

Annual Reflection 2018



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MESOPARTNER PROFILE

Mesopartner is a knowledge firm that specialises in economic development, competitiveness and innovation. Our strategic intent is to be globally acknowledged as an innovator in economic development practice. Combining theory, practice and reflection, we enable clients to explore options and support decision-making processes. We collaborate with strategic partners to create knowledge on contextually sound economic development.

We operate as advisers and service providers to development organisations (development agencies, ODA (Official Development Assistance) donors, development banks, NGOs, cluster networks and others), to decision makers in the private and public sector and to consultants and consulting firms. Since 2003, the knowledge that we have shared and the tools that we have developed have helped development organisations and stakeholders in

many developing and transformation countries to conduct territorial and sectoral development in a more effective and efficient way.

Mesopartner offers the knowledge that local actors need to address the challenge of innovation and change in a systemic and complexity sensitive way. We develop innovative tools based on local and regional economic development, cluster and value chain promotion, market systems development, strengthening of local innovation systems and related topics. We coach and equip development practitioners to design interventions in socio-economic systems, and conduct leading edge learning events for practitioners. We facilitate development processes and give policy advice.



Foreword

In last year's Annual Reflection (AR), we focused on the Systemic Competitiveness framework, particularly on the meso level and its organisations, their role, nature and challenges. During the 2017 Summer Academy, for which each year's AR serves as a reader, and in subsequent discussions, we realised that there is so much more to

discuss and ponder when it comes to meso institutions than we were able to cover in that year's publication. We therefore decided to expand on this topic and delve deeper into the meso space in this 2018 AR. For this reason, the reader will find cross-references to articles in this publication, and also references to articles in last year's AR. For instance, as we do not want to introduce the Systemic Competitiveness framework in detail again, we refer the reader to Article 1 in the 2017 AR.

In the present AR, the reader will find discussions on the roles and relevance of meso organisations in the context of specific concepts, tools and insights from the research and practical experience of Mesopartner. We are using the opportunity to introduce some of our favourite tools and reflect on how far meso organisations are an integral part of them. Those tools include the Typology of Regions



(Article 2), Instigating Innovation (Article 7) and Product Space (Article 9).

Apart from tools, we have looked deeply into specific concepts, and have tried to figure out what they actually mean and how far they can contribute to the understanding and driving of change processes in economic development. This includes the concept of locational policy and its possible varieties (Article 1), the ever-important concepts of resilience (Article 4) and discontinuous change (Article 8), the differences between the concepts of Market Systems Development (MSD) and Making Markets Work for the Poor (M4P) (Article 6), and the often neglected, but crucially important concept of the meta level in economic development (Article 12).

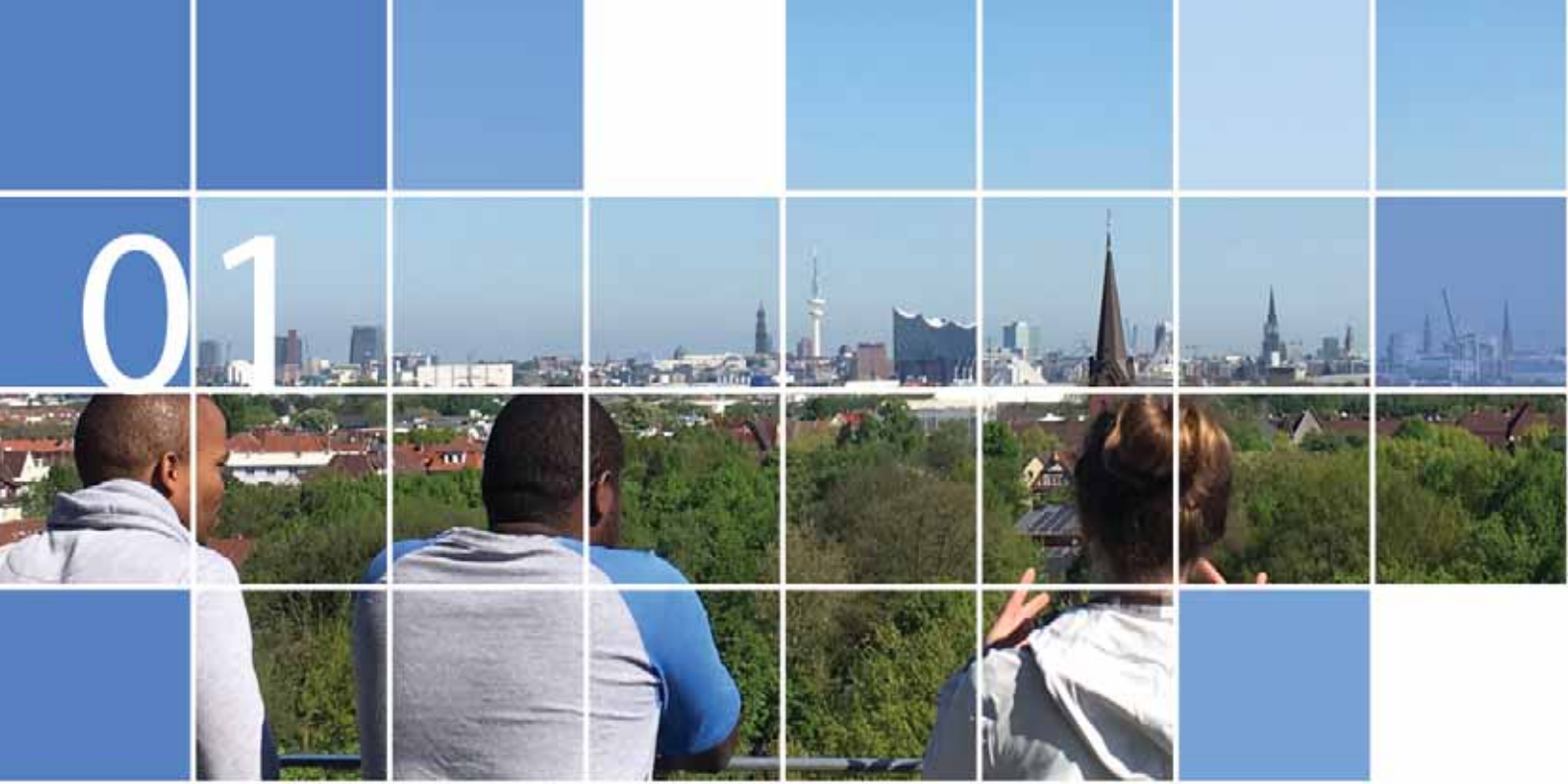
Lastly, we include a few articles of a more practical nature and give hints and tips to development practitioners. These articles are in response to questions such as:

- How does one introduce Local Economic Development as an approach to economic change in a whole country? (Article 3)

- How does one learn and adjust in economic development, but at the same time allow accountability to donors and other stakeholders? (Article 5)
- What is and how does one apply the smart specialisation approach, and how is it different from traditional sector and cluster promotion approaches? (Article 10)
- How is innovation driven in rural areas and how does it contribute to closing the urban-rural divide? (Article 11 on Mesopartner's new approach, Smartes Land).

We hope that our decision to continue with the theme of the Systemic Competitiveness framework in the 2018 AR will make interesting and insightful reading for anyone interested in economic change. Moreover, apart from that, we hope that after studying the articles in this publication, development practitioners will have a better understanding of some of the key concepts underlying our discipline and gain new ideas on how better to apply them in their practical work.

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Developing a locational policy that fits the context

The idea of developing the economy of a sub-national region is not new. For many, the development of the local economy is seen as an antidote to globalisation. In the context of local economic development (LED) local stakeholders in an emerging region should purposefully work together to prioritise the development of certain kinds of networks, infrastructures or dynamics. In this regard, LED is in general a clear network governance task. If joint strategies are to be developed and progressive alignment reached without wrong compromises, certain

prerequisites for network governance are necessary, such as clearly defined roles, responsibilities and competences of the different stakeholders involved as well as social capital. However, often local stakeholders are not able to form these networks due to low trust between the public and private sectors. In addition, the setting of locational policy by local stakeholders is in itself a function that depends on permission from higher levels of government. Somehow the local policy must also fit, acknowledge or draw on policies and strategies developed at these

other government levels. Locational policy in an environment where hardly any resource allocation or local priorities can be set locally is a very challenging task (see also Article 3: How to introduce LED as an approach to economic change in a country).

There are different locational policy formats that are all designed to promote coordinated governance structures but use different strategies. Meyer-Stamer (Meyer-Stamer, 2005) summarised three different kinds of locational policy that can be used to shape the dynamics of the local economy.

Generic locational policy

One straightforward option is a generic locational policy, whose goal is to create favourable business conditions overall, without targeting specific companies or sectors. Generic locational policies can also include certain meso organisations or support programmes targeting clusters or business networks in general but do not relate to specific industries or clusters. Many developing countries are dominated by uncoordinated sectoral policies via different line ministries present at the regional or even local administrative level. A generic approach would provide horizontal support mechanisms in which certain industry networks or clusters could then apply. On the one hand, it reduces the risk that government with a lack of management competence will distort markets through selective policies, and on the other hand, it promotes network-driven approaches.

In practical terms, a generic locational policy may include:

- A systematic effort to assess the consistency, necessity, effectiveness and efficiency of local rules and regulations on which their streamlining is based
- An effort to make local and national rules and regulations more transparent and easier to handle and raise public agencies' awareness of private companies' needs and demands



- The creation of one-stop agencies
- The provision of efficient real estate information systems and locational marketing efforts
- In more advanced stages, the generic approach may also include horizontal promotion programmes not focused on a specific industry. This may require the presence of different meso organisations to collaborate.

The generic locational policy approach is clearly steered by the public sector, often also with a strong role of the national level. This policy type is not easily implemented, particularly with regard to making public meso organisations and government departments more private sector-friendly, which requires a long-term effort.

In the context of generic locational policy, two types of stakeholders must be distinguished:

1) chambers, business associations and other collective actors, and 2) supporting meso organisations, such as training or technology extension. The first stakeholder group can contribute to locational quality simply by doing a good job (i.e. being agile, being in close contact with member firms, and constantly adapting to new challenges). The second stakeholder group, which consists of supporting institutions, must constantly adjust their services and offerings to address local patterns of underperformance.

Strategic locational policy

Strategic locational policy is a major focus of LED, in particular of cluster and local innovation systems promotion. This policy concept does not leave upgrading to the invisible hand of the market but attempts to define specifically where to upgrade. The formulation of a strategic locational policy is the outcome of a decision-making process that involves and defines the tasks and responsibilities of government, firms and





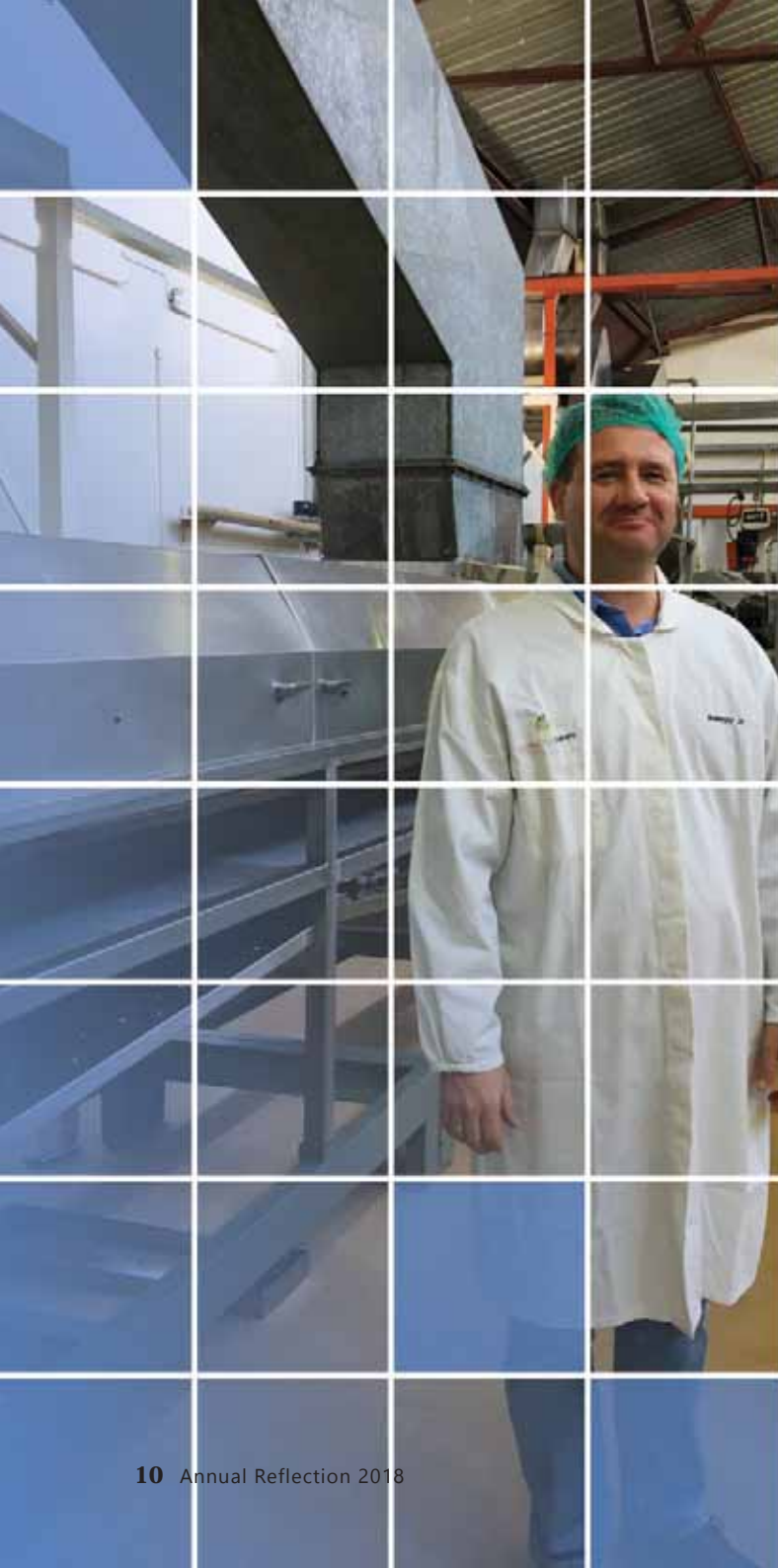
other local stakeholders. Reaching an agreement, however, involves enormous effort in grappling with difficult governance issues.

Experience with LED projects in developing countries demonstrates that in practical terms the strategic locational policy approach is often dominated by the public sector, in which businesses and other stakeholders are merely consulted. Based on administrative logic, the result of such processes is often development plans with a less dynamic implementation orientation. Economic infrastructure development, such as setting up technology institutions or incubators, follows a planning approach rather than an exploratory and network-driven approach. From a strategic locational policy perspective, the priority

would be to build specialised or focused meso organisations that give local enterprises and the region a competitive advantage. It could also be focused on leveraging comparative strengths, such as the presence of a local university.

Reflexive locational policy

Reflexive locational policy lies conceptually between generic and strategic locational policy. It is the policy approach nearest to a network governance perspective such as those that exist in many developed countries. It involves the organisation of a collective reflection effort of tendencies and structural change in industries, clusters and value chains relevant to the location. Unlike strategic



locational policy, it does not involve negotiating a joint strategy and action plan with a clear definition of responsibilities between various actors. Rather it provides a basis for decentralised strategy formulation within companies and government agencies.

The effort is aimed at gathering intelligence that would not otherwise surface through decentralised actors, and an organised reflection exercise based on seminars, workshops and presentations involving government actors, business representatives and researchers.

Regarding practical activities based on the reflection exercise, government focuses on generic locational activities. However, it can achieve greater effectiveness and efficiency since its action is based on better information. Companies pursue individual strategies, but their internal strategy formulation process is likewise based on improved information. In general, this coordination process also implies an alignment with concrete requirements to improve the competitiveness of the location or industry and refers to common responsibilities. Instead of designing a development strategy overall, the reflexive policy approach rather takes a more exploratory and learning-oriented view.

From our perspective, finding ways to move locations from a generic to a strategic locational policy is critical for LED. We often encounter meso organisations in locations that are controlled from the national level and that are unable to respond or adjust their offerings to changing local

requirements without coordination between different layers of government. In most cases, national departments will only heed the call for a more responsive local meso organisation if they can see the evidence of a broad and credible strategic locational policy emerging from the bottom up that also adds value to national strategies. Once this is in place, it is possible for a more resilient reflexive strategy to emerge, as it hinges on trust between meso organisations and other role players, as well as confidence in the capabilities of other stakeholders to be effective, adaptive and responsible.

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02

Typology of Regions and meso organisations

The concept of the Typology of Regions was originally introduced in the Mesopartner Working Paper 10 which focuses on options and choices for designing a Regional Development Agency (RDA). The intention was straightforward: regions are different, and thus meso organisations such as RDAs need to be different as well. They need to be adjusted and contextualised to local realities. Hence, for each type of regional or local development reality, different types of meso organisations need to be in place or should have a different focus and mandate.

The Typology of Regions describes four archetypes of

local/regional development realities in a two-by-two matrix structure. The matrix distinguishes between the level of institutionalisation and infrastructure endowments on the y-axis, and the wellbeing of main economic sectors and their economic growth trajectory on the x-axis. It is based on the assumption that institutional and infrastructure factors are essential for economic development and that they advance and take shape in parallel with economic growth and based on the specific demands of the key economic sectors. Taking this assumption into account, four different archetypes of development realities can be sketched as in Figure 1 below.

Figure 1 Typology of Regions

Strong Institutional and Physical Infrastructure

Main Sectors are Stagnating / Declining



Main Sectors are Growing

Weak Institutional and Physical Infrastructure



1. **Dynamic:** A growing locality with solid structures has a long tradition of successful economic development. The local economy is dynamic, driven by competitive companies and sectors, which can rely on efficient meso organisations, a well-developed basic infrastructure and sufficient factor conditions (capital, labour). Capital cities and other urban centres in developing countries often show that reality.

2. **Emerging:** Localities with growing sub-sectors often show structures and institutions that are still weak, as they will develop gradually in symbiosis with the industry. While innovativeness and entrepreneurial attitude among entrepreneurs are high, the meso organisations required to facilitate and accelerate economic development are not yet fully developed.

3. **Marginalised:** In places where economic growth never took off in any meaningful way or where major structural economic changes occurred a long time ago, institutions and infrastructure are usually poorly developed or lagging behind significantly. A stagnant locality with weak structures and meso organisations is a phenomenon often found in rural and peripheral regions without a notable economic history. Local production is mainly agriculture based, be it commercial or purely subsistence farming, while processing activities are very basic, if they happen at all. Such places are characterised by high unemployment and out-migration of the youth and they depend on public transfers and remittances. However, it is important to emphasise that not all rural areas are marginalised, and not all marginalised areas are rural. It





is perfectly possible to find a marginalised ‘pocket’ in an otherwise vibrant urban economy, such as run-down inner cities.

4. Declining: While industries can be in decline rather quickly, e.g. through technological change, diminishing resources, market disruptions, losing the competitive edge, etc., institutional and infrastructure endowments usually survive much longer, often as symbols of a successful industrial history and a less successful presence. Therefore infrastructure can still be strong, and meso organisations can still be up and running, at least for a while. Examples are where mining has declined, or regions have declined that depended on key industries (such as steel making), which are now stagnant.

There is a crucial difference between the development approaches required in scenarios one and two compared to scenarios three and four. On the right side of the matrix in Figure 1, meso-level organisations should focus on smoothing the economic growth process through better communication and coordination or very targeted support that is not offered at the micro level, e.g. incubation of start-ups. On the left side of the matrix, however, major sectors are in stagnation or even declining, which calls for a turn-around approach or the development of new themes. Here a strong change facilitation approach is needed that helps to generate innovative ideas on how to use existing resources and assets for new economic activities and for creating a new vision.

In both approaches the typical activities of meso level organisations (undertaken by one large RDA or a network of specialised institutions) would take a

different shape. These activities target all sorts and sizes of enterprises, including micro-entrepreneurs and farmers, and could comprise incentive creation, skills development, infrastructure maintenance and development, real estate development, SME promotion, start-up promotion, technology extension, business networking and others.

In a dynamic situation, existing meso organisations would have constant exchange with enterprises of leading sectors or their associations. They would be listening to their demands for upgrading infrastructure, developing real estate, promoting trade, doing locational marketing, etc. Enterprises would possibly ask for the setting up of more organisations or more specialised organisations, such as vocational training centres or a technology incubator.

In an emerging situation, the meso level is still thinly populated with organisations. The few operational organisations will have started communicating with the growing industry and will try to satisfy their needs, if reasonable and feasible. This could include setting up more basic infrastructure, developing industrial zones, creating

incentives for more enterprises to start up or relocate to the location, e.g. through tax holidays or reduced land prices. The call for a wider scope of professional meso-level activities would be particularly loud, such as helping with skills development in industry, mentoring and coaching of start-ups or organising trade fairs.

In a declining situation, the still strong organisations would need to find a new mission and – in communication with existing and would-be entrepreneurs – identify new economic activities that could develop into future lead sectors. Creating incentives for trying new business ventures and soliciting innovative business ideas would be a particular focus of such organisations. Business plan competitions, future workshops and scenario exercise would be typical events, but also learning from other places that had gone through similar structural change

processes. Re-education of the work force would be a necessary part of the structural change, e.g. from heavy industry to tourism, and would need support by the meso level.

In a marginalised situation, the required support activities from the meso level are similar to the declining scenario, but the meso institution(s) that could take the lead in a change facilitation process are mostly not available and do not have the capacity for such a demanding task. For economic growth to take place in such a situation, either a few local or externally investing entrepreneurs with an innovative business idea would initiate the process, or higher-level organisations (national or supranational) would step in to try to kick-start a process of economic growth and parallel local institution building. The digitalisation that will arise strongly in the near future will



facilitate the process of making marginalised locations dynamic, as it is expected that external organisations will move much closer to their local target groups and customers, decouple the place of work from the place of employment in many sectors, reduce out-migration and create more equal living conditions between more and less developed places.

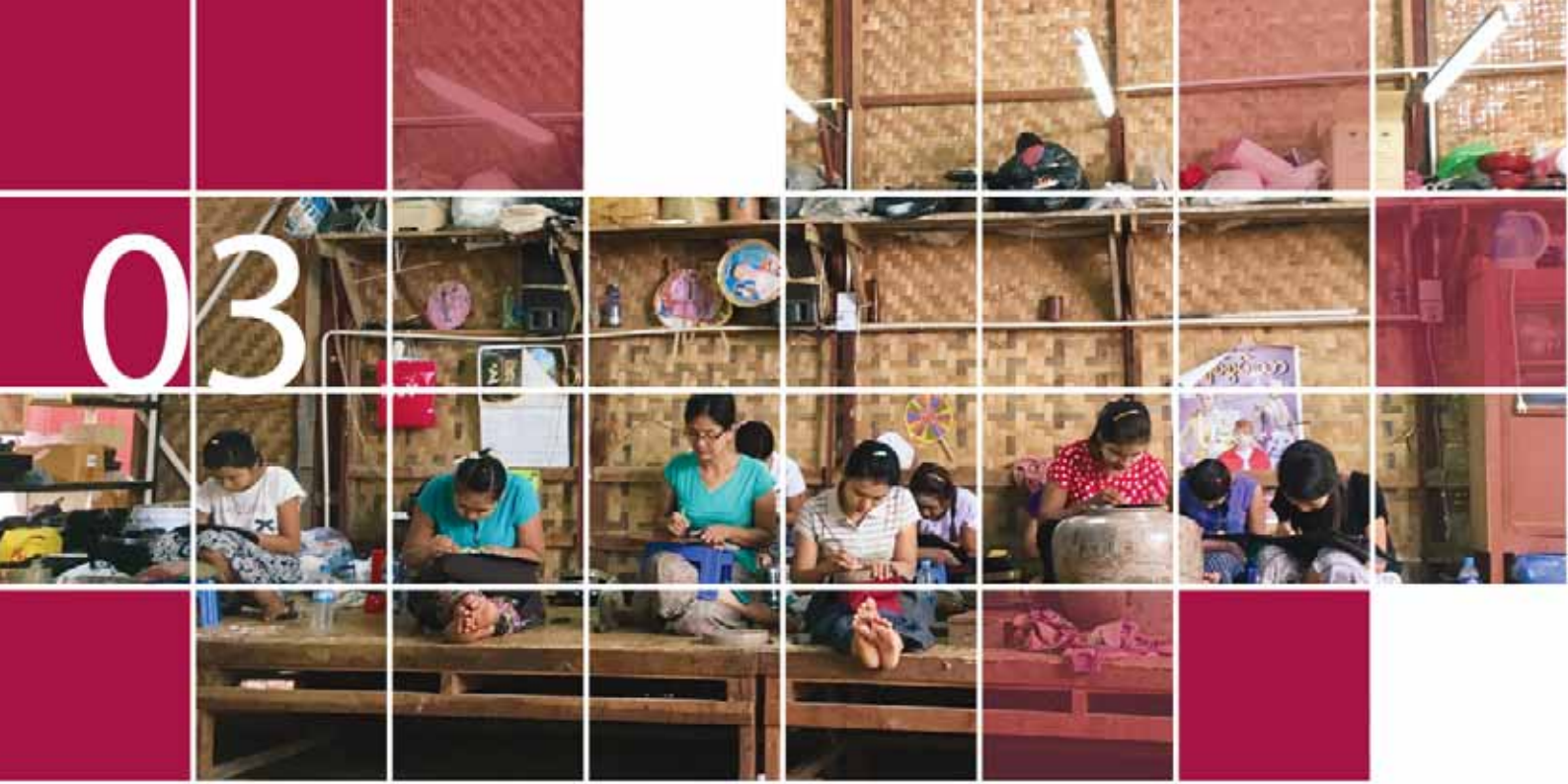
In conclusion, we have used the Typology of Regions concept to help development agencies to figure out what the dominant mindset in specific archetypical regions may be. We have learned that in almost any geographic space one will find variations of the typology. For instance, a booming commercial hub could also have emerging, marginalised and declining sub-areas. We believe that while the principles of economic development are usually the same, the priorities in these different archetypes may be different. In some the focus is on working with current trends while improving on inclusion, and in others it is about trying to create new momentum to explore better alternatives.

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MEYER-STAMER, J. 2007. Designing a Regional Development Agency: Options and Choices. Mesopartner Working Paper No. 10. Version: Duisburg 2007.
Mesopartner – ISSN 1613-298X





How to introduce LED as an approach to economic change in a country

Since it was established in 2003, Mesopartner has been involved in work related to Local Economic Development (LED). This started with facilitating LED processes and developing tools and techniques to make LED more efficient and effective. Mesopartner quickly advanced to evaluating LED projects and approaches as well as designing LED components or entire LED programmes. Between 2016 and 2018, we were involved in designing

two different LED programmes in Bangladesh and Nepal. These two countries are currently going through a decentralisation and federalisation process respectively, which makes an LED programme design particularly challenging – and interesting. In both cases, it is the aim of the LED programme to establish LED as an approach to economic planning and development of the countries as a whole. In this article we introduce the main elements of

these LED programmes, which can be used as templates to design other similar programmes.

The starting point of any LED programme design is to ask questions about who we are and what we want to achieve. An LED programme is typically initiated by a national or international development organisation or a donor that pursues certain interests, such as fostering inclusive economic growth, poverty alleviation and employment creation, nurturing entrepreneurship, targeting structural imbalances in a country or simply trying a different approach to achieving one or a few of the above objectives. This organisation might apply certain principles and already have experience and networks at regional and national levels in the given country. It has a certain amount of resources available to implement the

programme. It wishes to see results quite quickly or it might have the patience to observe a local change process emerging over a longer period of time. Such varying starting points need to be discussed and decided early on, as they are essential for the design process of an LED programme.

LED adheres to a variety of key principles that define its DNA, which need to be considered for an LED programme design:

- LED is based on participatory planning and implementation of pragmatic activities, which presupposes the continuous design and testing of short- and longer-term development interventions at local level.





- LED is primarily a bottom-up approach, which is not only delivered but also designed and owned at the local level.

It is based on pragmatic collaboration between the public and private sector actors. LED process facilitation is considered to be effective when it can create and mobilise local knowledge.

- At the same time, establishing LED as an approach to economic change in a country requires an LED programme to pursue a multi-level approach, in which the national level (and sometimes even a supra-national level such as the European Union) needs to play an enabling and upscaling role.
- LED should take into account how interventions at a given level of Systemic Competitiveness trigger change at other levels. A profound LED initiative should address all four levels of systemic competitiveness (meta, macro, meso and micro levels)

either directly or indirectly (see Article 1 in the 2017 Annual Reflection: Meso level, meso space and the relation to territories.)

- LED is opportunity and market driven, and the business sector has to play a key role in formulating, implementing and evaluating LED activities. LED favours demand-oriented solutions to remedy shortcomings at the local level. Using existing structures for LED should be favoured over building additional, parallel structures.
- Public-private dialogue (PPD) is a core element of sustainable LED. An LED programme needs to establish an effective PPD culture that enables public and private actors to find some sort of alignment on priorities and strategies.

An LED programme should ideally have two institutional entry points, one at the local level in target locations, and one at the national level. On the local level, programmes might start with a few pilot locations to gain experience in implementing LED in the country. Later the number of locations can be expanded and potentially cover the whole country. Entering at both local and national levels at the same time is important if LED is to be taken seriously as an economic development approach and included in discussions on national priorities and strategies. A national-level entry point can also facilitate the adjustment of legal and regulatory framework conditions at different administrative levels if needed. Both local and national organisations need to be selected carefully by using a combination of specific selection criteria as well as local knowledge and experience. At the local level, independent decision-making power, organisational competence and reputation are key criteria. At the

national level, interest in strengthening local governance and decentralisation plus the ability to reach out to the local level are crucial. Being able to coordinate between different line ministries is also an asset for a national-level partner.

An LED programme should be designed in such a way as to enable an organically evolving learning process – both at the local as well as at the national level.

The first LED analysis in a location generates several ideas and proposals for quickly implementable LED activities. As the implementation of these activities

creates confidence, motivation and trust among, and skills of, the local stakeholders, the LED process can move towards more complex and ambitious activities. As the exact route this learning journey takes cannot be foreseen, facilitating LED processes must take an incremental approach and allow the details of the process to emerge over time. Given the complexity of the LED

process and its interrelatedness with the development of the local economy, a change at one point might be the trigger to a whole lot of other changes, which cannot be completely foreseen.

LED should draw on a toolkit consisting of a variety of sensitisation, analytical, planning, learning, monitoring, evaluation and strategy tools. An early task of an LED programme is the identification of suitable participatory tools and instruments and finding and/or training experts who are able to introduce them in the programme context. In the medium term, a capacity



development strategy of an LED programme will expand the number of initially available national LED practitioners to a larger expert pool of local LED facilitators. The LED programme design should entail the curation of LED knowledge, experience and expertise, which includes the documentation and codification of the emerging

LED practice in the country.

This contains the continuous expansion of the LED toolkit but also the production of other

knowledge products, the management of the pool of LED experts, and awareness building at various government levels. All these elements are crucial preconditions for enabling LED processes across a country.

How are the above ingredients of an LED programme combined in practice? This strongly depends on the initial situation and the priorities of the development organisations and national counterparts involved (see also Article 1: Developing a locational policy that fits the context). For instance, the LED project that we designed in Bangladesh is structured into four intervention areas: building LED capabilities, piloting LED processes, policy and advocacy on LED, and curating LED knowledge. A new LED project in Nepal will probably comprise four components: participatory analysis of local economies; public-private-cooperative dialogue at local, provincial and national levels; enterprise development in selected value chains (transecting the pilot locations); and adaptation of the regulatory framework conditions to the new federal structures in Nepal.





Whatever the initial design, there is no guarantee that an LED programme will ultimately be successful. Experience has shown that the success of LED depends on a variety of factors. First and foremost, there must be interest and motivation of public, private and other relevant stakeholders involved to improve local economic conditions and performance. Furthermore, relevant stakeholders need to have the capacity to act, i.e. the ability and autonomy to make decisions, to access the necessary resources and to connect functional economic areas across administrative borders. Competence and delivery structures of key actors to steer and sustain an LED process is another vital precondition to make the LED approach work. In Bangladesh, decentralisation constitutes an important element of the current five-year plan of the government. Economic development is newly introduced to the mission of local government institutions, and efforts are made to build a stronger local meso level and increase local revenue generation. Whether these measures will bring along sufficient improvements of conditions for LED needs to be seen.

At the same time, the governance structures of Nepal are undergoing a thorough change. The current decentralisation and federalisation processes in Nepal have been triggered by the country's new constitution promulgated in 2015. Regions have been replaced by newly defined provinces, and municipalities have received extensive decision-making powers. So far it is not clear how far not only power, but also financial resources, will be devolved to the municipal level. It will take two to three years for the new governance structures to fully take shape.

Both examples of Bangladesh and Nepal demonstrate that an LED programme implemented during an ongoing structural change process needs to be particularly flexible in design and highly adaptive – not only during the inception phase but throughout the entire programme life.

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Resilience in economies

What do we mean by resilience?

Folke defines resilience as follows (Folke, 2016):

Resilience is having the capacity to persist in the face of change, to continue to develop with ever-changing environments.

Or in other words:

Resilience is about cultivating the capacity to sustain development in the face of expected and surprising change and diverse pathways of development and potential thresholds between them.

These definitions of resilience are strongly rooted in the research on the environment and questions of sustainability of social-ecological systems (SES). The research concentrates on the question of how to make the provision of ecosystem services by SES more resilient. At the same time it is recognised that resilience has significance beyond this field and question (Biggs et al., 2015). Both SES and social-economic systems are complex and evolving systems. Hence we believe that the concept of resilience as it is described in the SES literature is also useful and can be easily adapted to economic development.

How does the concept relate to economies?

In a research paper by Mesopartner on systemic change (Cunningham & Jenal, 2016)¹, we wrote that:

Systemic change is most likely to be achieved when influential actors or networks of actors become aware of how change happens, and their role in realising the evolutionary potential of the economy. These influential actors need to develop the capability to engage in, collectively discover and continuously shape their institutional landscape.

Saying that systemic change is about actors in the system who need to develop the capability to engage in, collectively discover and continuously shape their institutional landscape is similar to saying that the system actors need to cultivate the capacity to sustain development in the face of expected and surprising change, as Folke puts it – or, in other words, to be more resilient.

For example, this could change how we work to achieve economic inclusion if we want it to be a permanent element of the relevant economy. It is not sufficient to improve market access for a particular target group of beneficiaries, such as micro or small enterprises, marginalised women or people living in poverty. The aim should rather be for the relevant actors in the system to become able to sense that some groups are being left out or that some negative patterns are being repeated, recognise that this can hamper economic performance and social cohesion, and to purposefully react to that. This will enable them to reflect and adjust continuously in the future, not only when a development programme is present.

Again, the focus is on increasing inherent system capability to recognise what is going on and to react to it – both in relation to current patterns but also in the face of change, both expected and unexpected. This strongly connects resilience

¹ See Article in 2017 Annual Reflection: The role of the meso level in enabling economic evolution





to the ideas of market systems development as we understand it and how we describe it in the relevant article in this publication. Working on institutional or structural change in a society and economy generally makes it more resilient, as opposed to working specifically on changing patterns of distribution of the of benefits of economic growth – which can, in certain instances, even make it less resilient.

What can be done to strengthen resilience?

One of the first challenges we have to overcome is that stakeholders are often not focused on the dynamics and health of the wider systems that they belong to or form part of. Due to budget, capacity or other constraints, the priorities are often not on long-term improvements of the environment of the organisation. Additionally, engaging with the external environment beyond the immediate organisation costs, at least in the short term, more than it returns. This reduces the efforts of the people to engage more than they have to. To get stakeholders to contribute to strengthening the resilience of a broader system beyond their organisation, we have to be sensitive

of creating and showing meaningful gains that also benefit their own organisations and their objectives in the short term. We have to make sure that the moderation of discussions focuses on what matters and what helps in the given situation and context, and not on an agenda coming from higher up or from the outside. Therefore careful moderation of events, meetings and information exchanges with a focus on strengthening resilience is required.

Secondly, in many organisations there is often a strong focus on short-term problem solving and fire fighting, characterised by top-down and micro management or incomplete delegation of powers. So a first step towards strengthening resilience is to help stakeholders ‘earn’ or gain more decentralised decision making, expertise, authority and accountability. Without a devolution of powers and accountability it is very hard if not impossible to strengthen resilience. In a complex adaptive system, local (or decentralised) actors make decisions based on the relevant information available to them in a given context. This is a much quicker and often better informed way to decide than to centralise all decision making in a project, an organisation or even a country.

A third intervention area can be to purposefully strengthen the diversity of people engaged in decision making and dialogue. Practically this means that the notion of inclusiveness, which is popular in development, must be further stretched beyond including the marginalised to include even the overlooked. Inclusion not only needs to happen on the level of how benefits are distributed, but also on the level of how people are included in the processes of deliberation and decision making. For instance, in strengthening the resilience of a local community, the diversity of the approach can be

strengthened by speaking to all the usual stakeholder groups, but then also to engage with visitors, those who have migrated away from the region, the elderly in retirement homes and even school children. A greater diversity of the engagement and ongoing mobilisation is necessary to generate a greater diversity of possible responses to tackle existing negative patterns and future challenges. Hence we must also ensure that suitable instruments are available and used to collect the stories, opinions and ideas of these stakeholders into formal and informal decision making. At the same time, we must also take care that the whole exercise does not become overwhelming. Too much diversity could hamper the ability of actors to come to actionable conclusions.

The view on how to adapt resilience thinking of social-ecological systems and apply it to social-economic systems is only in the beginning stage. Mesopartner is engaged in action research activities to generate more experiences and a better understanding of what works and how.

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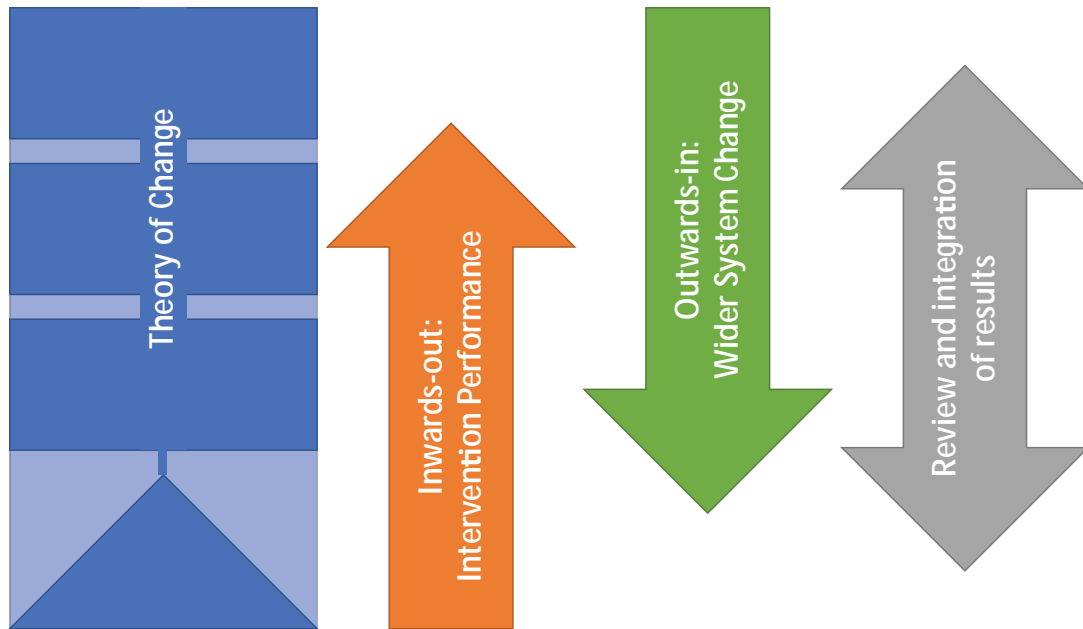


Monitoring, evaluation and learning (MEL) in economic development

To become an effective change agent in dynamic systems, continuous learning and adjusting are essential. Interventions should not only be assessed retrospectively but continuously, so that they can be adapted on an ongoing basis. It is important to establish feedback loops that allow us to understand early whether an intervention is working in the way it was intended to. It is critical to build up a learning culture in the team. This culture needs to foster personal curiosity, support experimentation, accept failure, and value learning and continuous improvement.

The Monitoring, Evaluation and Learning (MEL) framework presented here is geared towards learning and adjustment, but also allows accountability to donors and other stakeholders. It is based on four elements: 1) a Theory of Change, 2) an inwards-out measurement element, 3) an outwards-in measurement element, and 4) a review and integration of results (Figure 2). These elements are now introduced in turn.

Figure 2: The four elements of the MEL Framework





1. Theory of Change

A Theory of Change which is sensitive to complexities and uncertainties in economic development shapes the centre of the framework. It makes the hypothesis of the initiative explicit as to how its interventions are intended to achieve change.

Change in complex systems often does not occur as a neat string of events that are causally connected – i.e. where one event causes the next to occur. It is rather the case that many changes in different places lead to a situation where change on the system level emerges. Hence the exact shape of change and the causal chains



Figure 3 A Theory of Change based on the concept of institutional change

from interventions to final objective are impossible to establish. Consequently, constructing a Theory of Change must at least partly rely on a theoretical or conceptual understanding of how change occurs in an economy. For example, from the field of New Institutional Economics, we know how important certain market and non-market institutions are for economic performance. This knowledge can be used to construct a Theory of Change (Figure 3).

A Theory of Change is not a fixed framework that acts as a blueprint for the implementation of a project. It is a living map of the team's understanding of the situation, and the team should at all times be prepared to tear it up and start anew.

Theories of Change build the backbone of a team's learning efforts. The theories are continuously built up from the beginning when the team starts to map out their hypotheses of what is going on in a system and how they intend to change that through the project. This backbone then continuously grows and changes over the whole lifetime of a project.

2. Monitoring intervention performance

The second element of the MEL framework focuses on monitoring intervention performance. This involves taking an 'inwards-out' perspective by monitoring the progress of individual interventions, starting with the project's activities and then moving outwards to examine the effects of the interventions. This element includes measuring indicators at different points along the intervention logic, and also looking for unintended consequences and other factors that influence intervention performance.

Each intervention needs a coherent logic explaining why it is going to be effective. This logic often takes the form of different steps following each other in a logical sequence. This can be a temporal sequence that does not pin down exact one-to-one causalities but rather aims to

foster emergence or a chain of causal events (often called a results chain)². Which approach to operationalising an intervention logic depends on the stability and predictability of the context.

Along this logical sequence, the team needs to define measurement or observation points. For measurement points indicators are defined. This is possible if the exact type of change can be plausibly and reliably predicted. Where we are not sure how the change will look, we need to include open observations to detect what kind

² An alternative model to linear results chains used to conceptualise and operationalise systemic change is presented here: <https://www.jenal.org/want-to-measure-systemic-change-heres-a-refined-complexity-sensitive-framework/>



of change is occurring or not. Appropriate measurement or observation approaches then need to be defined and assigned to people responsible for implementing them.

3. Wider system change

In addition to intervention performance, an assessment of changes in the wider context is important, regardless of whether the changes have been caused by the project or not. This involves observing changes in the context and then considering how the project might have contributed towards them, or how they might influence the project's future strategy. This element provides an 'outwards-in' perspective, which may also be useful in identifying new opportunities in the market.

This element is a mix of continuous context analysis and the search for possible changes that result from project interventions. For the latter, a useful technique is the outcome-harvesting approach. Outcome harvesting

collects evidence of what has changed and then, working backwards, determines whether and how an intervention has contributed to these changes³.

This element needs to remain open to unexpected change and unintended consequences of the project's interventions. It is less about confirming the hypotheses incorporated in the Theory of Change and more about openly scanning for changes, without knowing precisely what to look for.

While dedicated outcome-harvesting exercises can be organised at specific points in time during the project – for example every year – the spirit of capturing wider system change should be part of the every-day work of the team. Continuous field observation helps the team to capture what is changing and include it in regular review sessions.

³ See http://www.betterevaluation.org/en/plan/approach/outcome_harvesting



4. Review and integration of results – where the learning occurs

The actual learning occurs when the team members sit down together and ask: What do the data and observations tell us? What is really going on? Why is this happening? How does that make sense? How does this fit our hypotheses and Theory of Change?

Reviewing and integrating of the monitoring results brings together the results of the ‘inwards-out’ and ‘outwards-in’ elements. This is a process to establish a plausible narrative on the effects of the project and its interventions. It provides the basis for adapting interventions as well as for reporting to funders, project partners, beneficiaries and other relevant actors.

In any project there are different levels of review that take place at different frequencies, so different review cycles are needed. Short cycles take the form of daily informal reviews of each individual team member, which reflects on his or her day individually or in a small group. Reviews can be held as part of the weekly team meetings to reflect on and connect observations or data from the performance monitoring. Longer cycles are part of more strategic reviews of the intervention portfolio or, even less frequently, the review of the overall Theory of Change. The aim of more frequent reviews is to optimise interventions. In less frequent reviews the appropriateness of the chosen strategy is discussed. An organisation’s vision or intent is reviewed even less frequently and incorporates the results of many different projects or change initiatives.

Resourcing MEL

What part of its budget should an organisation or project invest in MEL? This question cannot be answered in general but needs to be specific to the situation.



MEL needs to be firmly integrated in day-to-day management, both in terms of resources and staffing. Operational staff need to take responsibility for data collection for MEL. A project officer, for example, should not just implement what has been planned for him or her to implement, but should also be curious about what happens as a result and should attempt to find out why. Dedicated MEL staff can focus on methodological support for more formal data collection, larger surveys and outcome-harvesting exercises, making sure that the review of project progress integrates different data sources. Besides that, MEL staff can also engage in documentation and knowledge management.

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Why 'Market Systems Development' is not the same as 'Making Markets Work for the Poor'

Over the last few years, the term 'Market Systems Development' has gained quite some importance in the language of some international donors. They are interested in taking an approach to tackle poverty that taps into the potentials of markets. Market Systems Development thereby generally replaces the term previously favoured: Making Markets Work for the Poor (or its widely known acronym M4P). While the term is changing, practice has not changed significantly. In this

article we argue that developing market systems should be – and, from a theoretical perspective, are – different to 'making markets work for the poor'. The former is about making the whole market system function better, targeting critical constraints and institutional capabilities. The latter is about intervening in market systems in such a way that the poor can profit more directly from engaging in these markets. We are not saying that the one is better than the other. Some conceptual clarity is, however, needed to improve the effectiveness of projects.



Finding market-based solutions to poor people's situation is generally a good idea, better than many approaches that strongly interfere with the functioning of the markets. We have supported many projects that aimed at improving the status of the poor as producers, so they could earn more income, or projects that were aimed at enabling them to access cheaper goods and services so that they had to spend less. This approach can help large numbers of people to have more money left over to spend on essentials such as food and education, as examples of M4P projects in many countries show. However, it does not fundamentally solve the problem of the inability of the political, social and economic actors to tackle poverty and inequality in a systemic way. This can only be achieved by working on the institutional landscape that shapes behavioural patterns and eventually economic performance in markets. Working with market actors to put the market systems on a trajectory of inclusive, sustainable, long-term development and growth is different to optimising these systems to enable a selected group of people in the short to medium term to have some more income and so make their situation less bad. Again, we are not saying that the latter is not needed or beneficial.

There is an emerging consensus among scholars that there is a need for a conducive institutional environment for markets to work effectively. The search for the 'optimal' rules and institutional forms for markets to work is difficult or even futile – the solution must be specific to the context. However, there is some agreement on a number of institutions that need to be in place. There is agreement on the importance of property rights. There is furthermore some agreement on elements that curtail side-effects on third parties and trust to fulfil promises. Information flow is another precondition for functioning markets that is often mentioned, as is competition (Rodrik & McMillan, 2011; McMillan, 2002; Rodrik, 2000).

While this is not a final list, nor is there ultimate agreement among researchers, it is at least indicative of the level that should be targeted to make markets work – the institutional level. However, institutional change on the meso level is not part of the standard arsenal of interventions of the M4P approach. M4P interventions most often focus on the micro level to optimise transactions and to ensure that aid reaches clearly identified beneficiaries.

The field of systems thinking gives us another argument as to why the institutional landscape should be the focus of market systems development. From this school of thinking, we can borrow a widely used metaphor to describe systems: the systems iceberg (Figure 4). The iceberg represents different levels that can be conceptualised in a market system:

- events – the every-day doings of market actors such as market transactions
- patterns of behaviour – e.g. dominant business models, exploitative behaviour, patterns of underperformance





Figure 4 The Iceberg Model (source: <http://donellameadows.org/systems-thinking-resources/>)

- system structure – e.g. laws, behavioural norms or other formal and informal institutions
- mental models – the way we see the world and make sense of it.

Only 10% of an iceberg is visible above the surface, the rest is under water. Translated into market systems, this means that only the day-to-day events are visible and easily observable, while most of the levels lie below the surface. Yet these submerged levels influence what is happening on the surface. Mental models influence the structure of the system, which in turn builds the basis for behavioural patterns to emerge the way they do. Consequently, as Figure 4

shows, the 'deeper' we target our interventions, the more leverage we have over the system.

This leads us to the same conclusion. Market Systems Development is more effective if we target the structural level of the economy – its institutional environment – rather than to try and influence behavioural patterns or day-to-day events.

Some people say that developing market systems without the poor as the direct target group is the same as promoting market systems without development – harking back to the earlier years of the 'growth is good' doctrine, which sees growth as an objective in its own right without considering whether poor and disadvantaged people can benefit from it. However, market systems development as we see it is not about growth in the first place. It is about improving the capability of the market actors to engage in, collectively discover and continuously shape their institutional landscape – which in turn drives both economic performance and inclusion. If the outcomes of a market systems development process are to be inclusive, then the process itself needs to be inclusive. Or in other words, all levels of society need access to this process if people living in poverty are to benefit. The process is most effective when it is done in a transparent and participatory way. Research has found a positive correlation between GDP growth and measures of civil liberties, political rights, democracy and institutions supporting cooperation, such as trust, religion, and social clubs and associations (Shirley, 2008).

Market systems development is therefore about transforming the institutional landscape in a way that the market system becomes both more effective and at the same time more inclusive. This transformation occurs on deeper levels: on the level of economic and societal

institutions as well as on the level of the values and beliefs held by a society.

It is important to understand this conceptual distinction. At the moment, many projects are saying that they are doing market systems development, while in reality they are trying to make markets work for the poor. Making markets work for the poor can lead to short- to medium-term improvements for the poor. If done right, it has a high probability of showing results in the timeframe of a project's lifetime and delivers numbers that can be reported to funders and constituencies. Market systems development is longer term, and the outcomes are more uncertain. But if it works, it creates the basis for a future in which inclusiveness is built into the structure of the economy and does not hinge on the one product that is more affordable for the poor or the one service that supports the poor as producers.

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From promoting innovation systems to instigating innovation

We have been working on the promotion of innovation systems since the early days of Mesopartner. One of the first methods that we documented was RALIS (Rapid Appraisal of Local Innovation Systems). This process instrument consists of a toolkit to help local stakeholders to identify and strengthen innovation potentials within a region or sub-sector.

The RALIS approach is systemic and focuses on different levels in an economic system. It allows identification

of competitive pressure at the level of firms, as well as general patterns of performance. It looks at the responsiveness of meso organisations, especially of two kinds of institution that directly and indirectly disseminate knowledge in the economic system. The one group of meso organisations has to do with a broad range of skills and education, and their responsiveness to the needs of firms. The other group is more focused on direct knowledge transfer through consultancy, technical

and applied research services and indirectly through basic research, standards and certification. There is also a focus on the broader framework conditions shaped by sociocultural factors, as well as macro policies and technological trends. These four factors together describe the technological capability of the system.

After more than fifteen years of supporting local and national actors in developing countries, we have come to realise that there are several common patterns in most of our innovation system promotion activities.

- In most cases, there is over-emphasis on the presence of certain kinds of technological infrastructure and institutions and under-emphasis on the dynamic relations between different stakeholders.
- There is too much focus on the transfer of codified knowledge and technology from public research organisations, and an under-emphasis on facilitation,

problem solving in industry and the continuous identification of stakeholders who are trying to acquire additional knowledge capabilities.

- Many technological and scientific actors mainly deal with like-minded peers in an exclusive way, resulting in high entry barriers to those actors who do not have the required qualifications or technical language.
- Even in remote areas we could find publicly funded science and technology infrastructure and organisations that were not embedded in the local community or that had little positive spill-over effects into the region (other than paying salaries).
- There is a strong focus on linear innovation (often in the form of projects) that resulted in patents and licences, and under-investment in ongoing learning, learning by doing, technology demonstration and other forms of technology transfer between different



stakeholders. In fact, there is a strong focus on technology as hardware, while social learning, how to organise around a technological capability or how to foster a more knowledge-intensive organisation are often neglected.

- Lastly, although technology centres and public actors in the innovation systems are aware of the vague concept of an innovation system or ecosystem, they hardly promote internal innovation processes within their organisation. Thus they are not able to reflect on, and understand, how their own innovation, knowledge and technology management approach affect the behaviour of other actors. Accordingly, we often find a very un-strategic approach to managing technological infrastructure. This is made worse by private sector actors, especially larger firms, that lack a strategic approach to managing and developing the competence and sophistication of their local supplier and customer networks.

We identified these patterns as we were conducting research into how economies evolve, and especially how a complexity perspective could be applied to our development work. We realised that our approach was lacking a purposeful search and discovery process that focused on changing the dynamics between stakeholders. