Abstract: Regions are becoming increasingly important entities for facilitating economic growth and driving national and international prosperity. For governments, finding opportunities to improve the performance of regional economies is becoming a critical issue. However, forms of governance based on static territorial boundaries increasingly fail to address issues that can affect the economic performance of regions. Furthermore, even were established regional governance frameworks exist, they may not be integrated enough to foster the trust and collaboration among regional actors to implement sustained region-wide policies or programs. Regional economic development is increasingly viewed as a functional governance issue, where collaboration and partnerships with a variety of stakeholders across boundaries is critical to enhancing regional economic performance.
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EXECUTIVE SUMMARY

Regions are becoming increasingly important entities for facilitating economic growth and driving national and international prosperity. For governments, finding opportunities to improve the performance of regional economies is becoming a critical issue. However, increasingly forms of governance based on static territorial boundaries do not address issues that can affect the economic performance of regions. Furthermore, even were established regional governance frameworks exist they may not be integrated enough to foster the trust and collaboration among regional actors to implement sustained region-wide policies or programs.

Regional economic development is increasingly viewed as a functional governance issue, where collaboration and partnership with a variety of stakeholders, across boundaries is critical to enhancing regional economic performance. Collaborative functional governance networks can lead to improved economic performance by reframing issues and creating opportunities that are not otherwise addressed by traditional forms of governance. There are inherent benefits to collaboration which can involve a number of different actors and leverage investment from the private and not-for-profit sectors. However, collaboration and functional governance networks can have broad undefined goals, lack accountability and do little more than continually reframe and redefine existing challenges.

The local governance system in British Columbia facilitates collaborative regional partnerships. Existing regional economic development programs are somewhat focused on building stronger regional economies, however, there is an emerging dialogue that suggests more can be done to facilitate economic development at the regional level and actions are needed that foster the necessary trust and collaboration among regional actors to implement sustained region-wide policies or programs.

This paper provides an analysis of three case studies to determine what lessons could be applied to British Columbia. The first case provides an analysis of the cross-border governance networks that developed in Cascadia. The research suggests that the economic performance of regions is potentially enhanced by cross-boundary governance networks. These collaborative
governance networks can lead to improved economic performance by reframing issues and generating opportunities not initiated by traditional forms of governance.

The second case examines New Zealand’s Regional Partnership Program which was an incentive program developed by the national government to encourage regional economic development strategies and initiatives. Evaluations of the program determined it was successful at generating more regional economic development direction and focus, built cooperation and trust among actors, and extended economic development networks creating more collaborative approaches. The evaluation also noted capacity building grants were successful at building long-term collaboration and important for achieving results on projects that would not otherwise be initiated.

The final case examined Canada’s Technology Triangle which was an initiative led by several municipalities to develop greater regional economic development coordination. The initiative reshaped how national and international players viewed the Region of Waterloo but did not have the effect of building greater regional economic development cooperation. The case demonstrated that without proper capacity building incentives the process of regional institutionalization can be overwhelmed by competing interests.

The case studies demonstrate that collaborative governance networks can form in the absence of policy and legislative frameworks, they can be driven by top-down government investment or they can be driven by local bottom-up initiatives. However, without incentives to develop accountability, trust and increased collaboration these governance arrangements may lack the longevity to generate sustained economic performance.
1. INTRODUCTION

Regions are becoming increasingly important entities for facilitating economic growth. The Conference Board of Canada notes that “In the 21st century’s knowledge-based economy, cities and city regions are increasingly recognized as drivers of national and international prosperity” (CBC (1) 2006:1). For governments, finding opportunities to improve the performance of regional economies is becoming a critical issue. However, new technologies, transportation networks and methods of communication are increasingly rendering traditional jurisdictional borders obsolete. Increasingly forms of governance based on static territorial boundaries do not address issues such as cross-boundary transportation, security or environmental issues. Furthermore, even were established regional governance frameworks exist they may not be integrated enough to foster the trust and collaboration among regional actors to implement sustained region-wide policies or programs.

Increasingly to address these challenges functional governance networks are developing. Functional, is a term that is used to describe new forms of governance which are more narrowly focused on a specific issue, than traditional forms of territorial governance. Functional networks are also more fluid, adaptable and integrated than traditional forms of governance and in some cases are led by private sector and not-for-profit organizations. Regional economic development is increasingly being framed as a functional governance issue, where collaboration, and partnership with a variety of stakeholders and in some cases across territorial boundaries, is critical to enhancing regional economic performance.

Collaborative governance networks can lead to improved economic performance by finding opportunities and reframing issues which are too complex to be addressed by traditional forms of governance. Collaborative networks can include a range of organizations including governments, private sector firms, supporting research institutions and not-for profit agencies. Leadership can be provided by any of these actors and all can contribute expertise and resources. However, these collaborative, functional networks can involve considerable resources and the continual process of reframing and redefining issues can lead to few tangible results. The risk with these networks is that they develop and are maintained simply for the sake increased collaboration without clear goals or objectives.
The purpose of this paper is to provide examples of regional economic networks comparable to British Columbia, and, in particular, look at patterns of cooperation. Section 2 provides an overview of functional governance and a discussion of how collaborative networks can impact economic performance. The third section provides a description of the local governance framework and the existing regional economic development initiatives in British Columbia. Section 4 provides a description of three comparable networks of cooperation which includes cross-border initiatives in the Cascadia region which in part includes British Columbia, New Zealand’s Regional Partnership Program and Canada’s Technology Triangle which encompasses Waterloo Region in Ontario. Section 5 highlights the lessons learned from these cases and Section 6 provides a conclusion and discusses several considerations that may be applicable to British Columbia.

2. REGIONAL GOVERNANCE AND ECONOMIC DEVELOPMENT

2.1. Governance

Regional issues are no longer limited to territorial boundaries or administrative responsibilities. Globalization and the increased emphasis on negotiating joint products are creating new functional governance networks. These networks focus more narrowly on specific policy issues or challenges but have greater integration of the public, private and not-for-profit sector actors than traditional territorial governance networks.

Territorial Governance

Territorial governance is the traditional jurisdictional division where there is minimal overlap of policy responsibilities. Territorial governance encompasses specialized jurisdictions that have responsibility for particular services or regulatory functions. They are generally stable, rigid institutions structured in hierarchies and while there is coordination with non-governmental actors there is a clear division between the governance network and private and not-for-profit sectors.
**Functional Governance**

Increasingly functional governance is a term used to describe narrowly focused governance arrangements which can overlap multiple territorial jurisdictions. This form of governance is characterized by interactions between actors and can include overlapping or competing jurisdictions. Functional regional governance is particularly important for understanding regional economic development networks, whereby various private sector and not-for-profit actors can be directly involved in the governance framework. The key characteristics of traditional territorial governance and functional governance are described in the Table 1.

**Table 1 - Functional vs. Territorial Governance**

<table>
<thead>
<tr>
<th>Territorial</th>
<th>Functional</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Functional scope is broad</td>
<td>• Narrow functional scope</td>
</tr>
<tr>
<td>• Stable rigid institutions</td>
<td>• Fluid flexible institutions</td>
</tr>
<tr>
<td>• Focus on coordination vs. collaboration</td>
<td>• Focus on collaboration</td>
</tr>
<tr>
<td>• Structured in a hierarchy</td>
<td>• Congruent boundaries and geography</td>
</tr>
<tr>
<td>• Separation of public sector from private and not-for-profit sectors</td>
<td>• Integration of public, private and not for profit sectors</td>
</tr>
</tbody>
</table>

Functional governance is becoming an increasingly important part of the overall governance system. Globalization and an increased emphasis on negotiation to produce joint products are primarily driving this trend. Globalization is characterized by new forms of communication and transportation which changes the way goods and services are moved and distributed. There is also more emphasis on human capital and technology allowing for information to be more easily disseminated (LeSage & Stefanick 2004:1). The second factor contributing to functional governance networks is the increasing practice of negotiation to produce joint products such as city plans or strategic actions. This negotiation between persons and smaller groups in turn facilitates organizational negotiation and inter-organizational communication, which leads to the development of broader governance systems and networks (Jessop 1998: 33). In a globalized world interactions are less limited by geographic location and boundaries and there is increased emphasis on joint products. Functional governance networks develop around issues and challenges that are not addressed by a traditional territorial structure or broad hierarchical governance arrangements.
2.2. **Functional Networks and Contemporary Policy Challenges**

Both functional and territorial governance are concerned with the delivery of services, policy management and economic competitiveness (LeSage and Stefanick 2004:4). However, increasingly policy challenges, including economic competitiveness, go beyond the scope of traditional territorial and jurisdictional divisions. The BC Competition Council’s 2006 report noted that the efficiency of the industrial transportation system is one of the key factors influencing British Columbia’s economic competitiveness. The Council recommends the establishment of an agency to work with all players in the transportation system with the goal of improving the efficiency of the entire transportation system including port facilities, rail and road networks (2006:13). This policy challenge of increasing the efficiency of the industrial transportation system is framed by federal ports and railways, provincial; regional and local roads networks, and local land use decisions across a number of municipalities.

Solving these challenges involves joint strategies, coordination and processes that require institutional frameworks to facilitate participation and interaction between a wide range of actors. Knapp and Schmitt describe several elements of governance initiatives which aim to create new connections, reconfigure policy communities and generate new relationships between the state, the locality, the economic sphere and civil society. The elements they discuss include the structure of institutional frameworks, strategic networks, and the role between various public and private sector actors, as a means to cope with specific problems of functional regions (2002:26). The relationship between actors in a functional governance network is crucial because these networks can lack a legislative framework, hierarchical decision making process or have jurisdictional scope.

2.3. **Regional Economic Performance**

Regions are increasingly becoming focal points of global economic activity. Globalization has made it more difficult for national governments to influence economic activities within their own borders (Jessop 1998:33). It is increasingly the regional economic system that provides for the supporting infrastructure, knowledge networks and concentrations of firms and activities necessary for economic growth. Institutional and functional networks, at the proper scale, play an important part in enhancing regional development.
Regional economic development is based on a number of different and complex economic theories. Underlying many of these theories is the premise that there is a competitive advantage for businesses to cluster together and take advantage of reduced transportation costs, knowledge sharing and common labour pools (Dawkins 2003:136-137). A common measure of regional economic performance is Gross Domestic Product (GDP) which is based on the overall economic activity in an area. From a public policy perspective economic performance can also account for the well-being of individuals which is measured through the accumulation and distribution of wealth.\(^1\) The focus of regional economic development programs is to maximize economic growth or reduce the disparities in the distribution of wealth (Dawkins 2003:149). Section 3 of this paper looks at regional economic development programs in British Columbia.

2.4. Cooperation and Regional Economic Performance

The focus of this paper is on regional economic networks of cooperation and how networks can be structured to enhance regional performance. There is disagreement in the literature on how effective cooperation and the functional governance can be at increasing regional economic performance. However, there does seem to be evidence that there is value in collaboration and partnerships.

Advantages of Partnering and Collaboration

While it may be difficult to measure the effects of increased cooperation, the literature highlights the importance of regional economic development relationships. In their discussion of the New Zealand Regional Economic Development Partnerships Program, Nischalke and Scollmann note that the international literature indicates “that better linkages between economic development institutions and firms and improved trust can lead to more jointly funded development projects and better understanding of, and synergies from, previously disjointed economic development initiatives and processes.”(2005:568). Leibovitz notes that “collaborative economic governance is an important institutional vehicle for the promotion of progressive competitiveness”

\(^1\) As part of the University of Victoria’s Local Government Knowledge Partnership project, a paper provides a common definition for regional economic performance and details factors that influence regional economic performance. For a more thorough discussion of the economic performance see Knowledge Partnership Paper #1 “Economic Performance and Economic Regions in the New Economy: Foundations, Strategies and Governance” by Benjamin Brunnen.
(2003:2614). The literature suggests that collaboration can build linkages and networks which in turn can lead to synergies increasing competitiveness and economic performance.

There is not necessarily a direct link between collaboration and enhanced economic competitiveness but networks developed through partnerships and cooperation can facilitate broader governance systems which undertake and frame specific functional challenges. Where public agencies do not have the jurisdictional authority or capacity to address certain challenges governance networks are the vehicles to frame specific issues and find new opportunities to address them (Innes & Rongerude 2205:iv). As an example of this Susan Clarke notes that in the Cascadia Region, which will be discussed in the case study section, there is an emerging regional governance capacity on transportation issues where a bi-national policy community is framing transportation issues as cross-national issues (2000:1). Clarke also notes that in the absence of formal plans or political unions governance strategies can extend beyond territorial regional governments.

There other examples of this problem definition framing in the Cascadia region. The Pacific North West Economic Region (PNWER), an initiative led by the private sector, addresses a range of cross-border issues including agriculture, the environment, energy, transportation and infrastructure. Specific cross-order initiatives included a bi-national Energy Planning Task Force which was established to address future energy demand and transmission congestion in the region and a partnership for cross-border tourism based on the 2010 Olympics. Collaborative networks and governance arrangements have the ability to address problems and find opportunities in the absence of existing policies or initiatives. Regional economic performance can be improved by this process of reframing problem definitions and finding opportunities not addressed by traditional governance arrangements.

In addition to dealing with problems that spill across boundaries and borders, collaborative partnerships have the advantage of including a wide range of actors and leveraging funding from non-governmental organizations. The Pacific North West Economic Region has a budget of $825,000 the majority of which is derived from non-governmental sources (Morrison 2006). The Ministry of Community Services has a Smart Development Partnership Program, indented
to increase the effectiveness of BC’s land use planning system, which successfully leverages investment and participation from the Urban Development Institute and Canadian Homebuilders Association and Real Estate Foundation (MCS 2006:1). Other collaborative networks involve actors from the private sector, research institutes, universities and academics, all of which can bring resources and expertise to a particular policy challenge.

Challenges of Partnering and Collaboration

While there are advantages to collaboration and partnerships there is also a great deal of uncertainty regarding what is accomplished through collaboration and more broadly through governance networks. One theoretical challenge with governance networks noted by Jessop is that it is difficult to measure that the criteria for success or failure (1998:38). For example state failure results in an inability to achieve certain political objectives and market failure is observed through economic inefficiencies, however, there is no agreement on what constitutes the failure of a functional governance network.

The nature of functional governance networks is that they constantly modify goals through negotiation and reflection and as a result continuously redefine their purpose without the same level of accountability as a traditional government with elected officials. The literature frequently sites the United Kingdom as an example of where there is an over proliferation of partnerships at the local level. These partnerships have spawned networks of quasi-governmental bodies that do not have the same level of accountability as those led by elected officials (CBC(1) 2006:14). Furthermore, municipal leaders are engaged in extensive consultation processes that consume tremendous amounts of energy while the return on investment can take years (CBC(1) 2006:8). There is a risk with governance networks and partnerships that they will be undertaken simply for the sake of increased collaboration, without clear objectives they can become a significant waste of resources.

One final challenge to note with regional governance networks and partnership programs is they are relatively recent phenomena and the outcomes of these initiatives are not necessarily known. The evaluation of the Regional Development Partnerships Program in New Zealand specifically notes that “there are very few evaluative studies that can be drawn upon to provide clear
empirical evidence of the economic impact of partnerships for regional economic development (Dalziel & Saunders 2003:16). This is supported by a 2001 OCED study that notes the mechanisms through which partnerships contribute to economic development and other policy objectives are not fully clear (2001:18).

Functional governance networks develop around issues and challenges that are not addressed by a traditional governance structures. There appears to be evidence that these collaborative governance networks can lead to improved economic performance by reframing and finding opportunities to address issues such as cross-border transportation. Furthermore, there are inherent benefits to collaboration which can involve a number of different actors and leverage investment from the private and non-profit sectors. However, it can be difficult to determine accountability in collaborative governance networks because of ambiguous and constantly redefined goals. Functional governance networks risk collaborating simply for the sake collaboration and because of the number of actors involved in these networks can represent a significant waste of resources.

3. REGIONAL GOVERNANCE AND ECONOMIC DEVELOPMENT IN BC

3.1. Regional Governance in British Columbia

The local government system in British Columbia is a dual system made up of 157 municipalities and 27 regional districts. The regional district system encompasses every municipality in the Province including the City of Vancouver. Vancouver and Montreal are the only large Canadian cities in a federated region (MCS, 2006:6). The BC local governance system is based on the principles of being flexible, collaborative and local government is accountable for its own sphere of influence. The most unique part of the BC local government system is the focus on intergovernmental collaboration. Regional districts can provide almost any service that at least some member municipalities agree should be provided at the regional level. There are approximately 2,100 of these service partnerships administered by Regional Districts (Task Force on Community Opportunities [TFOCO] 2006:3).

