime to drugs to employability if scaled correctly.

It builds on range of tested approaches locally and internationally including:

- Conditional Cash Transfers pioneered with considerable success in Brazil;
- Community Work Programme (CWP) which has been successfully piloted elsewhere in the country and is being implemented in various sites including Cape Town's "janitorial" services partnership;
- Skills to Work programme of the Western Cape Government;

Initial costing suggests that it would be possible to create at least 50 000 such work opportunities for R1 billion. 300 000 work opportunities per year at a total cost of R6 billion annually would be enough to provide on-going work experience for virtually all unemployed young people. This is the same order of scale of investment as the Cape Town IRT phase 1 investment. It is noted that the current unemployment rate in the province, using a narrow definition, translates to some 546 000 people of whom around two-thirds of are young people under the age of 35.

Key elements of the *Paths to Employment* programme are:

- Work experience will be provided to young people on either a part-time or full time for small daily stipend. The work experience is on-going and in the case of Community Work-type opportunities can continue indefinitely while the person remains unemployed or partially employed. It is not a temporary work programme like a traditional EPWP job;
- Extensive skills development is a key element and all participants will receive structured training and development geared to improving their job readiness;
- The programme will be designed to create pathways to formal employment through job intermediation efforts (through links with agencies such as Dreamworker and Men on the Side of the Road) and through commitment to take on participants brokered with the private sector;

The work experience opportunities will primarily take two forms:

 Community Work-type jobs which are generally part-time in nature and focused on rendering a service useful to the community. Projects of this type will be funded from a range of sources including national government funding, provincial and municipal funding supplemented by possible funding from the DBSA-administered Jobs Fund and other grant sources. A key challenge will be to re-orientate provincial and municipal funding so that the largest possible pool of funds can be created to achieve the intended scale. (Note that various proposals to the DBSA-administered Jobs Fund to support this initiative have already been submitted). There is substantial potential for private involvement in enhancing project areas. Examples include the Dreamfields project which is willing to provide training, materials and facilities for school sports coaching at scale if young people are made available as coaches;

 Private sector works which take the form of full-time but temporary work experience with private sector firms. Such a subsidised programme already exists under the auspices of provincial government and has shown very positive impact. However, it is still small-scale in terms of impact and could be substantially increased. Employers have to top-up the provincial subsidy made available;

In addition, a range of supportive work experiences through private firms or non-profit organisations could be encouraged to develop complementary and innovative alternative ways of structuring work experiences.

There is also substantial potential to secure voluntary support from new graduates (along lines of Teach America) to provide on-going project coordination and mentoring. There is also great scope for retired people to contribute in this way.

The Community Work employment experiences would be focused on addressing social needs and would support all the proposed focus areas of the **ONE**CAPE2040 agenda. Work experience opportunities would particularly be created in areas such as:

- Educating Cape (ECD assistants and teaching assistants, library assistants, ICT coaches, sports coaching, community food gardens, music and drama teaching etc);
- Green Cape (alien clearing, fire breaks, waste collection and recycling);
- Living Cape (health educators, greening and cleaning, green drops fixing leaks, janitorial officers, safety officers, anti-drug counselling).

The idea is that such subsidised work experiences should be systematically up-scaled over the first seven years as reflected in the table below². These figures are purely indicative and the growth and eventual scale of the programme will of course need to be synchronised with the demand, with programme capacity and with financial resources. After the initial seven year period, it is anticipated that the programme will be gradually be downscaled as the skills of young people begin to improve as a result of improvements in school education and as new sustainable job growth combine to reduce the jobs backlog.

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² Our initial costing estimates are that one part-time Community Works-type opportunity (8 days per month @ R 480 per month stipend) costs R 15 000 per year including training and management. One full-time work experience placement in the private sector in terms of current the current provincial programme costs R 30 000 per year of subsidy (employer matches this funding).

