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Designing a Territorial Economic Development (TED) process under uncertainty[1]

Introduction: what we mean by uncertainty

In our work in territorial development, we were challenged to learn in the last few years that a system is less resilient and perhaps more vulnerable to external shocks when everyone is aligned and thinks the same way, and that a diversity of views and agendas are important for the long-term wellbeing of the system.

[1] The ideas in this article are based on a more extended article written by the same authors: Jenal, M. and Cunningham S. . Explore, scale up, move out – three phases to managing change in complex contexts. IDS Bulletin.

In the 2014 Annual Reflection, we described complex situations as those where there is little agreement on the problem in the first place and high uncertainty of what actions will lead to what result, or in other words, both what interventions will work and how exactly the outcomes of these interventions could look is unknown. Even the probability of certain things happening is unknown, and people may have divergent views on what must be done and why. These are situations that we call uncertain. In contrast to situations of uncertainty, risk

could be defined as situations where the probabilities of different outcomes can be calculated[2]. Looking at the Cynefin framework (see Annual Reflection 2014), we see risk largely mapping onto the complicated domain, while uncertainty largely overlaps with both the complex and the chaotic domains. Acknowledging uncertainty

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[2] This characterisation of uncertainty and risk follows the categories of decisions proposed by Shane Parrish at http://www. farnamstreetblog.com/2013/11/decisions-under-uncertainty/.

has implications for how territorial development is approached. From the perspective of development actors such as donors and implementing organisations, a development initiative should not be seen as a driver for change but rather as a means to inject novelty into a territory, so that the system itself can have more possibilities from which to evolve and develop.

Starting out: the right team, the right partners and the right conditions for collaboration

The composition of the team that facilitates the change initiative is a critical success factor. The members of the team need to understand their roles as facilitators, coaches, advisers and knowledge brokers. Once the right team is in place, they need to identify who they are going to work with and create a setting for collaboration in which all involved parties feel comfortable. If we are facing uncertainty, it is not possible to predefine which partners are the "right" ones to work with from the beginning, and the collaborations might change and shift over time as champions emerge or are identified. Moreover, the format of collaboration, whether it is a multi-stakeholder platform or forum or purely bilateral interaction with the involved actors, should depend on the circumstances and can change over time. Ideally, there would be a high level of self-selection of participants into the process. Self-selection means that local actors take ownership of the process by actively opting in, contributing to, investing in, and incorporating

change in their own operations based on their interest in a problem or their identification with an issue. How do we find these people? The team can approach all visible stakeholders to find out which organisations or individuals are interested in working with the process and to discover what networks of collaboration and communication already exist. When they screen potential partners they need to look for early adopters, innovators, people who behave differently or who could be role models. This process must be transparent and it must be clear how people can become involved or can closely follow the improvement activities.

The principle: introducing and exploring a broad set of new options

Since the future cannot be predicted with certainty, results cannot be guaranteed and solutions cannot be designed in advance based on analysis, projection or best practice from elsewhere. Hence, working under conditions of uncertainty requires us to introduce an iterative process focused on creating, testing and adapting a portfolio of improvement initiatives, purposefully introducing variety into the context in the form of new options and different perspectives. The portfolio of interventions is ideally created through a