The local government system is supported by a broader range of local government organizations that work collaboratively to support the overall system. The Union of BC Municipalities
represents local governments and works collaboratively with the Province to resolve issues and enact policy/legislation. The Fraser Basin Council Partnership is a unique partnership between levels of government, First Nations, business and environmental interests with the mandate to maintain the social, environmental and economic vitality of the Fraser Watershed. The Municipal Finance Authority, the Local Government Management Association and Civic Info BC support the financial, administrative and knowledge capacity of local government.

3.2. Economic Development Programs in British Columbia

The following is a discussion of the existing federal, provincial, regional and local government programs targeting economic development. This paper does not discuss the full range of incentives directed broadly at economic development or based on sectors; rather it is intended to frame the case studies described in Section 4 of this paper.

3.2.1. Federal Programs

Federal economic development programs in BC are largely delivered by Western Economic Diversification Canada which is an agency of the federal government. Western Diversification supports a wide range of programs that target innovation, entrepreneurial activity and Community Economic Development (WD Canada, Programs). Community Economic Development programs include funding for urban development agreements, aboriginal housing and infrastructure investment programs.

Urban development agreements are partnerships between the federal, provincial and municipal governments working in collaboration on inner city revitalization, strengthened innovation and sustainable economic development (WD Canada, Urban Development Agreements). The Vancouver agreement is the first agreement signed in BC while another agreement is being developed for the City of Victoria. While the agreement focuses on economic development, it is largely limited to revitalizing the downtown area and does not focus on broader regional issues.

3.2.2. Provincial Programs

The Province of British Columbia partners with the federal government in a number of programs discussed in the previous section including the Municipal Rural Infrastructure Fund and the BC
Urban Development Agreements. The Province also has a venture capital program and the First Citizens Fund for aboriginal business loans. The BC Government also provides grants for drinking water infrastructure and general grants for small communities.

There are a number of regionally focused economic development programs in British Columbia. The BC Ministry of Economic Development’s ‘On-the-Ground Regional Economic Services’ program places economic development staff in several BC communities to act as contacts for investors, local governments, and to assist in the identification of business opportunities and project development (Ministry of Economic Development (MED), Programs and Services). There is also a provincially supported Regional Economic Alliance pilot program between local governments and the private sector to develop economic development “tools that could be available to support growth and diversification” (MED, Programs and Services). Finally, the Province provides funding to a number of Trusts for northern and rural regions which focus investment on specific regional economies.

3.2.3 Local Government Policies and Programs

Municipal governments in BC have a broad range of discretion in terms of the types of services they deliver. Economic development is one of the voluntary services that can be delivered by a municipality. Some local governments have staff and departments designated to provide information, analysis or other services to promote economic development. Municipal Official Community Plans can also contain policies regarding economic development considerations for the community.

Regional Districts are involved in economic development through the development of Regional Growth Strategies and may provide economic development services through a partnership agreement. Regional Growth Strategies are a type of plan intended to manage growth issues within a Regional District. In addition to land use considerations, they contain a broad spectrum of issues including social, economic, transportation and environmental (Bish & Clemens 1999:128). Regional Growth strategies are developed in partnership with member municipalities.
As discussed in the BC Governance section of this paper, regional districts can deliver almost any service that at least two municipalities can agree should be shared. A number of regional districts across the province have entered into service agreements for economic development services.

### 3.3. Analysis of Governance and Economic Development in BC

The local government system in British Columbia is flexible and collaborative with shared regional services being delivered when there is agreement from two or more municipalities or electoral areas. The local government system is also supported by a network of actors including the Union of BC Municipalities and the Fraser Basin Council that contribute to the overall governance framework. The economic development programs target business development, innovation, infrastructure and community development. There is some focus on regional economic development assistance through the BC Ministry of Economic Development’s On the Ground and Regional Economic Alliance programs. However, these programs are limited to certain geographic regions and provide minimal resources for building the systems of collaboration necessary for strong regional economies.

The Greater Vancouver Economic Council and the Task Force on Community Opportunities recommend that more should be done in British Columbia to build stronger regional economies. The Task Force on Community Opportunities recommended that an approach to regional economic development be adopted that focuses on ‘natural regional economy’ or the functional networks discussed previously in this paper (TFOCO 2006:18). The task force noted several strategic activities that could support these regional economies, including analytical and research activities, investing in strategic infrastructure and various marketing activities (TFCO 2006:18). Collaboration amongst the private sector, local governments, academic, health and social services sectors would be critical to supporting regional economies.

The Greater Vancouver Economic Council is a private sector driven initiative providing leadership to develop the Greater Vancouver Regional District’s (GVRD) economy. The Council notes the GVRD is one of the few North American regions without a coordinating economic development organization and “there are no monies expended on economic
development at a regional level in Greater Vancouver” (2005:1). The need for coordinated regional economic development initiatives may be particularly crucial in BC’s leading Central Metropolitan Area (CMA) - Vancouver. Vancouver’s CMA accounts for nearly 53.2% of the Provincial GDP making its economic performance vital to the overall economic performance of the Province. The Conference Board of Canada argues in its 2006 report, “Canada’s Hub Cities A Driving Force of the National Economy”, that in most provinces the leading CMA’s growth drives an even faster rate of growth in smaller communities through economic ‘convergence’, making strategic investment in leading regions a priority (CBC(2) 2006).

The local governance system in British Columbia facilities collaborative regional partnerships. Existing regional economic development programs provide some focus on building stronger regional economies. However, there is an emerging dialogue that suggests more can be done to facilitate economic development at the regional level in British Columbia. Actions are needed that foster the necessary trust and collaboration among regional actors to implement sustained region-wide policies or programs. The selection of case studies in the next section is intended to provide lessons learned and policy implications for greater regional economic development collaboration in British Columbia.

4. COMPARATIVE ANALYSIS

The case studies in this paper are intended to provide some examples of regional economic development networks and patterns of cooperation that would be comparable to British Columbia. The case studies were chosen based on five criteria including: the collaborative framework, collaboration among actors, scale of territorial governance, implementation and flexibility and enhanced regional economic performance. Case studies include the cross-border governance networks developing in the Cascadia Region, New Zealand’s Regional Partnership Program and Waterloo Region’s Technology Triangle.

4.1. Methodology

The purpose of this research paper is exploratory; it is intended to provide a focus for future research and is by no means a comprehensive evaluation of best practices. The scope was
limited by time and resources and the focus was on existing research accessible through academic journals, government studies or other available sources.

The case studies are intended to provide an overview of regional economic development networks and patterns of cooperation. The case studies were selected based on the analysis of the local governance system in BC including that it is flexible and based on cooperation. The case studies are also based on analysis of existing regional economic development programs, including the need to generate more economic development collaboration at the regional level. Five criteria were used to select the case studies; Table 2 summarizes how the criteria relate to each selected case.

Table 2 - Case Study Section Criteria

<table>
<thead>
<tr>
<th>Selection Criteria</th>
<th>Cascadia</th>
<th>Case Study</th>
<th>Canada’s Technology Triangle (CTT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative Governance Framework</td>
<td>Multiple organizations exist in Cascadia including:</td>
<td>Partnerships include participation from:</td>
<td>Canada’s Technology Triangle is run by a Board of Directors from both private and public sectors, and participation from academic institutions</td>
</tr>
</tbody>
</table>
|                  | • Pacific North West Economic Region  
• International Mobility and Trade Corridor  
• Cascadia Centre  
• Various environmental organizations  
• Governments of Canada and the United States  
• Provincial/state governments  
• Local governments  
• Private sector  
• Not-for-profit | • Regional Councils or authorities  
• Local councils  
• Government of New Zealand  
• Local businesses  
• Trade unions  
• Tertiary institutions  
• Local authority officers  
• Non-governmental organizations | CTT includes participation from: |
|                  | Collaboration was framed by each separate governance network in the Cascadia region. | RPP successful at building greater collaboration at regional level among various levels of government, and private and not-for-profit sectors | • Region of Waterloo and the  
• City of Cambridge  
• City of Kitchener  
• City of Waterloo |
| Collaboration Among Actors | Cross national and territorial boundaries | Each region in New Zealand developed separate initiatives | Little regional collaboration developed through CTT |
| Territorial Governance | | CTT operates across a single territorial region | |
4.2. Cascadia

The Pacific Northwest region has developed a unique system of overlapping governance organizations. This region is referred to as “Cascadia” which is a distinct North American region with various levels of shared values and common interests. Geographically, Cascadia can be described in terms of the narrow corridor which is called “Main Street Cascadia” extending from Vancouver, British Columbia, through Seattle Washington, to Portland Oregon. A broader definition is the “Pacific NorthWest or Economic Region” that includes Alaska, Idaho, Montana, Washington, Oregon, the Yukon, British Columbia and Alberta (2001: 222). It can also be described in terms of a number of ecological conditions such as the coastal temperate rainforest region or the Georgia Basin-Puget Sound Watershed.

In the Cascadia region, a number of cross-jurisdictional organizations have developed despite institutional
barriers including constitutional and fiscal structures (Clarke 2002). One of the earliest cross-border initiatives undertaken in the Cascadia region was the 1961 Columbia River Treaty. The Treaty was an agreement between the Province of British Columbia and the State of Washington on the development and operation of the Upper Columbia River basin. More recently, overlapping organizations and cooperative networks started developing in Cascadia with the signing of NAFTA. These organizations link a complex network of actors that includes federal governments, provinces and states, local governments, business and other non-governmental organizations. These networks provide a cross-jurisdictional focus to policy challenges including economic development, transportation and the environment. The following section discusses several organizations with overlapping interests and goals that operate at a number of different scales in this region.

**Pacific North-West Economic Region**

The first major governance initiative was the Pacific NorthWest Economic Region (PNWER). Starting in 1991, the region now includes British Columbia, Washington, Oregon, Idaho, Montana, Alaska, Alberta and the Yukon. This partnership addresses a range of issues though working groups that include agriculture, the environment, energy, transportation, infrastructure, sustainable development and, recently, border security (PNWER, Working Groups). The PNWER also has a joint legislative committee including politicians from Washington and BC (Morrison 2006). The PNWER is run by an executive committee of state legislators, provincial MLAs and members from the private sector. The PNWER encompasses a region with a population of 20 million, gross regional product of $840 billion and has an operating budget of $825,000 – the majority of which is derived from non-governmental sources (Morrison 2006).

The Pacific NorthWest Region is currently leading a number of major initiatives. Firstly, there is the Bi-national Energy Planning Task Force which was established to address future energy demand and transmission congestion in the region. There is also a partnership for cross-border tourism based on the 2010 Olympics which includes regional training venues, regional visitor centres and sustainability best practices (Morrison 2006). The Pacific NorthWest Economic Region provides a forum to pre-emptively address more costly and slower international processes. A special session of the PNWER avoided a NAFTA challenge on a tire recycling
issue. The PNWER partnership for Regional Infrastructure Security was identified as a model for bi-national critical infrastructure after 9-11. The Bi-national Energy Planning Council has the potential to address a number of issues including streamlining regulations and energy corridor development.

These initiatives, combined with working groups and other discussion forums, provide a focal point to address regional economic issues. The meetings and contacts between different partners promote trust and long-term relationships.

Transportation

There are two organizations dealing with transportation issues in the Cascadia Region. The first organization is the International Mobility and Trade Corridor (IMTC) Project which is a coalition of government, business and other non-governmental organizations that identifies and promotes improvements to mobility and security for the four border crossings between BC and Washington State. The goals of the Project are (IMTC, About IMTC):

- Facilitate a forum for ongoing communication
- Coordinate planning of the Cascade Gateway as a system rather than as individual border crossings.
- Improve traffic data and information.
- Identify and pursue improvements to infrastructure, operations, and information technology.

Each day over $31 million (USD) in trade crosses the Cascade Gateway which amounts to approximately $11 billion a year (IMTC, About IMTC). Border congestion costs trucking companies an estimated $22 million (USD) every year at the largest of the four crossings. IMTC pursues projects that improve planning and data collection efforts in the region, promote infrastructure and operational improvements including policy, and staffing. IMTC initiatives include truck pre-clearance system deployments, an Advanced Traveler Information System and a number of studies regarding cross border transportation issues (IMTC, IMTC Projects). IMTC
is an example of a cross-border initiative of local, state business and non-governmental actors that use a governance rather than governmental network to address cross-border issues.

The second organization that addresses transportation issues in the Cascadia region is the Cascadia Centre. The Centre was established to coordinate and support the development of a balanced, integrated and expanded transportation network coordinating growth and strategic planning in Cascadia (Cascadia Centre, About Cascadia). The centre addresses sustainable development within the transportation context and has a number of major projects including:

- Integrating the regional network of interstates, arterials, and bridges
- Integrating the various transit modes in a series of downtown multi-modal stations or hubs
- Conferences for over 60 federal programs that support transportation for people with special needs
- Cascadia Mayors Council addresses a wide range of issues that impact cities and small towns up and down the Cascadia corridor and throughout the region. The mission and goal of the Council is to expand cooperation on issues of common interest that confront the cities and towns.
- Funding the enablement of the Portland-Vancouver metro area to plan solutions for the “Cascadia main-street” corridor as both a commuter crossing and a trade hub.

*Environmental Cooperation Agreement*

In 1992, Washington State created an Environmental Cooperation Agreement which established a structure of cooperation on environmental issues. This led to the establishment of a marine science panel which has developed a number of memorandums of understanding ensuring that there is cross-border information sharing and participation on permit processes (Blatter 2000). The Pudget Sound/Georgia Basin International Task Force was also established which helped direct the development of working groups and conservation activities for habitat and species protection. There are also numerous environmental working groups established to deal with a range of issues including water quality and sustainable development.

There are numerous other examples of trans-boundary environmental groups and initiatives, however, there is considerably less network capacity and decision making ability compared with
the other organizations discussed in this section. Susan Clarke, who has written extensively on the Cascadia region, notes that some environmental trans-boundary initiatives have been characterized as legitimatizing stakeholder representation but do not necessarily represent a model for collaborative decision making (2000).

The Cascadia region example demonstrates that cross-border collaboration can lead to functional governance networks in the absence of legislative or jurisdictional authority. The Pacific Northwest Economic Region has provided a forum to pre-emptively address more costly and slower international processes. The result of this collaboration is a system of networks and relationships between actors that can resolve a number of complex issues that could potentially limit the region’s economic performance.

4.3. **New Zealand’s Regional Partnerships Program**

The New Zealand Regional Partnership Program (RPP) provides guidance and funding to improve regional governance, collaboration and strategic focus. Regions can receive funding of up to $100,000 for a strategic plan to build economic capability and $100,000 for capacity building to implement the plan (NZTEC, *Regional Partnership Program*). There is also up to $100,000 available for inter-regional capacity building and up to $2 million for major regional initiatives.

The underlying assumption of the RPP program is that an institutional environment that is more conducive to cooperation will foster innovation in areas where regions have a competitive advantage (Nischalke & Schollmann 2005:566). The government undertook a review of the program after four years of operation focusing on economic development partnership behaviours (Nischalke & Schollmann 2005:568). The evaluation found that the program led to more strategic focus and strengthened networks and partnerships. Other findings included:

- More strategic regional focus and agreed economic development direction
- Improved knowledge of a region’s strengths and advantages and more projects aligned with this
- Strengthened and extended economic development networks and more collaborative approaches
- Improved cooperation and trust between groups and better understanding of other stakeholders’ goals and processes
- Better coordination and alignment between central and local government resources

Nischalke & Schollmann note based on their review of the RPP program and the international research, a key contributing factor to the success of long-term partnership development includes capacity building grants which are important for achieving early results on projects that no partner would otherwise initiate (2005:568). However, in the case of the partnership program there was slow uptake in several urban regions which the authors note might be attributable to the fact that in larger centres the number and size of stakeholders could mean the programs scale was too small (Nischalke & Schollmann 2005:569). The RPP evaluation demonstrates that funding for capacity building is an important part of building successful long-term collaboration but needs to be scaled to the number of actors being brought together.
Another important aspect of the RPP program was that the process and implementation of the regional economic strategies were determined by the regions’ various local councils. This led to several very different processes for developing the strategies and the subsequent delivery of the economic development services. The following is a brief description of three different cases (Dalziel, & Saunders 2003):

**Canterbury Regional Partnership**
- The Canterbury Development Corporation (CDC), an independent arm of a single local government, lead the regional economic development planning process. Other local governments agreed to the process through resolutions.
- Workshops were hosted by the CDC and formed basis for development strategy
- The CDC provided economic development and employment services to the remaining 10 local governments

**East Bay of Plenty Regional Partnership**
- Established a Governance Group including several mayors, business persons and several local Maoris to coordinate the new regional partnership
- Consultants prepared the strategy using a public meeting and a stakeholder consultation process
- Created a new Regional Economic Development Agency which implemented the regional strategy and contracted out services to participating districts

**Marlborough Regional Partnership**
- Built on existing regional partnership program initiated at the local level
- Local government did not establish an economic development organization but built on an existing independent economic development trust

The New Zealand regional partnership program is an example of a ‘top-down’ approach to regional economic development. The state determined it had role facilitating and promoting regional economic development and provided a number of financial incentives for regions to foster greater collaboration and build institutional linkages (Nischalke & Schollmann 2005:565). This case provides a number of practical considerations for the development and delivery of
regional economic development program including emphasis on building institutional capacity and providing flexibility for implementation.