Year	Part-time CWP-type work opportunities (@R 15 000 each)	Full-time work experience placements (@ R 30 000 each)	Approximate cost
2013	25 000	-	R375m
2014	50 000	5 000	R 900m
2015	75 000	20 000	R1 725m
2016	100 000	40 000	R2 700 m
2017	125 000	80 000	R4 275m
2018	150 000	100 000	R5 250m
2019	200 000	100 000	R6 000m

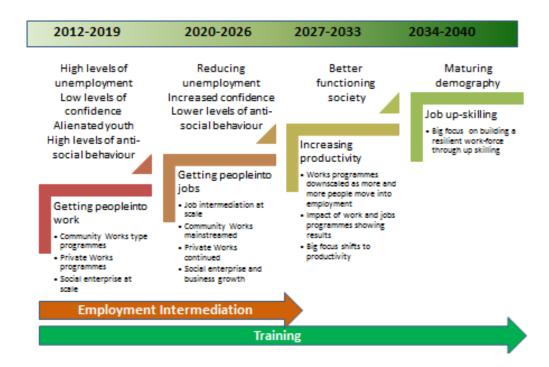
It will be very important during the pilot phase of the programme in the initial years that proper evaluative research is conducted also using control communities as a counter-factual to assess the unintended effects – both positive and negative - of the programme on social outcomes and formal sector employment as a means of refining the programme to maximise positive outcomes.

Such a programme would have multiple benefits. For example, an extensive and decentralised project of this nature will require management and coordination capacity at scale. This will result in the necessary development of large pool of currently unemployed young people with management and leadership capacity, organising skills and motivation. They will be an important asset for the future.

Given, on the one hand, the pressing socio-economic challenges of the Western Cape, and, on the other, the extensive pool of human and financial resources in the province, with broad-based support, the Western Cape has the potential to become a global hub for social enterprise innovation and incubation. Therefore in conjunction with the focus on work there will also be a focus on social enterprise development. In particular social enterprises which create work and help to address the ecological, health and settlement needs of people will be encouraged.

In identifying the ingredients needed for creating an enabling and nurturing environment for social enterprise to flourish, public education and awareness-raising is required to improve knowledge and understanding of social enterprises towards greater acceptance of their public value, and understanding of how social enterprise innovation can be deployed to address socio-economic challenges. Research and development of innovative social enterprise applications with potential to address social challenges at scale is needed along with angel and venture capital funding mechanisms to grow the sector. Finally there is an opportunity to encourage on-the-job social enterprise learning opportunities through matching and volunteer participation.

The diagram below illustrates how *Paths to Employment* could help catalyse far-reaching change in the social realities of those currently excluded from economic opportunity.



Enablers of change

The **ONE**CAPE2040 approach calls for a different way of working. In particular, it will need to be supported by an enabling environment with supportive regulations, appropriate infrastructure, new financing arrangements and a supportive spatial frame.

Regulation

Regulations impact on stakeholders interactions with the public sector and can direct, incentivise or hinder processes.

A key constraint to growth and development, identified in numerous studies, is the amount of red tape and bureaucracy that stakeholders face when dealing with government. Each sphere of government has its own initiative to reduce red tape. These need to be continued and strengthened. In addition there is a need for an initiative which streamlines functions between spheres and creates a seamless and efficient interface between the public sector and the private and community sectors.

Spatial planning and land use development and management regulations have emerged as one of the areas where the lack of alignment between spheres and between departments in the same sphere results in huge delays and high land holding costs. This works against the goals of increasing densities and compacting development and is a disincentive to investment. Sorting out this raft of regulations is therefore a priority for all three spheres of government.

In addition to addressing inefficiencies in the system there is also an opportunity for the public sector to use regulations to encourage the right kind of investments. In particular there is a need to

develop regulations which incentivise and facilitate the green agenda as set out in **ONE**CAPE2040.

Infrastructure

Infrastructure capacity is the foundation of any development process. **ONE**CAPE2040 is dependent on the provision of hard and soft infrastructure that includes service, economic, social and green infrastructure.

