

# **Local Economic Development Study Tour for a Group of South African Practitioners, 16 – 26 June 2008**

## **Report on the Tour**



ICON-INSTITUT GmbH Private Sector



**mesopartner**  
local economic delivery

## **Approach to the tour**

The tour was designed to give South African LED practitioners an overview of strategic, change-oriented interventions that are pursued at a local and regional level in Germany. The tour included visits to locations in East Germany, which is still in the process of re-building its economy after the de-industrialisation shock that came with reunification. In Western Germany the tour group visited North Rhine Westphalia a region with a long experience in local and regional economic development initiatives. The tour covered both basic LED activities as well as highly innovative and unusual strategic interventions. The intention was to stretch the imagination of the participants of what can be done in LED and how different actors can engage in upgrading and improving the competitiveness of regions and localities. The importance of recognising the talents or competencies of regions and local actors was highlighted. The interplay between quick wins and more strategic interventions was discussed, as well as the importance of two-way communication between LED practitioners and other local stakeholders.

The design of the tour was based on experiences with a number of similar excursions that have been organised in recent years, as well as on the experiences of GTZ to stimulate innovative LED approaches in South Africa.

The tour was made possible with funding from the GTZ Strengthening Local Governance Programme's LED Project and the GTZ Mpumalanga Rural Development Programmes. Mesopartner organised and facilitated the tour.

This report will provide a brief overview of the LED tour and will be accompanied by a CD that contains additional literature, photos, presentations, audio clips and other relevant material.

## Monday, 16 June

### Meeting with representatives of LEG Thuringia and the Managing Director of Bell Equipment Germany

Main insights:

- Thuringia is an attractive location for foreign investors mainly due to the easy access to highly skilled workers
- Government takes a strong effort to welcome business and to facilitate smooth operations
- Having a contact point in local government that can assist with networking or business contacts is very useful
- It is sometimes easier to assemble final products close to markets



### Presentation by LEG Thuringia

Main insights:

- LEG plays an important role in attracting external investors to Thuringia
- Its investment promotion effort focuses at a limited number of subsectors where Thuringia has a strong profile and a highly diversified structure of suppliers, customers, and service providers
- In investment promotion, one of the critical success factors is aftercare



## Tuesday, 17 June

### Visit to Ilmenau, seminar at APZ (Application Center)

#### Presentation bei Mr Karl-Heinz Schmidt, Technologiegesellschaft Thüringen

Main insights:

- After the collapse of old industries in the area (after the wall had come down), the main asset left was the Technical University
- Economic development since the early 1990s has been driven by a vision of creating a cluster of knowledge-based SMEs around the university
- Development of this cluster was based both on investment in tangible locational factors, in particular industrial parks and incubators, and in intangible factors, in particular a strong local and regional networking effort



#### Presentation by Mr Tino Wagner, BATT

Main insights:

- The development of incubators for technology-based firms is an important element in the development of a new industry
- Proximity of the incubator to the university is crucial
- In certain knowledge-based industries, barriers to entry for start-ups can be reduced by the incubator's investment in specialised laboratories and equipment



## Wednesday, 18 June

### Guided tour through Dieselkraftwerk, Cottbus

Main insight:

- Conversion of historic industrial buildings and investment in cultural assets is a crucial element for an LED approach that aims at attracting companies and highly skilled professionals
- Using the establishment of the art museum can be used to raise national (or even international) awareness of a place



### Presentation by Mr Wulf Goretzky, CEO of LED Agency Cottbus

Main insights:

- For a location like Cottbus, where old industries have collapsed or are in steep decline, it is crucial to develop a clear profile with a limited set of subsectors that need to be promoted for local start-ups and external investors – the current set of five subsectors is still too wide
- Investing in intangible locational factors is particularly important for a location like Cottbus, which is a relatively small town that otherwise would battle to attract talent



## Thursday, 19 June

### Tour to IBA See – Regional Restructuring Programme in an Open Pit Mining Area

Main insights:

- It is an option to take a major problem, like in this case a devastated landscape, and develop opportunities in unexpected areas, such as tourism
- It is a crucial role for the public sector to initiate a development process that creates the preconditions for private investors to come in, for instance to create residential areas and tourism structures in and around the lakes that are currently being filled with water. Private sector investment often follows public sector investment.



## Friday, 20 June

### Visit to Brodowin Ecological Village, presentation by Mr Peter Krentz

Main insights:

- Organic agriculture in a peri-urban area has a high potential
- At the same time, it requires strong management, technical and sales skills
- It is crucial to constantly upgrade the product offering and respond to changes in the market
- Direct commercialisation of organic products can be leveraged for advertisement on tourism activities that are run in the location
- Organic agriculture can be successful when a critical mass of farmers and products are mobilised along complimentary value chains



## Monday, 23 July

### Visit to Landscape Park Duisburg

Main insights:

- It is possible to take existing, abandoned structures and build a development process on them that addresses the entire triangle of sustainable development, i.e. economic, ecological and social factors. This allows people to be proud of their past (industrial heritage) and can be used to stimulate creative discussions about the future
- The transformation of the place shows where lateral thinking can take development



### Visit to Nordstern Park, Gelsenkirchen, tour by Dr Marie Mense, THS

Main insights:

- It is an interesting option to convert an old mine building into a high quality office environment with a unique flair, and use this to project the competence of the THS real estate corporation
- Converting this estate into a knowledge intensive business estate has had positive effects on the direct neighbourhood and the region



## Presentation on IBA Emscher Park by Mr Tomas Grohé

Main insights:

- A regional transformation process should be based on quality criteria
- An innovative process cannot be planned – it should be guided by a vision and allow for experimentation, iterative processes, and learning
- Development teams that are multidisciplinary can create exciting and creative development projects when they engage with the most competitive ideas of international and regional architects, urban planners, landscape designers, artists and strategists.