4.4. **Waterloo Region - Canada’s Technology Triangle**

Canada’s Technology Triangle (CTT) was formed, in part, as a response to globalization and a reduction in trade-barriers with the inception of NAFTA. In 1987 the economic development agencies in Cambridge, Guelph, Kitchener and Waterloo formed CTT to increase the international profile and competitiveness of their respective jurisdictions. The CTT initiative is an example of a ‘bottom-up’ regional economic development policy which was initiated and led by local government.

Promoting high-tech industry is a common strategy for many communities seeking to improve their position in the global economy (Parker 2001:149). Cooperation and technology was seen as the cornerstone of economic growth and that new investment in any one City would have a positive effect on the entire region (Parker 2001:154). Canada’s Technology Triangle is presently little more than a joint marketing initiative for the Region of Waterloo. However, this case provides a number of important findings regarding economic development collaboration.
Waterloo Region is located in Southern Ontario in the centre of the triangle formed by three Great Lakes: Ontario, Erie and Huron. The Region is made up of three urban municipalities – Cambridge, Kitchener and Waterloo, and four rural townships – North Dumfries, Wellesley, Wilmot and Woolwich. With a combined population of over 450,000. Waterloo Region is one of the fastest growing regions in Ontario and the economy is focused on manufacturing and technical innovation and includes the University of Waterloo, Wilfrid Laurier University and Conestoga College (Region of Waterloo, About the Region).

The Region of Waterloo has had strong economic performance over the past 20 years. Between 1987 and 1996, the regional economy grew by 28%; whereas the Ontario economy grew by 18%. Over the same period, employment grew in the region by 17%; whereas employment grew in Ontario by 7% (Parker 2001:155). From 1997 to 2004 the GDP increased by 30.4% which was the 5th fastest rate in the Province (CTT 2005:15).

Paul Parker noted that during nineties there was significant growth in the Region’s technology industry including considerable collaboration among university researchers and industry partners (2001, 163). However, Parker notes that the CTT did not necessarily contribute to increased cooperation among network actors but rather was the link “to national and international interests” (2001, 164). The literature on the technology triangle does not attribute Waterloo Region’s economic performance to the CTT initiative. Analysis of the initiative instead draws on the institutional associations in the technology triangle, focusing on the challenges of regional governance.

Between 1997 and 2000 an evaluation was conducted for CTT which included 54 semi-structured interviews with local, regional and provincial agencies and businesses in different industrial associations and community organizations. The analysis revealed that Canada’s Technology Triangle (CTT) was a success in two particular areas. It provided an institutional structure for collaboration prior to other similar attempts and it had the effect of changing the image of Waterloo Region (Leibovitz 2003:2622). Interviewees noted that prior to the Technology Triangle ‘brand’, Waterloo Region was considered to be a very conservative, middle
class community based on manufacturing. In this regard the partnership was a success capturing the spirit of new innovative regional economies.

The main challenge to the creation of the new governance institution was integration – that is creating meaningful networks and relationships. In Waterloo Region, economic development was seen as a predominantly a local function that was highly political (Leibovitz 2003:2624). Furthermore, the structural differences between Cambridge’s manufacturing economy and Waterloo and Kitchener’s technology and service economies created significant disagreement over the direction of regional economic initiatives.

Another aspect of the CTT initiative was to re-configure public-private relations in the Region to provide more strategic institutional capacity and focus (Leibovitz 2006:2627). One of the key challenges to create greater linkages between the business community and local government was the lack organizational capacity and agreement among the business community. The Cambridge Chamber of Commerce thought that greater institutional cooperation would lead to the Kitchener/Waterloo Chamber of Commerce absorbing the smaller Cambridge Chamber of Commerce. Furthermore, there were divisions in the business community between recently developed high-tech industry and the more established businesses represented by the Chamber of Commerce. These territorial and sectoral cleavages were not overcome by the CTT initiative and as a result another network representing Waterloo Region’s technology firms called ‘Communitech’ developed.

A key challenge for the CTT initiative was the limited financial resources available for the partnerships and networking needed to build increased collaboration. These challenges resulted in the failure of the Region to behave like a region with respect to economic development and likely failed to capitalize on numerous opportunities (Leibovitz 2003:2624). Leibovitz notes the failure of regional cooperation likely impacted on the ability of the Region of Waterloo to receive funding for other regional development initiatives as Ontario grants go to regions that can demonstrate community wide-support (2003:2637). The CTT case demonstrates the challenges involved in developing the collaborative governance framework necessary to foster increased regional economic performance.
5. KEY FINDINGS
This section is intended to describe the key findings of the three case studies and demonstrate how they might be applicable to the Province of British Columbia. It can be difficult to assess the transferability of regional economic development policies, networks and practices as lessons learned from certain regions do not necessarily apply to other territories, economies or political circumstances (Leibovitz 2003:2614). However, there are a number of broad lessons which may be applicable to British Columbia.