mix of diverse hypotheses of what could work. These hypotheses can emerge from the situation analysis obtained from the stakeholders involved, and broadened by some external inputs and views. Under conditions of (perceived) uncertainty, it does not make sense to try to create an overarching vision or to get alignment among different actors. Different actors will have different ideas about how to proceed, and indeed, what the problem is and how they can contribute. This variety is healthy and should be encouraged rather than discouraged. This is hard to achieve without a facilitated process that seeks to include dissenters and people with different perspectives.
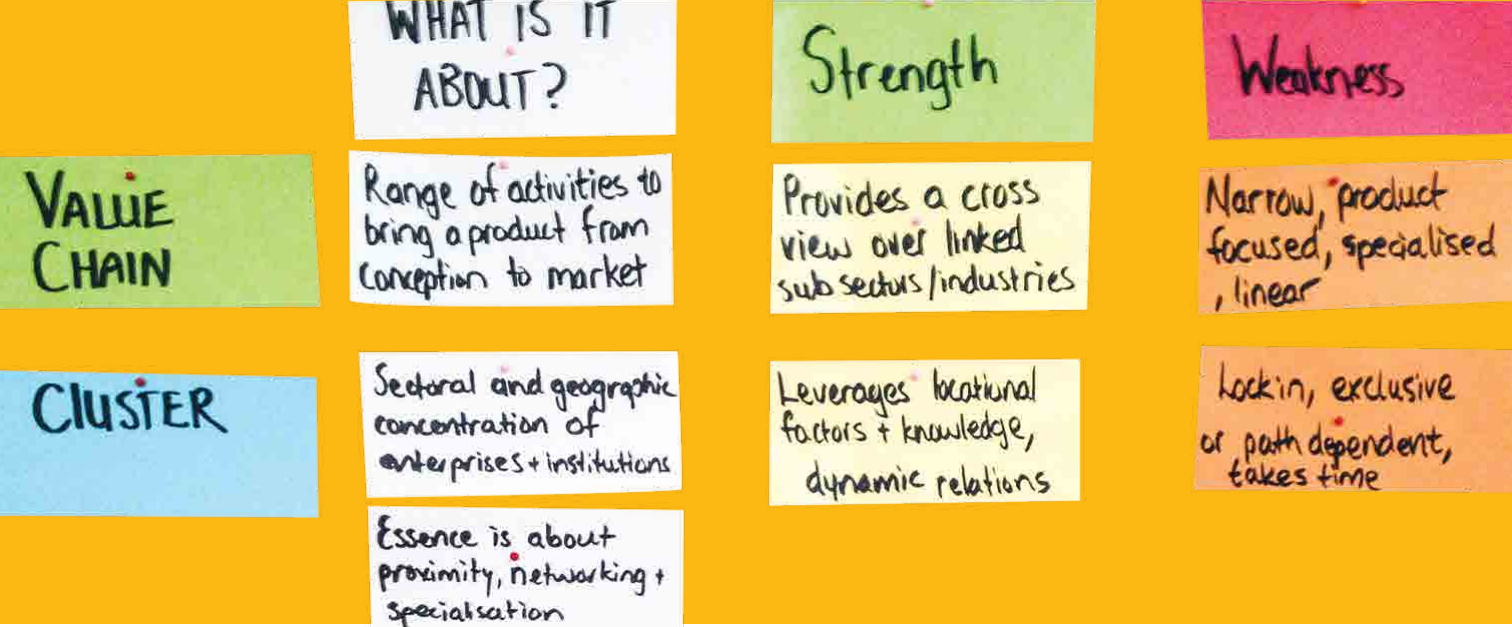
The direction: our strategic intent

Exploring many different options may lead to a very dispersed use of our resources. While this is not necessarily bad, there is still a need for some consensus on how to spread resources and effort. We need something that helps us to assess whether a change we observe is desirable or not. We suggest calling this agreement a strategic intent. The strategic intent can be as little as an agreement on the fact that something needs to change. A strategic intent can also be framed narrower, for example by looking at the systemic competitiveness of a given region. The strategic intent does not have to be fixed over the period of the development process but can evolve organically with the increasing understanding of the stakeholders.

It is important that the strategic intent should not limit the diversity of exploratory activity but rather give a broad direction – in particular, it should not project ready-made solutions onto the process. It should allow competing hypotheses and not impose a narrow theory of change. The strategic intent provides a bearing or broad direction for change. It helps us to decide whether a pattern is favourable and working or not and to assess whether the initiative is making any progress towards our desired direction. Having a strategic intent also builds the confidence and social trust among different stakeholders.

The process: explore, scale up, move out

The classical analysis-design-implementation logic does not work in uncertain situations as we cannot predict the ideal design and the exact measures of success. As an alternative we suggest an approach that is based on three closely interwoven phases that organically evolve into each other and might overlap at times. Instead of starting with an isolated up-front analysis, an initial

	WHAT IS IT ABOUT?	Strength	Weakness
VALUE CHAIN	Range of activities to bring a product from conception to market	Provides a cross view over linked sub sectors /industries	Narrow, product focused, specialised, linear
CLUSTER	Sectoral and geographic concentration of enterprises + institutions. Essence is about proximity, networking + specialisation	Leverages locational factors + knowledge, dynamic relations	Lockin, exclusive or path dependent, takes time

exploratory phase combines the situation analysis with the development and implementation of a portfolio of discovery activities. The exploratory phase then evolves into a scale-up phase that is more focused on exploiting the interventions and solutions that were found to work in a consistent way, spending more resources on them to induce wider-spread change. A move-out phase subsequently focuses on capitalisation and communication, with the intent to capture learning and communicate achievements. This phase seeks to construct a platform for future change by building the confidence of stakeholders.

Continuous monitoring of changes in the system is naturally part of all three phases, and indeed precedes them by evolving out of the rapid analysis of the system that led to the discovery activities. While monitoring has a role to play in the accountability to donors, the main focus should lie on delivering data for day-to-day decision making.

Conclusion

These insights do not only challenge many current approaches to territorial development that depend on the alignment of stakeholders and a well-articulated strategy. They question many of the assumptions of territorial development practitioners regarding the certainty with which partners and sectors are selected, improvement initiatives are undertaken and strategies are developed. In reality, we have to make decisions with incomplete information, and we have to acknowledge that there are high levels of uncertainty in the system that we cannot figure out, resolve or avoid. Rather, we have to design our development approaches to work within a context marked by uncertainty.

Dr Shawn Cunningham (sc@mesopartner.com)
Marcus Jenal (mj@mesopartrner.com)