

**THE JOINT TASK FORCE ON THE NWO**

**ECONOMIC**

**DEVELOPMENT ZONE**

**Directive**

JFT Sept 13, 2010 Meeting Minutes #6 where G. Macey was directed to draft a

**List for Principles for discussion purposes only**

- **Section 1** Index list of Principles
- Section 2 Short Description of Principles (skinny)
- Section 3 Support Documentation for each principle (Details)
- Section 4 List of Common Voice Secretariat research for the Joint Task Force
- Section 5 Research: Papers from which the principles are gleaned.

# SECTION 1 LIST OF PRINCIPLES

## THE NWO ECONOMIC DEVELOPMENT ZONE

1. Premise
2. Sustainability and prosperity
3. Collaborative Governance
4. Northern Public Policy
  - Evidence based policy
  - Northern Ontario Public Policy Institute
  - Formulation of Northern Public Policy
  - Northern Policy lens and filters
  - Policy alignment
5. Northern Knowledge management systems and methodology
6. R.E.D. model “New Regionalism” Concept trends Themes Practices and Principles
7. Transformational focus, vision leadership
8. Recognition of political realities
9. Recognition of capacity realities
10. Best Practices

## **Section 2 Description of Principles (skinny)**

### **DESCRIPTION OF PRINCIPLES WORKING LIST**

List of Principles

#### **1. Premise**

- Local decision making
- Collaborative governance
- Authority to give decision makers the tools to implement and influence decisions
- Revenue stream to give decision makers the tools to implement and influence

JFT Sept 13, 2010 Meeting consensus

#### **2. Sustainability and Prosperity**

**Definition Sustainability embodies "stewardship" and "design with nature," well established goals of the design professions and "carrying capacity," a highly developed modeling technique used by scientists and planners.**

The most popular definition of sustainability can be traced to a 1987 UN conference. It defined sustainable developments as those that **"meet present needs without compromising the ability of future generations to meet their needs"**(WECD, 1987). Robert Gillman, editor of the *In Context* magazine, extends this goal oriented definition by stating "sustainability refers to a very old and simple concept (The Golden Rule)...**do onto future generations as you would have them do onto you.**"

Good governance is the key to long term sustainability and sustainable prosperity.

In doing this, there are key filters for policy makers to consider when assessing options to achieve sustainable quality of life in Northwestern Ontario. See policy section

See background on sustainability

#### **3. Collaborative Governance**

Good governance is the key to long-term sustainability and sustainable prosperity

**Collaborative governance:**

has been defined as the process of establishing, steering, facilitating, operating, and monitoring cross-sectoral organizational arrangements to address public policy problems that cannot be easily addressed by a single organization or the public sector alone (Ansell and Gash 2008).

The quality of endogenous policy formulation and implementation - "good governance" - is the critical determinant of success (see also Warrington, 1998).

Governments at all levels learn to "steer, not row." (Ireland)

Only by explicitly considering how they govern in any policy area and considering how they devolve authority within their jurisdictions, and how they partner outside their jurisdictions, can they make the most of their opportunities. This is a message that emphasizes a proactive, creative, and assertive approach to governance, one that aims to instill a sense of efficacy to achieve "remote control." (Greenwood 2009)

### **Collaborative Governance: Vertical and Horizontal**

- Institutionalize collaborative governance and decision-making that brings together a range of public and private actors for joint work on common, long-term challenges
- Align national or provincial objectives with regional assets and aspirations
- Use economic clusters as a focusing device to achieve policy integration, channeling public investments to their most productive targets where the receptor capacity' is greatest
- Embed locally and externally networked regional development agencies so that they can serve as the focal point in the multi-level governance system

### **Multi-level Governance:**

*Multi-level Governance:* Regardless of the particular policy mix of innovation systems and social sustainability in regional development, it is clear that all levels of government have a role to play.

Institutionalizing collaborative governance is critical for success. A range of public and private actors, including provincial and municipal governments must be formally involved in the process. So long as R.E.D. agencies are embedded locally and networked externally, they can serve as the focal point in the multi-level governance system and help establish formal contractual agreements between actors.

## **4. Northern Public Policy**

- a. Evidence based policy NOPPI
- b. Formulation of Northern Ontario Public Policy
- c. Northern Policy lens and filters
- d. **Policy Alignment**

### **a. Evidence based policy**

Northern Ontario Public Policy Institute (NOPPI)

**Mission:** The Northern Ontario Public Policy Institute conducts independent forward-looking **applied public policy research** on business, economic and social issues and generates policy advice that will improve Northern Ontario's standard of living through sound economic and social policies.

See attached description in Long version Section 3

### **b. Formulation of Northern Public Policy**

*"Having longitudinal, historical information on economic performance and public policy trends is important in order to understand the further evolution of NWO."*

Dr Rosehart

#### **Public Policy formulated by North Westerners for North Westerners.**

"Part of the problem for Northwestern Ontario is that many of the most important decisions are being made thousands of kilometers away by people who are not as familiar or as interested with the issues and don't have the time because they're preoccupied by other things"

Livio Di Matteo.

Concept Gleaned from NSTB Papers

Strategies for Developing a Broadly Based Regional Knowledge Economy in Northwestern Ontario, June 2006

By Dr Livio Di Matteo Department of Economics Lake Head University Thunder Bay Ontario

NSTB Paper Dec 2007 **A Policy Institute for Northwestern Ontario:**

Needs, Models and Structure By Dr Livio Di Matteo Department of Economics Lake Head University Thunder Bay Ontario See paper attached.

### **c. Northern Policy Lens and Filters**

There are key filters for policy makers to consider when assessing options to achieve sustainable quality of life in Newfoundland and Labrador as a model for Northwestern Ontario:

#### **Policy Filters**

1 Doing Governance. How are decisions in this policy field currently made? This should include such questions as: Who are the stakeholders? How do they get their interests represented? Are they consulted after the fact or in a superficial manner, or is their knowledge and buy-in actually engaged?

2. Looking In. Within Newfoundland and Labrador, are decision-making and the resources to implement decisions devolved to the right level of governance? This not only includes governments, such as municipalities, but also non-governmental organizations and other civil society actors, which increasingly constitute an inextricable element of democratic policy debate and engagement.

3. Looking Out. Are we learning from, and partnering with, the right external jurisdictions? As a province of Canada, Newfoundland and Labrador must continue to see how other provinces manage, particularly in their dealings with the federal government. All too often, however, models are embraced that were developed in Ottawa or Toronto - that have much less in common with the realities of Newfoundland and Labrador than with similar small jurisdictions around the North Atlantic Rim. We should also ask if partnerships are possible with such jurisdictions to maximize success in this policy field and to advance new approaches within Canada, rather than pleading for a share of a program that does not suit the province's needs.

#### **d. Policy Alignment**

##### **Policy Alignment: Synergy and Interdependence**

- Align policies across sectors and levels of governments, at both the macro (taxation, trade, and immigration) and micro (labour market, education, amenities) levels
- Exploit synergies among organizations and interdependencies across policies
- Blend different kinds of knowledge in high-performing partnerships, joining industry and educational institutions, venture capitalists and commercialization incubators, anchor firms and spin-off entrepreneurs, and skills centres and business associations

Policy alignment support documentation

A Theoretical Framework of Regional Development Governance in Northern Ontario adapted from a presentation made by Dr Charles Conteh Public Policy and Administration Professor

See Dr. Conteh paper in section 3

#### **5. Northern Knowledge management systems and methodology**

Governance requires information and knowledge, and understanding based on both information and experience. Knowledge governance is an increasingly important element of the overall governance process.

R.E.D. requires knowledge related to economic opportunities, constraints, and trends at multiple scales.

See details in Section 3

#### **Social Learning: Knowledge Matters**

- Emphasize the importance of knowledge and learning
- Promote clear and systematic analysis of regional economies in the context of national, continental, and global trends
- Recognize that there is no 'off-the-shelf' or cookie cutter template for promoting regional innovation, and rely on applied policy research to help inform decision-making
- Develop robust indicator systems that benchmark progress in relation to goals and embed an outcomes-orientation among all stakeholders
- Emphasize inter-regional policy learning and knowledge transfer

### **Policy Learning and Knowledge Transfer**

A unifying theme in the new regionalism is the importance of knowledge, whether for firms seeking to innovate, communities mapping their assets, or governments exploring how to work together (Gertler and Wolfe, 2004). In a learning region, the knowledge flows are robust and interactive. There must be institutionalized mechanisms for lesson drawing from the many programs and localized initiatives that shape regional development. Many European governments, with the active support and participation of the European Union, have been proactive in building inter-regional broadband connectivity (OECD, 2003; McGahey and Vey, 2008). Regardless of the regional scale, local actors need to map their place and work with upper level governments for supply of relevant services and infrastructure (Wolfe, 2009; Dunn et al., 2010).

Section from Remote control chapter

## **6. Regional Economic Development (R.E.D.) model “New Regionalism” Concept trends Themes Practices and principles**

NEW REGIONALISM”

### **Definition**

**An international body of theoretical and applied research known as “the new regionalism” highlights five themes that underpin best policy practice in contemporary regional development (Pike et al., 2005; Wolfe, 2009).**

## **CONTEMPORARY TRENDS DRIVING THE “NEW REGIONALISM”**

### **Five Key Themes**

- *Clusters and Regional Innovation Systems:*
- *Place-based Policy:*
- *Socially Sustainable Development:*

- *Multi-level Governance:*
- Policy Learning and Knowledge Transfer:

### **“New Regionalism” Principles and Practices**

- Strategic Vision: From Redistribution to Innovation
- Policy Alignment: Synergy and Interdependence
- Collaborative Governance: Vertical and Horizontal
- Transformative Projects: “Go Big or Go Home”
- Social Learning: Knowledge Matters

## **7. Transformational focus and philosophy**

### **Vision and leadership**

#### **Strategic Vision: From Redistribution to Innovation**

- Move from regional re-distribution and equalizing outcomes to focusing on regional strengths
- Mobilize local assets and tap the economic potential of all places and sectors
- Maximize investments in local assets that cannot be easily replicated or moved
- Emphasize flexible, associative forms of governance and bottom-up participatory approaches

#### **Transformative Projects: “Go Big or Go Home”**

- Aspire to introduce high-impact interventions that address next generation challenges and seed solutions to transform businesses and communities
- Focus and concentrate economic resources around clusters of strength such as knowledge economy corridors and eco-industrial clusters.

### **LEADERSHIP AND TRANSFORMATION: BEYOND COMMAND AND CONTROL**

In support of the regional vision and governance dynamics, “New Regionalism” can lead

- Transformative change through convening, coordinating, facilitating, and learning.
- Its resources can concentrate on projects that bring the players together for new

- Purposes around the game changing outcomes of innovation, inclusion and sustainability.
  - In so doing, the agency can exploit the synergies among the goals, and
  - Cultivate local experimentation and the scaling-up of successful demonstrations.
- “New Regionalism” should be in the business of supporting transformative development projects, making investments that better integrate policies, leverage more resources, and generate best practices.

In their scope and scale, such projects are different from the immediate stimulus packages or ‘shovel ready’ investments that smooth out economic cycles. Short-term one-offs should always be ‘on the policy shelf’ in a volatile global economy, but they are not the transformative projects that supply the *raison d’être* of a federal regional development agency in southern Ontario.

#### Examples NW

- Ring of Fire
- Jackfish Hydroelectric Project

### **8. Recognition of Political Realities**

Consultation takes place, but the policy levers and the resources to make policy decisions and to implement policy reside, almost exclusively, within the federal and provincial governments.

Prime Minister Harper, an ideological conservative, has made it clear that he will respect areas of provincial jurisdiction, and his finance minister continues to reduce federal fiscal flexibility at every opportunity by reducing federal taxation.