5.1. Cascadia
The Cascadia case study provides an example of how organizations and overlapping governance networks can develop to address issues not resolved by traditional territorial governance. In the absence of a legislative, policy or jurisdictional framework these networks, focused on specific functional issues, have successfully been able to reframe policy challenges and find efficiencies that potentially contribute to the economic performance of the region.

The Pacific NorthWest Economic Region has provided a forum to pre-emptively address more costly and slower international processes. A special session of the PNWER avoided a NAFTA challenge on a tire recycling issue. The PNWER partnership for Regional Infrastructure Security was identified as a model for bi-national critical infrastructure after 9-11. The Bi-national Energy Planning Council has the potential to address a number of issues including streamlining regulations and energy corridor development. Another important point is that the private sector’s role in the PNWER helps drive major issues while providing the majority of the organization’s funding.

These organizations will likely proliferate in cross-border regions and continue to re-frame how cross-boundary issues are addressed (Susan Clarke 2002). Cascadia provides an example of how cross-boundary functional governance networks can facilitate economic performance. For British Columbia this could impact how policies and programs are developed to facilitate regional economic performance. Developing agencies that look beyond municipal and regional boundaries may play a strong role in facilitating increased economic performance.
5.2. **Regional Partnerships Program**

The New Zealand case study provides an example of how state funding for partnerships can successfully build regional economic development networks in the absence of local initiatives. The New Zealand Regional Partnership Program is an example of a ‘top-down’ approach to regional economic development. The state determined it had role to play facilitating and promoting regional economic development and provided a number of financial incentives to build institutional linkages. The program was successful at providing focus and direction on regional economic development, it built cooperation and trust between actors which extended economic development networks and created more collaborative approaches.

The program was flexible in that the strategies were locally initiated and implementation was determined by local government partners. In some cases a single local government economic development agency held the primary responsibility for developing the strategy while in other cases a new regional organization was created for implementation of the economic development strategy and services. This would be a key consideration for British Columbia where the local government system is based on flexibility. New Zealand’s Regional Partnership Program is an example of a program that addresses the lack of economic development coordination at the regional level.

5.3. **Canada’s Technology Triangle**

The Region of Waterloo’s ‘Canada’s Technology Triangle’ initiative was an early attempt at regional economic coordination. One of the actors involved in the CTT initiative noted CTT was an attempt to get a region to “think like a region and behave like a region” (Leibovitz, 2003:2637). However, the initiative failed to provide greater strategic focus or regional economic development coordination. The initiative was successful a providing a minimal level of marketing coordination which changed the way some national and international actors viewed the Region.

Locally driven ‘bottom-up’ regional economic development initiatives can be overwhelmed by differences between local governments, the business community and existing institutional networks such as a Chambers of Commerce. The key lesson of the CTT initiative is that the
process of regional institutional change requires incentives for capacity building to foster trust, collaboration and other associative behaviors (Leibovitz, 2003:2638).

6. CONCLUSION

There is significant and growing interest in collaboration and functional governance networks in the economic development field. The 2006 Federal Advisory Committee on Cities and Communities calls on all levels of government to “review existing government and governance arrangements to find ways to serve the needs of communities and the nation better, through effective partnerships” (2006:20). British Columbia’s Task force on Community Opportunities and the Greater Vancouver Economic Council both call for more regional economic development collaboration.

The purpose of this paper was to provide several examples of regional economic development networks that focus on collaboration and increased economic performance. The research accounted for the existing local governance system in British Columbia and economic development programs. This paper analyzed the emerging trend of functional governance and how collaboration impacts regional economic performance. The analysis found the local government system in British Columbia is collaborative and flexible but more can be done to encourage and coordinate economic development at the regional level. Collaborative governance networks can lead to improved economic performance by reframing issues and generating opportunities not initiated by traditional government networks. However, collaboration and functional governance networks involve considerable resources and can have broad undefined goals creating a lack accountability.

This paper provided an analysis of three case studies to determine what lessons could be applied to British Columbia. Based on the analysis of the cross-border governance networks that developed in Cascadia it was found the economic performance of regions is potentially enhanced by cross-boundary governance networks. These Collaborative governance networks can lead to improved economic performance by reframing issues and generating opportunities not initiated by traditional government networks.
The second case looked at New Zealand’s Regional Partnership Program which was an incentive program developed by the national government to encourage regional economic development strategies and initiatives. Evaluations of the program determined it was successful at generating more regional economic development direction and focus, built cooperation and trust between actors, and extended economic development networks creating more collaborative approaches. The evaluation also noted capacity building grants were successful at building long-term collaboration and important for achieving results on projects that would not otherwise be initiated.

The final case examined Canada’s Technology Triangle which was an initiative led by local governments to build greater regional economic development coordination. The initiative had the effect of reshaping how national and international players viewed the region but was a failure in terms of building greater regional economic development cooperation. The case demonstrated that without proper capacity building incentives the process of regional institutionalization can be overwhelmed by competing interests involved in the process.

A key implication of the research and analysis provided in this paper is that regional economic performance can be facilitated by increased regional and inter-regional collaboration. British Columbia’s local governance system allows for municipalities to collaborate and develop shared regional economic development strategies and services. The case studies demonstrate that collaborative governance networks can form in the absence of policy and legislative frameworks, they can be driven by top-down government investment or they can be driven by local bottom-up initiatives. However, without incentives to develop accountability, trust and collaboration these governance arrangements may lack the longevity to generate sustained economic performance.
REFERENCES


FIGURES


**Figure 3** – Canada’s Technology Triangle: Canada’s Technology Triangle (2006). *Where Business is Heading*. Retrieved November 4, 2006 from http://www.techtriangle.com