Key areas where 'hard infrastructure' development is imperative include:

- urban and rural public transport systems that ensure improved access to all while mitigating the general risk of accelerated oil prices into the future;
- energy generation, distribution and management technologies and infrastructure to meet our requirements in a post-carbon age;
- water infrastructure, resource management and delivery mechanisms required to address our critical water constraints in an era of exaggerated climate change risk for the Western Cape;
- fast cheap and reliable broadband and other connectivity infrastructure required to compete in a digital age;
- development of the ports and freight transport routes;
- catalytic projects such as the convention centre expansion which unlock increased trade, the visitor economy and/or local enterprise potential

The soft infrastructure will include:

- knowledge infrastructure to promote higher levels of economic and social innovation;
- institutional infrastructure required to promote collaboration, to facilitate cost reductions (of costs of doing business and delivering services) and to produce the required co-ordinated implementation at scale;
- job intermediation infrastructure needed to optimise our level of employment and to lower barriers to entry level jobs

These infrastructure needs will need to be planned and prioritised in an infrastructure framework for the province and the necessary partnerships will need to be brokered.

Funding and Investment

Nothing is possible unless we are able to access the resources to implement the new ways of working, doing business and living. While the resources in the provincial and local public sector coffers are limited, South Africa, as a middle income country, generally has adequate resources. It is also well placed to tap into global sources of funding and investment. So what is missing?

Firstly there is no coherent and coordinated funding and investment strategy around which resources can be mobilised. The strategy must align with **ONE**CAPE2040 goals and drive the required shifts in investment patterns and practices.³

³ For example, the EDP is currently in the process of establishing a Paths to Investment task team

Secondly, there is no capacity to leverage the resources once a strategy is developed. This requires developing the institutional systems and human resources to unlock funding and investment. In particular, the micro credit mechanisms and the venture capital and angel investor networks that are an important economic driver in many other societies are poorly developed.

Thirdly, there is a need to unlock funding and investment to support the new ways of working, doing business and living outlined in **ONE**CAPE2040. For example several countries provide tax incentives, procurement preference points and similar mechanisms to people providing funding for charitable causes or for investments that are labour based and prioritise jobs. There reasons why people either donate or invest are varied and include business-, moral- and value-based factors. However research has shown that economic benefit influences the size of investments be they commercial or charitable. While tax incentives are a national competence, procurement and other preferential mechanisms can be effected at a local or provincial scale.

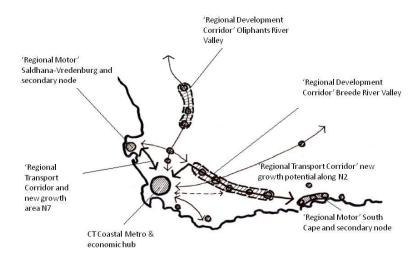
Spatial Framework

ONECAPE 2040 has a spatial dimension. The two key concepts relevant to the transitions outlined are connection and concentration. Connection requires that the towns and hinterlands are connected digitally and through effective transport and logistics to points of opportunity locally and internationally. Enhanced connection will be accompanied by further concentration of activity in key nodes. As a coastal region facing climate change, development will over time be concentrated along the coast with secondary economic nodes developing along the West Coast and in the Southern Cape.

It is well known that the quality of the urban environment impacts on the economic attractiveness, creativity, liveability and inclusiveness of an urban environment. Recently, much attention has focused on the relationship between urban form and sustainability. Research points to the fact that high density compact environments are the most sustainable urban form. Compaction allows for less car dependency thus lower emissions, increased infrastructure efficiencies, more land for greening, and the creation of an environment for enhanced business and trading activities. This in turn increases the quality of life offered.

ONECAPE 2040 thus aligns with a spatial focus on regional development and regional transport corridors that connect existing and future economic centres with hinterlands and the concentration of activity in the metro and the secondary nodes as depicted in the schematic diagram below (developed for the Provincial Spatial Development Framework).