The Canadian division of powers leaves economic development open for both the federal and provincial levels of government. Donald Savoie (1992) has built a career around describing the alphabet soup of federal government agencies and federal-provincial funding agreements. He has decried the politicization of funding and other program criteria; which has undermined efforts to set or stick to Strategic priorities for sectors or regions. Indeed, his research and policy advice to the federal government moved from the content of regional development policy, to the administrative processes around how government priorities are set and decisions are made. Significantly, in what he states will be his last book on regional development, he acknowledges that his focus on federal development efforts in Atlantic Canada should be limited to the Maritimes (Nova Scotia, New Brunswick, and Prince Edward Island), as Newfoundland and Labrador has a

Politization of funding and program criteria is a reality.

***Regional economic development (R.E.D.) often gets a bad rap in Canada.***

Much of the spending on it has been ineffective and has not narrowed the economic disparities between regions. And sometimes spending decisions have been motivated by political calculations -- with higher spending in "swing ridings," for example.

Many Canadians correctly question the value of such spending and would like to see the R.E.D. agencies killed.

This would save the federal government over \$1-billion annually and would stop a significant wealth transfer from Ontario to other parts of Canada. But perhaps a reprieve -- or at least a stay -- is in order. Instead of killing the agencies, why not change them into key partners in economic transformation by learning from our past and from emerging international best practices?

## **9. Recognition of Capacity Realities**

Baldacchino's list of critical ingredients for small jurisdictions to succeed, articulated earlier in this volume, highlighted the elements of political and economic capacity: being the right size (large enough to have sufficient scale but not so large as to lose the flexibility of a small government), maintaining a united front and a powerful lobby when dealing with higher levels of government, and maintaining an active interest and direct presence in sensitive regional and international forums.

Unfortunately, the province's charismatic leaders - consistently the most articulate and passionate in Canada - ultimately hit a tipping point, as the impossibility of top-down implementation for intractable, systemic issues - such as rural development - is once again borne out.

As demonstrated throughout this book, good governance requires that government and non-government partners collaborate in addressing jurisdictional development. This is a reality for a small rural municipality, which may reject increased powers because it lacks the capacity to implement them (Lipton et al., this volume).

## 10. Best Practices

R.E.D. must move away from trying to equalize outcomes toward investing in strengths. Transferring funds from prosperous regions to businesses in less successful ones has not helped poorer regions at a structural level, and has harmed more prosperous regions, depriving them of the resources they need to continue to invest in their strategic assets in a globally competitive environment.

***R.E.D. policies designed in the latter half of the 20th century emphasized top-down, centrally managed redistributive schemes that focused on attracting investments to lagging regions.***

Today's new approach around the world emphasizes investing resources in all regions to maximize their specific opportunities.

How is this done? According to three Mowat Centre research reports on R.E.D. by professors David Wolfe and Neil Bradford there are three ways.

**Principles of R.E.D. / Structure First**, while traditional R.E.D. can still take place -- **building infrastructure**, supporting businesses -- support for specific projects is less important than support for the networks that allow communities to take advantage of their local strengths and resources. This requires investments in organized social learning processes involving individuals, firms and institutions.

The new approach to R.E.D. is "**place-based.**" Successful regions identify and cultivate their assets, undertake collaborative processes to plan and implement change, and encourage a collective mindset fostering innovation -- like we see so much of in Kitchener-Waterloo, for example. Government funds can help leverage and deepen these activities.

**Second**, governments should co-ordinate programs at the local level. Together, governments can work across sectors and with civil society. Acting alone, government departments and agencies often just create silos, fragmentation and overlap -- or even worse, they steer in opposite directions.

In Canada, many government agencies are involved in economic development. Therefore, **collaborative governance** that gives a decision-making role to provincial and local governments and community organizations is essential.

**Third**, agencies will be most effective if they attempt to make a small number of transformative investments, rather than adding drips and drops. "Go Big or Go Home" is one lesson that emerges from international best practices.

There was a time when

1. R.E.D. policy chased smokestacks by trying to lure businesses.
  1. Then R.E.D. chased innovation by building research infrastructure. Both approaches relied on top-down organizational structures, creating a plethora of new programs administered by different departments with little co-ordination.
  2. Today, other countries recognize that regions need to maximize their investments in local assets that cannot be easily replicated or moved to other parts of the globe -- and that these assets and resources must be co-ordinated to achieve common purpose.

Our R.E.D. agencies have the potential to unleash the vast capacity of local resources in all regions to create wealth and export their success.

### **Section 3 Support Documentation for each principle (Details)**

1. A Theoretical Framework of Regional Development Governance in Northern Ontario adapted from a presentation made by Dr Charles Conteh Public Policy and Administration Professor

*2. Northern Ontario Public Policy Institute*

3. Information and Knowledge Management From

4. Contemporary Trends driving the “New Regionalism”

5. *“New Regionalism” Principles and Practices*

6. Principles of R.E.D. / Structure

7. Leadership and Transformation:  
Beyond Command and Control

8. Transformative Development Projects:  
“New Regionalism”

9. Empowerment Contracts (contractual agreements)

10. Chapter 14 Doing Governance for Development:  
The Way Forward for Newfoundland and Labrador  
Remote Control Governance Lessons Learned for and from Small, Insular and  
Remote Regions Godrey Baldacchino, Rob Greenwood and Lawrence Felt

# **1. A Theoretical Framework of Regional Development Governance in Northern Ontario adapted from a presentation made by**

Dr Charles Conteh  
Public Policy and Administration  
Professor

A “vision” is not policy.

**The discourse of development in Northern Ontario has been marked by:**

Trends toward a desire for greater local control of the economy

A push for a greater share of resource rents in the region

## **Characteristics of Northern Ontario**

An overdependence on natural resource exploitation.

A high degree of dependency on external forces

Lack of regional government serving as an intermediary between the provincial (and federal) government and municipalities

## **Key Socio-economic Challenges**

***Population stagnation and decline (Youth outmigration and low migration levels)***

***A rapidly aging population***

***Declining Resource-based Industrial Sector***

***Lower Levels of Education***

## **The Multi-Actor Governance Framework**

*Addresses the legitimacy of regional development policy mandates*

*Examines the nature of interactions between state and organized community and private sector interests in Northern Ontario*

## THREE PROPOSITIONS

First, the extent to which public agencies' mission reflects the core values/interests of the local environment affects the legitimacy of public policies.

Second, the organization and mobilization of key communities within the local environment could reinforce or undermine the penetration of development policy interventions.

Third, the degree of coordination among public agencies with similar mandates will enhance the strategic impact of their policy intervention.

### **Discussion**

First, overall the mandates of public agencies have often suffered a crisis of legitimacy (project-based rather than strategic approach)

(Corrective measures are underway with the current "Growth Plan" initiative of the provincial government – but only the beginning).

Second, while the mandates of each agency call for partnership with communities and the private sector, in practice, such partnerships tend to be restricted to consultative processes on casting new visions of the region's future

Re-think partnership with a developmental framework – CED model

Engage community partners as citizens, not "clients" or "customers"

In Public Policy, a "Vision" is not necessarily a policy.

A collaborative partnership would imply mechanisms of joint action involving networks of actors in the private and community sectors engaged in strategic program design as components of a policy goal or set of goals.

The stages of public policy include agenda setting; policy formulation, instrument selection, program implementation, and policy evaluation.

Thus partnership requires institutional collaboration with communities in program design, implementation and evaluation.

Third, the existing level of policy coordination among federal and provincial agencies in the region is microcosms of a much broader and historic tension in federal-provincial relations in Canada.

Think about policy coordination before program coordination

The claims to coordination or partnership by public agencies (federal and provincial) are mostly restricted to tacit understanding between these agencies about each other's monitoring of funding initiatives brought forward by "clients".

### **In Conclusion:**

*The Multi-Actor Governance Framework of Regional Economic Development would require increased attention to the following Challenges...*

1. Incongruence between government-stipulated policy priorities and community aspirations (especially in natural resource management)
2. Fractious intergovernmental relations (duplication, fragmentation, and "short-sightedness")
3. Weak State-society partnership (vertical/hierarchical policy management)
4. Lack of regional institutional/policy infrastructure (unlike Southern Ontario where regional municipalities act as nodes of development policy coordination)

Background

Northern Ontario Policy

Reality

- Natural Resource Curse and over dependence
- Forces outside region Historic and current
- Lack of regional governance as intermediary between provincial and federal agencies

Context

See examples of Southern Ontario regional governments

Key Socio economic Challenges

Population declining

Out migration

Low immigration attraction ok but retention poor

Disproportional age pop

Declining resource base

Diversity retention

Lower NR

Lower level of activity

Direction

New smart economy

Knowledge based

## MODEL

- Multi Actor
- Governance Framework
- Issue / instruments
- Find Disharmony notes
- Find Innovation shift notes
  
- Which public agencies mission reflects the core values of interests of the local environment
  
- Degree of coordination among public agencies enhances their strategic impact of their policy.
  
- Often the agencies have suffered crisis of legitimacy of project focus
- Short term focus
  
- Begs the question how do they fit holistically
  
- Crisis of legitimacy
  
- Corrective
  
- Should examine the policy instruments
  
- Corrective measures are underway within the correct Grow Plan

## REALIZATION

- Approach
- Desire to change and adjust.
- Think North Summit has great potential
- Cynicism as we progress from the Prosperity plan to grow north
- Patch work
- Project based
- Consultation

## OPTIONS

- Shift or learn how to use the present policy and public agency instruments more efficiently

- Rethink Partnerships with development framework
- The CED Model
- Engage community partners as citizens not as “Clients” and: customers”
- Apply to form of projects Match to fit projects
- In public policy A “vision” is not policy.
- A collective partnership would imply a mechanism of joint action involving networks of actors in private and community sectors engaged in special strategic program design as components of a policy goal set or set of goals

#### REALITY

- NR Curse over dependence
- Forces outside region Historic and current
- Lack of regional governance as intermediary between province and feds

#### CONTEXT

- See examples of Southern Ontario regional governments
- Key Socio economic Challenges
- Address the legitimacy of regional development mandate
- Examine the nature of interactions between state and organized communities and private sector interests in NO
- 
- Addresses legitimacy
- Assess intergovernmental collaboration n regional economic policy governance
- In public policy

A collective partnership would imply a mechanism of joint action involving networks of actors in private and community sectors engaged in special strategic program design as components of a policy goal set or set of goals

## **2. Northern Ontario Public Policy Institute (NOPPI)**

**March 2010**

**Mission:** The Northern Ontario Public Policy Institute conducts independent forward-looking **applied public policy research** on business, economic and social issues and generates policy advice that will improve Northern Ontario's standard of living through sound economic and social policies.

**Outcomes: As a result of the work of the Northern Ontario Public Policy Institute (NOPPI):**

- Governments, regional organizations and the public will receive policy advice on policy that identifies and meets the needs of Northern Ontario
- Rigorous, timely, research findings and commentary will be available on key issues such as, but not limited to, the economy, social issues, health, education, housing, energy, climate change, Aboriginal people, demographic change, transportation, business and resource management.
- Resources on regional public policy issues will be available.
- Opportunities will be created for informed discussion of research findings.
- Results of the research will be published and distributed.

*In his report "Northwestern Ontario: Preparing for Change" (2008), Dr. Bob Rosehart, NWO Economic Facilitator stated:*

*"Having longitudinal, historical information on economic performance and public policy trends is important in order to understand the further evolution of NWO."*

This Policy Institute concept is consistent with Dr. Rosehart's recommendations, applied to all of Northern Ontario.

### THE NATURE OF THE WORK:

- **SOLID, INDEPENDENT RESEARCH AND WELL THOUGHT OUT CONCEPTS**
- Northern Ontario based
- Objective, impartial, arms-length and non-partisan
- Proactive and forward looking
- Collaborative
- Levels the playing field by bringing attention to this large area of low population.

In addition to commissioning particular pieces of policy investigation work, the Institute could monitor and regularly report on the indicators in the Northern Ontario Growth Plan.

#### NATURE OF THE ORGANIZATION:

- A freestanding organization with a Pan-northern Board of Directors, (independent thinkers, not Order-in-Council appointees)
- Policy Working Group for Northwestern and Northeastern/Northern Ontario
- An Executive Director and an Administrative Assistant
- Commitment to a collaborative approach in working with regional organizations to determine meaningful research directions and to make use of research findings.

#### **Mechanisms to support the organization:**

- Operating funds, preferably endowed, provided by the Ministry of Northern Development, Mines and Forests, with provision for staff and regular face-to-face meetings of the Board and Working Groups
- Additional project and development funds sought through a wide variety of channels, e.g., Community University Research Alliance, Ontario Trillium Foundation, FedNor, Northern Ontario Heritage Fund, etc.

Draft Additions from discussions at March 4 meeting – M. Scott, M. Wanlin, K. Turner, G. Macey

#### Founding Implementation Committee for NOPPI:

Propose 4 from Northeast and 4 from Northwest to set up interim Board of Directors that would lead into the development of a formal Board of Directors; first meeting to take place spring 2010

Criteria for Interim Board would include:

- Directors would have a diverse set of interests and backgrounds
- Commitment to Northern Ontario
- Knowledge on how to shape and construct organizations
- Interest and experience in public policy development
- Ability to check biases at the door

### **3. Information and Knowledge Management From Remote Control**

Remote Control Governance Lessons Learned for and from Small, Insular and Remote Regions Godfrey Baldacchino, Rob Greenwood and Lawrence Felt

Governance requires information and knowledge, and understanding based on both information and experience. Knowledge governance is an increasingly important element of the overall governance process.

R.E.D. requires knowledge related to economic opportunities, constraints, and trends at multiple scales.

Watershed management requires knowledge about a variety of natural resource stocks, ecological relationships and processes, land use, user groups, and more. Adaptive management requires information to feed into ongoing monitoring and evaluation, a critical but often weak element of the governance process.

Governance may draw from at least four types of knowledge:

- (a) "western" scientific knowledge - from both social and natural sciences;
- (b) local/user knowledge;
- (c) traditional Aboriginal knowledge; and
- (d) policy knowledge, an understanding of how information is adapted for and used in policy and decision-making. Each type impacts the understanding of participating actors and of the social-ecological system overall, thus collaborative governance requires collaborative knowledge management systems.

Challenges in knowledge governance include information scarcity in some instances and overload in others. With the goal of integrating many different actors, knowledge sources, and interrelated issues, the information available and applicable to either RED or watershed management is vast and requires careful definition of information needs.

Despite this information wealth, many key information gaps remain, requiring strategies for how these gaps will be filled and/or how to make decisions in the absence of missing information. Significant challenges also exist in shared access, use and integration of information, and knowledge across various silos.

Yet another challenge is updating and maintaining knowledge over time. As staff change, governance initiatives are dissolved, or elders pass away, knowledge is lost without strategies for transfer. 'Namgis First Nation fisheries enhancement staff, for example, have been in place more than 20 years and have educated numerous new DFO staff members over that period about the Nimpkish watershed and the work that has been done.

Knowledge loss is a barrier to an adaptive management approach requiring continual learning and evolution.

The ability to access multiple forms and sources of knowledge, each with their own strengths and weaknesses, also represents an opportunity.

A corroborative approach to the generation of knowledge and problem-solving can boost confidence in decisions.

Areas where there is a discrepancy in knowledge sources may require greater attention and dialogue. New knowledge can also be created through the cross-fertilization of knowledge systems.

Case study initiatives have taken advantage of these opportunities.

Designing the RED boards (REDBS) of NL and methods for tracking their progress led to the province's award-winning Internet-based Community Accounts system, which provides access to social and economic information required for planning, research, evaluation, and monitoring the well-being of communities and regions (Hollett, 2003). 'Namgis and Mi'kmaq First Nations have developed protocols for research within their territories and for sharing traditional knowledge.

#### **4. CONTEMPORARY TRENDS DRIVING THE “NEW REGIONALISM”**

##### **Five Key Themes**

1. *Clusters and Regional Innovation Systems:*
2. *Place-based Policy:*
3. *Socially Sustainable Development:*
4. *Multi-level Governance:*
5. Policy Learning and Knowledge Transfer:

##### **1. Clusters and Regional Innovation Systems:**

*Clusters and Regional Innovation Systems:* The foundation for success in the knowledge-based economy resides in firms or enterprises that generate high-value added goods and services to become leaders in the marketplace.

- Such firms must invest in their knowledge assets such as worker skills, technological capabilities, and logistics and distribution. In staying abreast of industry knowledge and ahead of the competition, firms benefit from geographical co-location (Porter, 2003).
- Competing and collaborating firms become embedded in localized knowledge

- infrastructures that bridge business, research, and learning. Clusters grow in
- regional innovation systems that efficiently and continuously translate new ideas
- into marketable products. The most dynamic regional innovation systems support
- both the applied research of scientists and engineers and the receptor capacity of firms for knowledge (Brzustowski, 2010). Generating innovations at a pace well beyond the norm, such new economy hot spots thrive as mobile investment and talent follow opportunity.

**2. PLACE-BASED POLICY THERE IS NO AUTOMATIC PROCESS OR LINEAR PATHWAY THAT CONNECTS THE WORLDS OF RESEARCH, COMMERCIALIZATION, AND BUSINESS, AND REGIONAL SYSTEMS THAT GROW CLUSTERS DO NOT JUST POP UP ANYWHERE.**

Public policy is crucial in creating places with the appropriate innovative milieu (Bradford, 2005; Reimer and Markey, 2008). Governments must invest in the knowledge infrastructure, convene and facilitate networked relations, and enable local actors to maintain their place quality through services, amenities, and conservation. To this end, national/provincial governments must devolve power to regional and local tiers and must align their interventions with the priorities of local development coalitions.

Such targeted integration is now known as “place-based” policy. Importantly, recent studies demonstrate its relevance for economic development at multiple territorial scales: cosmopolitan global cities with thick knowledge infrastructures; restructuring second- and third-tier urban centres with manufacturing niches linked to universities or community colleges; and emerging new rural economies with growing clusters around eco-tourism and agri-business, often enabled by

**3. SOCIALLY SUSTAINABLE DEVELOPMENT RURAL NWO**

All the attention to clusters and regional innovation systems has not gone unnoticed by researchers concerned about the social sustainability of economic development (Haughton and Counsell, 2004). At issue is whether place-based policy for regional innovation

systems and, indeed, Place-based policy in general, remains too economist in its approach (Morgan, 2004). According to its advocates, socially sustainable development does not trade off economic, environmental, and social objectives, but pursues policies and projects expressing their mutual interdependence.

Markets can be redirected to address environmental problems to not only create new business opportunities but also make existing practices more efficient. Moreover, local environmental stewardship of heritage and landscape drives tourism and attracts talent. Sustainable development seeks green clusters in eco-industrial parks where collocated firms recycle, retrofit, and share carbon neutral production (Conference Board, 2007) On the social side, there is evidence that regions with more equal income distributions and inclusive communities also enjoy higher growth rates (Pastor et al., 2009).

Proposals for “just” clusters bring the environmental and the social together (Rosenfeld, 2002). They integrate workforce development strategies that encourage minority participation and social entrepreneurship with regional development that bridges old and new economies such as clean-fueled technology for the automotive sector, or wind and solar power that relies on traditional manufacturing trades.

#### **4. Multi-level Governance:**

*Multi-level Governance:* Regardless of the particular policy mix of innovation systems and social sustainability in regional development, it is clear that all levels of government have a role to play.

Institutionalizing collaborative governance is critical for success. A range of public and private actors, including provincial and municipal governments, must be formally involved in the process. So long as RED agencies are embedded locally and networked externally, they can serve as the focal point in the multi-level governance system and help establish formal contractual agreements between actors.

Co-produce public goods

1. Mobilize community assets
2. Share professional expertise
3. Enable public deliberation
4. Promote sustainable partnerships
5. Build fields and governance networks strategically

**Collaborative governance** has been defined as the process of establishing, steering, facilitating, operating, and monitoring cross-sectoral organizational

arrangements to address public policy problems that cannot be easily addressed by a single organization or the public sector alone (Ansell and Gash 2008).

### **5. Policy Learning and knowledge Transfer**

A unifying theme in the new regionalism is the importance of knowledge, whether for firms seeking to innovate, communities mapping their assets, or governments exploring how to work together (Gertler and Wolfe, 2004). In a learning region, the knowledge flows are robust and interactive. There must be institutionalized mechanisms for lesson drawing from the many programs and localized initiatives that shape regional development. Many European governments, with the active support and participation of the European Union, have been proactive in building inter-regional broadband connectivity (OECD, 2003; McGahey and Vey, 2008). Regardless of the regional scale, local actors need to map their place and work with upper level governments for supply of relevant services and infrastructure (Wolfe, 2009; Dunn et al., 2010).

**CONTEMPORARY TRENDS** The challenges animating today's third wave of Canadian regional development policy take shape against the backdrop of significant scholarly research rediscovering the importance of regions in national/provincial economic growth and innovation.

The foundation for success in the knowledge-based economy resides in firms or enterprises that generate high-value-added goods and services to become leaders in the marketplace. Levels of government have a role to play.

The challenges are beyond the capacity of any one government department or agency to resolve, and policy progress depends on upper-level governments leveraging the knowledge of residents living daily with the challenges and local service providers on the ground (Bradford, 2009). Design and implementation of place-based public policy thus occurs through multi-level governance— a collective decision making process that is formal, consensus-oriented, and deliberative (Public Policy Forum, 2008).

It aims to make public policy or manage programs by coordinating the actions of multiple organizations, each independent within its own sphere, in pursuit of a common goal. While these arrangements are complex, the OECD identifies different contractual approaches that facilitate collaboration in specific regional policy contexts (OECD, 2007).

*Relational contracts* maximize flexibility for government partners in situations where precise policy goals cannot be specified in advance and where dialogue, information sharing, and experimentation are most important.

## **5. “New Regionalism” Principles and Practices**

### **1. Strategic Vision: From Redistribution to Innovation**

### **2. Policy Alignment: Synergy and Interdependence**

### **3. Collaborative Governance: Vertical and Horizontal**

### **4. Transformative Projects: “Go Big or Go Home”**

### **5. Social Learning: Knowledge Matters**

#### **1. Strategic Vision: From Redistribution to Innovation**

- Move from regional re-distribution and equalizing outcomes to focusing on regional strengths
- Mobilize local assets and tap the economic potential of all places and sectors
- Maximize investments in local assets that cannot be easily replicated or moved
- Emphasize flexible, associative forms of governance and bottom-up participatory approaches

#### **2. Policy Alignment: Synergy and Interdependence**

- Align policies across sectors and levels of governments, at both the macro (taxation, trade, and immigration) and micro (labour market, education, amenities) levels
- Exploit synergies among organizations and interdependencies across policies
- Blend different kinds of knowledge in high-performing partnerships, joining industry and educational institutions, venture capitalists and commercialization incubators, anchor firms and spin-off entrepreneurs, and skills centres and business associations

#### **3. Collaborative Governance: Vertical and Horizontal**

- Institutionalize collaborative governance and decision-making that brings together a range of public and private actors for joint work on common, long-term challenges
- Align national or provincial objectives with regional assets and aspirations
- Use economic clusters as a focusing device to achieve policy integration, channeling public investments to their most productive targets where the receptor capacity is greatest
- Embed locally and externally networked regional development agencies so that they can serve as the focal point in the multi-level governance system

#### **4. Transformative Projects: “Go Big or Go Home”**

- Aspire to introduce high-impact interventions that address next generation challenges and seed solutions to transform businesses and communities
- Focus and concentrate economic resources around clusters of strength such as knowledge economy corridors and eco-industrial clusters

## **5. Social Learning: Knowledge Matters**

- Emphasize the importance of knowledge and learning
- Promote clear and systematic analysis of regional economies in the context of national, continental, and global trends
- Recognize that there is no 'off-the-shelf' or cookie cutter template for promoting regional innovation, and rely on applied policy research to help inform decision-making
- Develop robust indicator systems that benchmark progress in relation to goals and embed an outcomes-orientation among all stakeholders
- Emphasize inter-regional policy learning and knowledge transfer

## **PRINCIPLES OF R.E.D. / STRUCTURE RATIONALE FOR TWO STREAMS OF R.E.D.**

First, while traditional RED can still take place -- building infrastructure, supporting businesses -- support for specific projects is less important than support for the networks that allow communities to take advantage of their local strengths and resources. This requires investments in organized social learning processes involving individuals, firms and institutions.