## Tuesday, 24 July

### Visit to Leppe waste dump, guided tour with Mr Gerhard Lützel

Main insights:

- A place with strong negative connotations can be turned into an asset for local and regional economic development. An important question to ask is “what is our talent?”
- The transformation of a waste dump can involve a wide variety of activities, some of which are close to the history of the place, like a research centre and business park with an environmental focus, while others are entirely different, such as mountain bike racing events



### Presentation on Regionale 2010 by Dr Reimar Molitor

Main insights:

- A temporary agency can play an important role in stimulating and facilitating change at a regional level
- To be effective, close interaction with political decision makers is crucial
- A change process at a regional level involves a lot of time invested in face-to-face communication.
- To create a new future, all the competencies or assets of a region can be connected in a new futuristic mosaic. The lead question here is “what could we be?”, and then all the existing assets and competencies are made complimentary to this.



## Wednesday, 25 June

### Visit to Viersen LED Agency, presentations by Mr Rolf Adolphs and Ms Martina Baumgärtner, guided tour to tourism development projects

Main insights:

- A critical success factor was the decision for the LED Agency to focus its tourism development on marketing, rather than engaging in a comprehensive set of activities (an approach that failed in other regions). The process started by asking tourists “what are we good at?” or “why did you visit us?”
- Successful tourism development must be based on a strong involvement of the private sector, as well as an effort to encourage constant upgrading in the private sector
- In order to attract tourists, a clear definition of the target group and an effort to create and package a set of attractions and activities are crucial. Furthermore, there is a certain scale and variety of venues and attractions that are needed in order to make place or region attractive. It may be necessary to combine marketing efforts with other locations to build a comprehensive marketing profile.



## Schedule of LED Study Tour to Germany

<i>Day</i>	<i>Activity</i>	<i>Comment on content</i>	<i>Website</i>
Sunday	Departure from South Africa		
Monday 16 June	Arrival in Frankfurt Transfer to Erfurt Briefing session on LRED in East Germany with Ms Kupfer and other professionals of LED Thüringen (provincial development organisation)	Introduction to first part of the tour: <ul style="list-style-type: none"> <li>explaining the context of LED in East Germany after reunification</li> <li>explaining the institutional structure of LED in a multi-level governance structure</li> </ul>	<a href="http://www.leg-thueringen.de/">http://www.leg-thueringen.de/</a>
Tuesday 17 June	Excursion to Ilmenau: Strategic LED around knowledge and innovation, organised by LED Thüringen	Being a relatively small town, Ilmenau has pursued a strategic approach to LED based on knowledge-intensive sectors, leveraging the local university for enterprise development	<a href="http://www.ilmenau.de/">http://www.ilmenau.de/</a>
Wednesday 18 June	Transfer to Cottbus Meeting with Mr Goretzky, Cottbus LED Agency	Cottbus is located close to the Polish border, in a region that is particularly affected by structural change after reunification, especially due to the collapse of mining operations. The city is working on building a new economic base.	<a href="http://www.cottbus.de/">http://www.cottbus.de/</a>
Thursday 19 June	Visit to IBA See – conversion of former open pit mining site, regional development programme. Tour programme organised by IBA See secretariat. Meeting with IBA See project manager.	IBA See is a development initiative that aims at converting a former open pit coal mining area. They have developed a number of highly innovative approaches to conversion.	<a href="http://www.iba-see.de">http://www.iba-see.de</a>
Friday 20 June	Transfer to Brodowin Visit to Brodowin organic peri-urban organic agriculture project, presentation by CEO Mr. Krentz Workshop – Assessment of first part of trip Transfer to Berlin	Brodowin is a village close to Berlin, where a former communist agricultural cooperative decided to go for organic agriculture after reunification. The locality has positioned itself as a strong provider of organic agricultural products to the Berlin metropolitan area.	<a href="http://www.brodowin.de/">http://www.brodowin.de/</a>

Saturday 21 June	Exploring Berlin		
Sunday 22 June	Transfer to NRW Exploration of Landscape Park (transformed steel plant)		
Monday 23 June	Briefing on LED in NRW Excursion: Ruhr area – exploring structural change in an old industrial area. Visit to project sites.	The Ruhr area has had to cope with the decline of the mining and steel industries since the 1970s. In the 1990s, it was widely accepted that a new economic base had to be created. The region has developed a unique way of transforming old industrial areas in order to create an attractive metropolitan area.	<a href="http://www.route-industriekultur.de">http://www.route-industriekultur.de</a>
Tuesday 24 June	Excursion to Lower Rhine region – focus at tourism development. Presentation by Mr Adolphs, CEO of RDA. Visit to project sites.	The Lower Rhine region has developed successful initiatives to position itself as a destination for short-term tourism, especially for travellers from the nearby metropolitan areas.	<a href="http://www.niederrhein-tourismus.de/">http://www.niederrhein-tourismus.de/</a>
Wednesday 25 June	Excursion to Cologne: Regional change management – REGIONALE 2010. Presentation by Dr Molitor, CEO. Visit to REGIONALE projects.	REGIONALE 2010 is a highly innovative regional change programme that addresses issues of sustainable development and technological upgrading.	<a href="http://www.regionale2010.de/">http://www.regionale2010.de/</a>
Thursday 26 June	Workshop – Assessment of tour Transfer to Frankfurt airport, departure		
Friday 27 June	Arrival in South Africa		