Connecting and concentrating

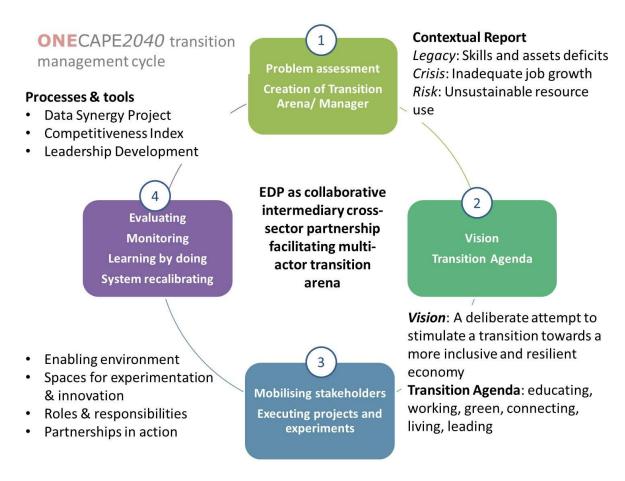


Organising for change

Getting from vision to action

The development landscape is often littered with 'paper' visions, policies, strategies and plans, usually compiled at great cost and effort, which in many cases have no impact on changing people's lives. **ONE**CAPE2040 explicitly connects vision and action in a *Transition Management Methodology*, by focusing on mobilising stakeholders and executing projects and experiments in support of the transition agenda, through the use of three coordination mechanisms: markets, plans and institutions.

ONECAPE2040 is organised on the basis of the following transition management cycle:



- 1. Problem assessment and risk analysis (Contextual Report) and, simultaneously, the creation of a multi-actor transition arena organised and managed by the EDP
- 2. Formulation of shared long term socio-economic vision with six transitions. The emphasis is on establishing a common *transition agenda*, rather than a traditional stakeholder 'wish list' as well as an *action plan with change levers and clear roles and responsibilities* in order to go beyond 'business as usual' activities and behaviors
- 3. Landing the vision in action: Mobilising stakeholders via execution of projects, multi-level partnerships, spaces for experimentation and top-down support for bottom up activities, all of which need to drive the transition agenda
- 4. Distinguish between two different processes to be monitored: the transition process itself, and transition management:
 - a. Transition process_takes place at different levels (slowly changing macrodevelopments and sharply changing micro-developments) and is monitored in terms of rate of progress, barriers, points to be improved
 - b. *Transition management*: monitor behaviour, networking activities, alliance forming, roles and responsibilities and delivery of mandates (projects and instruments) of transition agents, as well as agreed actions, goals, projects and instruments of the transition agenda

Roles and Responsibilities

ONECAPE 2040 is rooted in collaboration based on a common vision and a shared agenda. However, each of the stakeholders has different roles within this, depending on their membership base, mandate and power and on the goals set. For the purposes of this overview stakeholders have been clustered into four broad groupings, namely, the public sector, the private sector, labour and community. The table below outlines the primary role of each of these groupings for each of the six

pillars of the strategy. The roles detailed in the table are not meant to be prescriptive. Hopefully they will provide high level direction to stakeholders around the opportunities for engagement and also the priorities for resource allocation.

Goals	Public Sector	Private Sector	Labour	Community
Educating Cape	Manage an effective and efficient education system to global standards Facilitate a collaborative innovation system	●Facilitate resilient workers by providing on-going training to adapt to new technologies ●Invest in collaborative R&D and encourage spill- overs into the local economy	Support schools based improvements in line with global standards Facilitate on-going skills development of workers	Support the education drive and run complementary programmes that unlock ambition
Enterprising Cape	Catalyse work through public sector employment programmes & facilitate social enterprise creation	•Invest in growth and job creation and create bridges into employment linked to Employment Works	Support mentorship to learners and new employees	•Change consumption patterns to local, slow products
Green Cape	•Leverage public sector spending to create demand for and lead the change to green technologies	•Invest in sustainable and green technologies & innovation	Change consumption and working patterns to reduce, re-use and eliminate wastage	Change consumption patterns to reduce, re-use and eliminate wastage
Connecting Cape	•Recognise and leverage the potential of partnerships	•Shift market focus to African and global orientation	Shift from insular and scarcity based to open and abundance based relationships	Shift from threatened closed communities to open and welcoming communities
Living Cape	•Deliver good health and social services and shift from a focus on housing to one on services, community infrastructure and public transport	•Invest in designing and developing new sustainable solutions to improve living environments, especially for the poor	Work with the public sector to identify community works and innovation opportunities to improve settlements	Create welcoming, liveable, safe, high- opportunity communities and neighbourhoods
Leading Cape	 Lead world class service oriented delivery and sustainable approaches 	•Lead shared value creation, collaboration and sustainable approaches	•Lead world class service delivery	•Active citizenship through collaborative partnerships

Within each of these four broad categories there are several different sub-groupings of stakeholders. The role of each of these will vary. By way of example, *Annexure A* provides a more detailed breakdown of the different roles of different spheres of government under the public sector cluster.

It is however important to note the critical role of the Higher Education Institutions as a crucial roleplayer and partner in all the thematic areas. Creating strong synergy between the universities, other researchers and entrepreneurs will be a key catalyst for the increased rate of innovation in all the thematic areas.

Institutional arrangements

ONECAPE2040 is not a static plan but rather it is a guide to action and a living document. As stakeholders work towards the goals outlined in the vision the lessons drawn from implementation and experimentation will inform the updating of the vision in action. Also, as challenges are tackled, new challenges will emerge calling for on-going innovation and new experimentation. All these efforts need to be coordinated. The institutional base necessary for on-going management of **ONE**CAPE2040 is provided by the Western Cape Economic Development Partnership (EDP), a cross-sector partnership that focuses on the economy and jobs.

The success of **ONE**CAPE2040 depends on collaborative efforts, on-going partnerships and information sharing. It also depends on engaging every partner in the implementation of **ONE**CAPE2040 and harnessing their mandates and resources to drive aspects of the programme. Too much capacity at the central level will work against this. Therefore the need is for 'lean' coordination capacity which collects and disseminates information to all stakeholders, leverages the resources of all towards the plan, monitors progress and creates the space for on-going prototyping, innovation and experimentation.

In addition **ONE**CAPE2040 requires supporting infrastructure including:

- A single databank of reliable economic data which all stakeholders are able to use to plan and monitor progress⁴
- A clear set of indicators and a common competitiveness and wellness index for the province⁵;
- On-going research capacity to support the continued improvement of the plan and the
 provision of broader economic research. This could be linked to the proposed economic
 observatory idea proposed in the Cape Town Competitiveness Study, and similar to the
 Gauteng City Region Observatory;
- Leadership development to ensure all the stakeholders have leaders with the requisite economic and collaborative skills⁶;
- The on-going recalibration of existing institutional relationships and efforts to better support economic development;

Measuring Progress

⁴ For example, via the Economic Data Synergy Project currently coordinated by the EDP in conjunction with Provincial Treasury

⁵ This process is taking place through the Provincial Competitiveness Index project, currently being coordinated by the EDP in conjunction with the WCG's Red Tape Unit and LED Unit, which focuses on steps to improve the regional business and investment climate, including national economic policy issues that need to be addressed ⁶ For example, see the EDP's proposed Economic Leadership Development Programme, being run in conjunction with the Economies of Regions Learning Network (ERLN)

With a multiplicity of stakeholders engaged in 2040, a simple, transparent and cross-cutting system of measurement is needed to monitor progress towards the goals. Performance-based indicators are commonly used to measure progress. They orient stakeholders towards results, improve transparency and enhance accountability and promote good management. Performance-based indicators also enhance decision making. Across the global there are hundreds of different indicators all providing different information and with different merits. Probably the single more important lesson that can be drawn from the plethora of indicators is the need for a standardised, shared set of indicators. EDP stakeholders have already begun working on developing a business climate and investment index. With some expansion to include indicators on the living and social environment a provincial wide wellness and competitiveness index is probably the best tool to measure ONECAPE2040 progress and impact.

The table below provides examples of possible indicators for each of the six thematic areas.

Goals	Indicators		
Educating Cape	Numeracy and literacy levels and global performance	Number of patents	 Employment and earning rates of technical and tertiary education graduates
Enterprising Cape	 Employment levels and productivity of the workforce 	Entrepreneurship levels	 GDP and business growth
Green Cape	 Energy and water security as measured by reduction in consumption, new technology provision and cost 	Carbon footprint	 Levels of technological innovations to reduce resource use
Connecting Cape	 Levels of trust and tolerance 	 Levels of anti-social behaviour 	 Ease of doing business across our borders into Africa
Living Cape	Health and safety levels	 Public transport connectivity 	Quality of life
Leading Cape	 Networks and collaborative capacity 	Pro-activity of leadership	 Mechanisms to incentivise job creation, social enterprise and green technologies

Conclusions

Key messages

ONECAPE2040 seeks to show that big change is necessary if we are to address our current skills and unemployment challenges with their debilitating social effects, while also retooling ourselves to respond to environmental risk and the technological changes of the future. It further shows that change at a scale that is difficult to imagine is possible through phased collaborative effort.

It proposes a holistic approach encompassing the economic, the social and the environmental and notes the strong positive relationship between social inclusion, economic competitiveness and ecological resilience.

It identifies work as the single most important mechanism for social inclusion because it improves skills, builds confidence and creates a basis for people to be self-reliant and to be socially integrated. Social problems will be substantially mitigated if we were able to get all economically active people into jobs.

It recognises that the economy as currently structured will generate neither the number of jobs nor the jobs suitable for the skills profile of many people currently unemployed in the short-term and that a major collaborative project to facilitate work experience for young people at scale is fundamental. This will require mobilising all our stakeholders behind a common transition agenda backed by with strong public budgetary support.

It outlines the need for the private sector to become more innovative and ambitious in regard to diversifying the product base, moving up value chains and breaking into new markets. This is essential to drive the accelerated growth required.

It makes a case for fresh mind-sets and a new discourse in how to address the challenge of poverty, inequality and social marginalisation that affirms everybody's right to high quality education and that incentivises positive behaviours that enable people to move out of poverty rather than reinforcing powerlessness and dependency.

It supports the idea that green growth path as not only necessary insurance against regulatory and resource risk but as an area of enormous economic potential. Similarly, it notes that a strong focus on addressing the social needs has important economic spin-offs — our ability to innovatively solve difficult issues can translate into products and services we can sell to the world. Social enterprise focused on achieving a social purpose but using commercial rather than grant funding logic is put forward as a relatively new addition to the social toolbox and as an area where the Western Cape can position itself as a global leader.

It implies a shift from adversarial or transactional approaches, and seemingly incompatible public, private and community agendas, to collaborative effort based on a common vision and shared values, reinforced by acknowledging the different mandates and responsibilities of government, the private sector and civil society.

It argues that on-going dedicated arrangements to promote, coordinate and monitor the collaborative effort and performance are a pre-condition for success and requires monitoring and resourcing.

ONECAPE 2040 lastly assumes that long-term vision without inspired short-term action is unlikely to enjoy traction and galvanise change. It is thus the immediate action that flows from the exercise that is critical.

Annexure A

Goals	Public Sector	National	Provincial	Local and Districts
Educated Cape	 Manage an effective and efficient education system to global standards Facilitate a collaborative innovation system 	 Manage post schooling education excellence Set up national systems to encourage innovation 	 Manage schools based excellence Facilitate local multisectoral knowledge & innovation partnerships 	 Facilitate ECD provision and ensure every child has access to a library and sports facilities
Enterprising Cape	Catalyse work through public sector employment programmes & facilitate social enterprise creation	 Fund public works and community works programmes at scale Address the business regulatory environment 	 Fund provincial public and community works programmes at scale Facilitate social enterprise creation and resourcing 	 Implement and provide supplementary funding for public and community works programmes Reduce the land development costs
Green Cape	 To leverage public sector spending to create demand for and lead the change to green technologies 	 Use energy, water, transport and MIG funding to lead green technology change 	 Use transport, energy, housing and bulk service budgets to lead green change 	 Use bulk services and energy budgets to lead green change and incentivise green building technologies
Connecting Cape	 Recognise and leverage the potential of partnerships 	 Facilitate continental and global partnerships 	 Facilitate regional and global partnerships with emerging markets 	 Facilitate inter- community collaboration
Living Cape	Shift from a focus on housing to one on services, community infrastructure and public transport	 Promote healthy living Invest more community services and infrastructure & incentivise rather than fund housing 	 Invest more in public transport, services and community infrastructure & incentivise rather than fund housing 	Invest in public transport and safety

Goals	Public Sector	National	Provincial	Local and Districts
Leading Cape	Lead world class, service oriented delivery	 Lead world class service oriented public sector culture 	Facilitate and reward service excellence	 Collaborate to deliver world class services