The new approach to R.E.D. is "place-based." Successful regions identify and cultivate their assets, undertake collaborative processes to plan and implement change, and encourage a collective mindset fostering innovation -- like we see so much of in Kitchener-Waterloo, for example. Government funds can help leverage and deepen these activities.

Second, governments should co-ordinate programs at the local level. Together, governments can work across sectors and with civil society. Acting alone, government departments and agencies often just create silos, fragmentation and overlap -- or even worse, they steer in opposite directions.

In Canada, many government agencies are involved in economic development. Therefore, collaborative governance that gives a decision-making role to provincial and local governments and community organizations is essential.

## **MAJOR LESSON LEARNED FROM INTERNATIONAL BEST PRACTICES MORE RATIONAL FOR A TWO-STREAM R.E.D.**

Third, agencies will be most effective if they attempt to make a small number of transformative investments, rather than adding drips and drops. "Go Big or Go Home" is one lesson that emerges from international best practices.

There was a time when

1. R.E.D. policy chased smokestacks by trying to lure businesses.
2. Then R.E.D. chased innovation by building research infrastructure. Both approaches relied on top-down organizational structures, creating a plethora of new programs administered by different departments with little co-ordination.
3. Today, other countries recognize that regions need to maximize their investments in local assets that cannot be easily replicated or moved to other parts of the globe -- and that these assets and resources must be co-ordinated to achieve common purpose.

Vision and Goals: Innovation, Inclusion, and Sustainability

Long-term regional prosperity and well-being rests on three foundations:

- Economic innovation,
- Social inclusion,
- and environmental sustainability.

There must be shared recognition that each of these outcomes requires multi-jurisdictional and multi-sectoral approaches that channel different knowledge flows. A bold, focused vision provides the meta-framework for aligning activities, setting priorities, and deciding investments.

STRATEGY AND TOOLS: COLLABORATIVE GOVERNANCE THAT MOBILIZES AND BUNDLES RESOURCES FOR PARTICULAR PLACES IN NORTHERN ONTARIO. MULTI-LEVEL COLLABORATIVE GOVERNANCE TARGETS SUPPORTS USING BOTH VERTICAL AND HORIZONTAL DELIVERY VEHICLES: CONTRACTUAL AGREEMENTS ACROSS LEVELS OF GOVERNMENT CLARIFY DECISION MAKING ROLES, ASSIGN FINANCIAL COMMITMENTS, AND ENCOURAGE AN OUTCOMES-ORIENTED MENTALITY AMONG ALL PARTICIPANTS; ACROSS MUNICIPALITIES OR

COUNTIES, SIMILAR LOCAL AGREEMENTS CAN BE USED FOR PROJECT IMPLEMENTATION AND COMMUNITY CAPACITY BUILDING.

**COLLABORATIVE GOVERNANCE: VERTICAL AND HORIZONTAL**

It is widely recognized today that effective and efficient regional development policy moves beyond the traditional distinction between top-down and bottom-up processes.

The most important problems are simply too complex and multi-faceted for any single actor to solve in isolation. Indeed, unilateral or solo efforts are likely only to increase fragmentation and delay regional innovation.

Moreover, numerous community-based actors in both civil society and business are increasingly valued as important policy actors in their own right, with strategic local knowledge to contribute to government decision-making. It follows that the focus now turns to institutionalizing collaborative governance that brings together a range of public and private actors, each with their own mandates and accountabilities, for joint work on common, longer term challenges. Such collaborative governance has both a vertical dimension (across levels of government) and a horizontal dimension (among local and regional communities).

Along these lines, it is clear that a certain ‘policy division of labour’ exists for regional economic development. Federal and provincial governments have jurisdiction, resources, and tools to establish innovation frameworks and invest in key programs for business development, knowledge enhancement, and local capacity building.

At the same time, these macro level offerings must connect with community-based and private sector networks that are positioned to articulate regional priorities. Multi-level collaborative governance thus needs to align regional assets and aspirations with national or provincial objectives.

**7. LEADERSHIP AND TRANSFORMATION:  
BEYOND COMMAND AND CONTROL**

In support of the regional vision and governance dynamics, “New Regionalism” can lead

- transformative change through convening, coordinating, facilitating, and learning.
- Its resources can concentrate on projects that bring the players together for new
- purposes around the game changing outcomes of innovation, inclusion and sustainability.

- In so doing, the agency can exploit the synergies among the goals, and
  - cultivate local experimentation and the scaling-up of successful demonstrations.
- “New Regionalism” should be in the business of supporting transformative development projects, making investments that better integrate policies, leverage more resources, and generate best practices.

In their scope and scale, such projects are different from the immediate stimulus packages or ‘shovel ready’ investments that smooth out economic cycles. Short-term one-offs should always be ‘on the policy shelf’ in a volatile global economy, but they are not the transformative projects that supply the *raison d’être* of a federal regional development agency in southern Ontario.

## 8. TRANSFORMATIVE DEVELOPMENT PROJECTS: “NEW REGIONALISM”

### **Some Possibilities**

A central theme in the new regionalism is that “one size does not fit all.” In policy terms, this principle translates into a spatial conception of regional development operating at several geographic scales. For southern Ontario, there are two scales that are critical for design and implementation of transformative development projects: the meso-regional and the macro-regional.

#### Scale

#### **“New Regionalism” Scale**

SATISFIES THE CHALLENGE OF PAN NORTHERN ISSUE AND NE NW ISSUE

MESO-REGIONAL SCALE: DIFFERENTIATED ADVANTAGES

LARGE URBAN CENTRES: MAXIMIZING THE LARGER CITIES’ DIVERSITY AND DENSITY ADVANTAGES THROUGH INVESTMENTS IN SUSTAINABLE URBAN DESIGN AND HUBS OF KNOWLEDGE-DRIVEN INNOVATION.

Second- and Third-Tier Cities: Renewing labour market skills through investments in immigrant attraction and retention and in

moving traditional industrial profiles toward advanced manufacturing niches in the green collar economy.

Rural Communities: Reinventing peripheral or declining places through investments in the amenities and place qualities of the 'creative new rural economy' and in advanced communication technologies that strengthen the accessibility to vital government, business, and educational services and opportunities.

#### MACRO-REGIONAL SCALE: JURISDICTIONAL ADVANTAGE

Supporting implementation of a southern Ontario high-speed train that connects Windsor to Montreal would deliver significant economic and environmental benefits across the region.

Strengthening of southern Ontario's green collar economy infrastructure for alternative energy would produce innovative environmental technologies to better manage non-renewable resources for rural communities, limit sprawl in urban centers, and improve air and water quality across the region.

Assisting leading edge forms of local social development in southern Ontario such as comprehensive community initiatives or the social economy that invest in individual, family, and community assets would better harmonize inclusion and

Innovation goals and bridge social and spatial divides across the region.

#### **9. Empowerment Contracts (contractual agreements)**

##### **Mechanisms to establish New Regionalism / Regional Economic Planning Areas**

- ***Transactional contracts***
- ***Relational contracts***

**Transactional contracts apply the more familiar principal-agent logic where upper-level governments empower local agents to meet specific objectives and detail compliance. Across the OECD, governments are applying both types of contractual approaches for collaborative problem solving in different regional policy contexts (Ansell and Gash, 2007).**

How does such collaboration work in practice? OECD studies document the use of various **contractual agreements** that bring the different players together for regional planning and action. These contracts, negotiated between levels of government and including private and third-sector partners, establish a table for dialogue and specify the terms of joint work—the purposes and goals of the collaboration, the different roles and responsibilities, and accountability frameworks.

For example, in Western Canada, the federal regional development agency has been the catalyst for several “urban development agreements” that bring together politicians and officials from the three levels of government for five-year periods to work together with community-based organizations on shared local or regional priorities.

Faced with complex, multi-faceted economic and social development challenges, these collaborative agreements enable focused decision-making, establish the terms for flowing resources, and frame learning through experimentation. A strength of such contracting is its flexibility in responding to the particular coordination challenges faced by regional actors.

For some issues (delimited problem, few actors, specific goals), **transactional contracts** are appropriate, while in other contexts with more complexity and uncertainty, **relational contracts** allow for greater ‘learning by doing.’<sup>2</sup> Further, both kinds of contracting have been used to engage horizontal networks of local and regional actors across administrative boundaries in urban and rural settings, producing innovative spatial strategies for high-quality inter-municipal regional economic development and public service delivery.

Structure

## **10. Chapter 14 Doing Governance for Development: The Way Forward for Newfoundland and Labrador**

Full chapter or book available

Remote Control Governance Lessons Learned for and from Small, Insular and Remote Regions Godfrey Baldacchino, Rob Greenwood and Lawrence Felt

How does one transform small size and relative isolation into a powerful combination for sustainable growth and prosperity? 2009

'Some islands and rural regions have already done so. Winning tools and strategies deployed by these middle-level governance structures include: 'scaling up' of municipal units; developing tourist and computer-driven industries; engaging strategically with their diaspora; branding niche products and services; facilitating 'boutique', small-scale manufacturing; limiting local firm rivalry; and, overall, deploying a creative 'resourcefulness of jurisdiction'.

The papers in this collection flesh out these tools and strategies. They do so by unpacking and challenging received wisdom; charting out the parameters of effective government; teasing in the critical role of empowered

local communities and the engagement of civil society with the multiple levels of decision-making of the state.

The book's message emphasizes a proactive, creative, and assertive approach to governance; one that aims to instill a sense of efficacy to achieve remote control.

The Editors:

GODFREY BALDACCHINO is Canada Research Chair in Island Studies and Professor of Sociology at the University of Prince Edward Island, Canada;

ROB GREENWOOD is Director of the Leslie Harris Centre of Regional Policy and Development at Memorial University of Newfoundland, Canada;

LAWRENCE FELT is Professor of Sociology at Memorial University of Newfoundland, Canada.

ISER Books-Faculty of Arts Publications Institute of Social and Economic Research Memorial University of Newfoundland St John's NL A1e 5S7

ISBN: 978-1-894725-07-1

## **Section 4 Common Voice Research Papers**

List of Common Voice Secretariat research for the Joint Task Force

### ***1. Models for Regional Economic Development/Resource Retention***

### **2. Models to Consider in Crafting a New System Re: Putting Ontario's Wood to Work Consultation and Summary Forest Tenure Reform:**

#### **4. MOWAT Wolfe Bradford "New Regionalism "Model Blended with A Theoretical Framework of Regional Development Governance in Northern Ontario**

Document is a draft and for discussion purposes only

Attachment to formal CV Report:

#### **4. Regional Economic Planning Areas A Review of Models and Suggestions for Consideration**

## **Section 5 Research: Papers from which the principles are gleaned.**

### **Key Sources New Regionalism**

Bradford and Wolfe

MOWAT FedDev studies

1. MOWAT Regional Economic Development Studies June 2010 TOWARD TRANSFORMATIVE AGENDA FOR [FEDDEV ONTARIO](#)
2. REGIONAL ECONOMIC DEVELOPMENT AGENCIES
3. IN CANADA: Lessons for Southern Ontario FROM ENTANGLEMENT TO ALIGNMENT:
4. A Review of International Practice in Regional Economic Development
5. A Theoretical Framework of Regional Development Governance in Northern Ontario adapted from a presentation made by Public Policy and Administration Professor
6. Centre for the North Conference Board
7. Remote Control Governance Lessons Learned for and from Small, Insular and Remote Regions Godrey Baldacchino, Rob Greenwood and Lawrence Felt
8. "AccountAbility" Collaborative Governance Nov 2009
9. Bedrosian Centre Collaborative Governance in the USA Cases in Negotiated Policy Making and Service Delivery