



02

Target resilience, not growth

Many international donor programmes have growth and employment as their prime objectives and performance targets. Impact-level indicators usually cover the number of full-time equivalent jobs created and net-attributable income change. As these programmes are about reducing poverty and inequality, this is certainly right. Or is it?

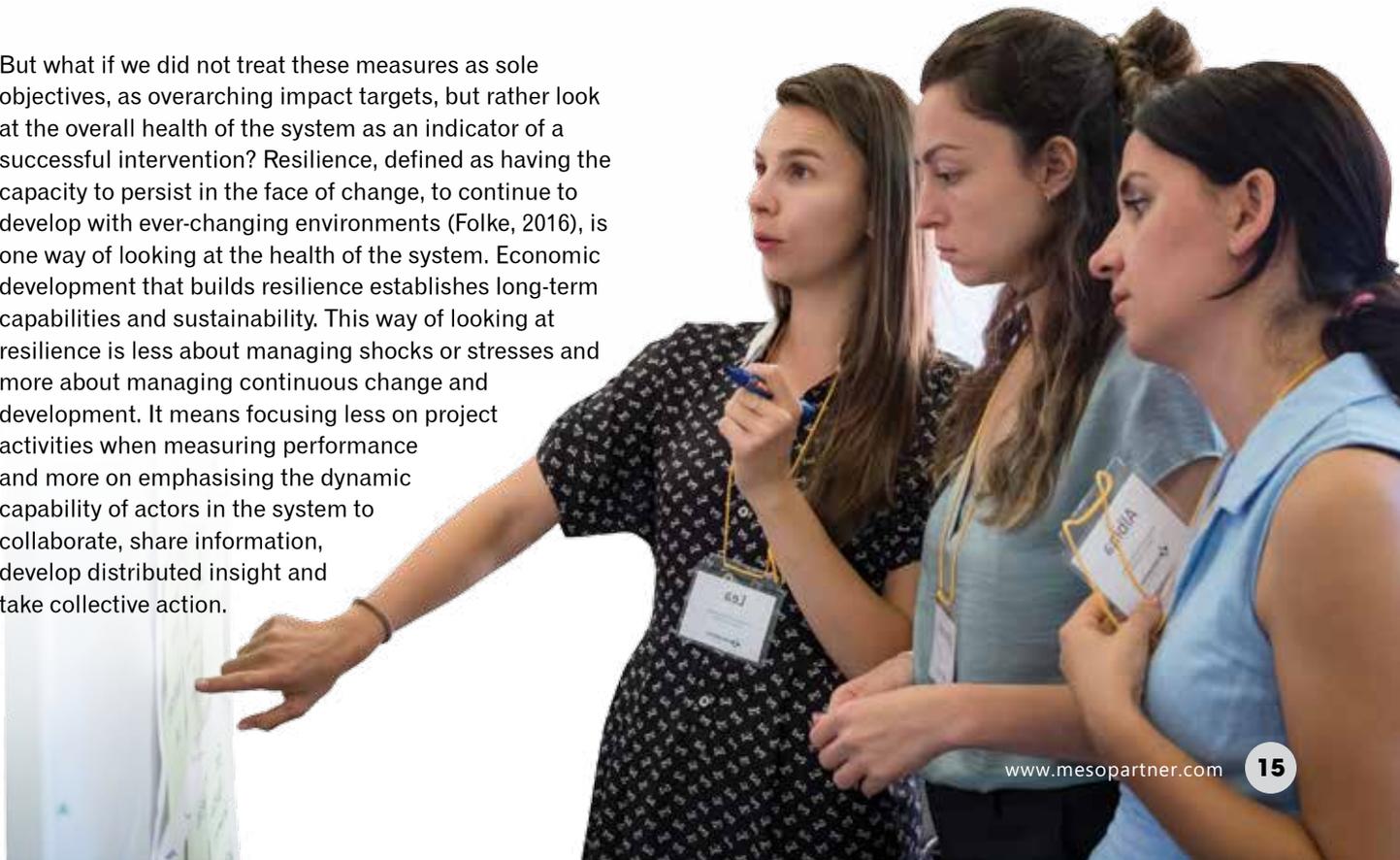
The answer to this is not a simple “yes” or “no”, but a more complex “it depends”. Many programme designers, implementers and donor staff realise that. This is why more and more often, some qualitative indicators are added on the impact level, usually connected to the decency of jobs as well as the inclusivity of income

growth. But the quantitative targets remain in the logframes, and as Donella Meadows, a famous systems thinker, said: a system – in this case a project – will be shaped by its purpose (i.e. the targets it is supposed to achieve) and self-organise in a way to do it justice. Simply realising that the economy is complex and dynamic, and that sustainability and inclusiveness require more than a short-term boost in the creation of jobs and income, is not enough to prevent this. When push comes to shove and reviews or external evaluations are scheduled, all that such projects generally care about is to achieve those numbers.

Meadows also tells us that optimising a part of the system generally has unintended and often negative consequences on other parts of the system as well as on the whole system. Hence, while income and employment are certainly characteristics of a healthy and resilient economy, optimising the economy to deliver these elements might have adverse effects on other elements or on the effectiveness of the whole.



But what if we did not treat these measures as sole objectives, as overarching impact targets, but rather look at the overall health of the system as an indicator of a successful intervention? Resilience, defined as having the capacity to persist in the face of change, to continue to develop with ever-changing environments (Folke, 2016), is one way of looking at the health of the system. Economic development that builds resilience establishes long-term capabilities and sustainability. This way of looking at resilience is less about managing shocks or stresses and more about managing continuous change and development. It means focusing less on project activities when measuring performance and more on emphasising the dynamic capability of actors in the system to collaborate, share information, develop distributed insight and take collective action.



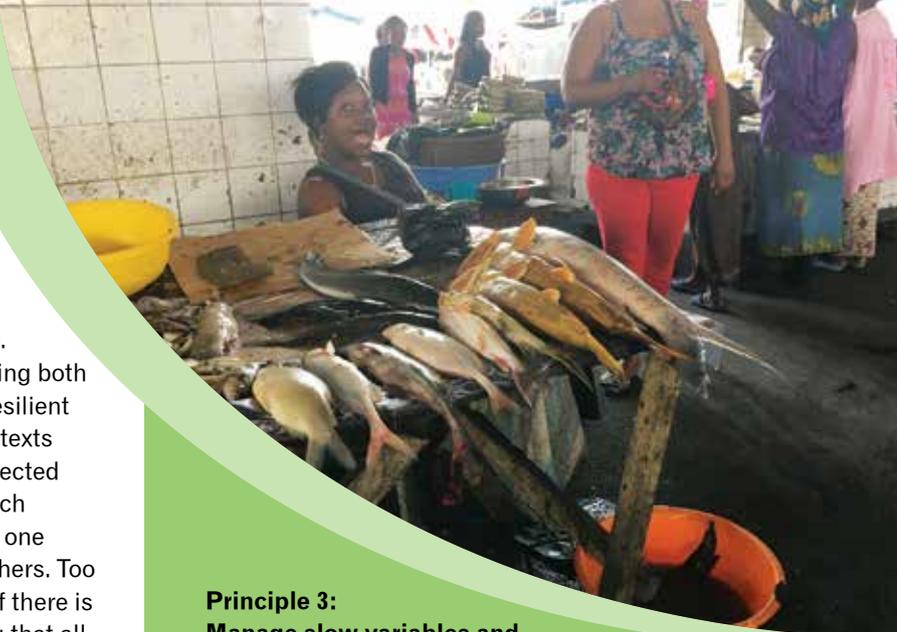
What is contained in this capacity to persist in the face of change, to continue to develop with ever-changing environments? Resilience thinkers have come up with seven principles to enhance resilience in a social-ecological system (Biggs et al., 2015; Biggs et al., 2012). Without going into the detailed meaning of each of these, which is a topic of continuous research and debate, in this article we will show how Mesopartner's approach to economic development – and Territorial Economic Development (TED) in particular – can contribute to resilience by embodying these principles.

Principle 1: Maintain diversity and redundancy. From an evolutionary economics perspective, maintaining diversity is paramount for enabling technological development in an economy. Economic development should encourage actors to try new things and enable a territory to enhance self-discovery within and between economic actors by strengthening its meso space with policies and organisations that enable companies to experiment and explore what is possible and that bring in relevant and appropriate knowledge and technologies from outside.



Principle 2: Manage connectivity.

Mesopartner's approach to economic development, embodied in our work in TED, is about bringing people together and establishing connections among actors in an economic system. Building social capital and trust is central to building both strong and resilient economies. Systems that are resilient depend on other systems. In many developing contexts a key problem is that systems that should be connected are isolated and disconnected. Conversely, too much interdependence is also not healthy, as a failure of one element can quickly spread if tightly coupled to others. Too much interdependence could occur, for instance, if there is too strong a top-down strategic direction, meaning that all actors follow the same priorities.



Principle 3:

Manage slow variables and

feedbacks. This is the most challenging principle to grasp for economic actors. Policy makers need to be aware of and bring in a long-term perspective which requires economic actors to manage slow variables such as general education levels in a society or technological capabilities in an economy. Also, within companies, slow variables such as learning or a quality culture are important determinants of success.

Principle 4: Foster an understanding of

complex adaptive systems. This has been at the heart of Mesopartner's approach to economic development. Understanding complexity and complex dynamics and translating this in a way that our clients and partners are able to grasp these ideas in a practical way is central to our work and is reflected in many of our frameworks and methods that we bring into economic development initiatives. This understanding needs to spread beyond development initiatives and reach all the diverse actors engaged in economic development and societal change.





Principle 5: Encourage learning and experimentation. Learning and experimentation are again central to how Mesopartner approaches economic development processes (see Article 3, *Adaptive management*). Learning and adjustment are at the core of our Systemic Insight process logic. Enabling economic actors to experiment and learn is core to our mission.

Principle 6: Broaden participation. Mesopartner has always promoted participatory approaches such as the Participatory Appraisal of Competitive Advantages (PACA) approach. Also economic theory supports the view that if economic processes are more participatory, weaker and more marginalised groups in society can bring in their needs and visions, which leads to more inclusive economic change.

Principle 7: Promote polycentric governance systems. In our work in TED we have designed programmes that work with a multitude of public and private governance actors, from central government, provincial authorities to, most importantly, local governments on the one hand, and business associations and chambers on the other hand. Governance structures are different in every context, but working with and strengthening different capacities at different levels of government and business remain vital for TED.

What if strengthening resilience in itself were the central performance measure of economic development initiatives, instead of the creation of jobs and growth of income? It is our belief that such initiatives would be released from the pressure to deliver superficial numbers and could rather focus on changing the economic system's structures to make it more able to change in a long-term, positive way. Whether these seven principles are the best guide to achieving resilience and how exactly one would measure a programme's performance is work

in progress. This is not easy, but it is an exciting task, and solving it would bring economic development efforts a huge step forward.

Marcus Jenal (mj@mesopartner.com)

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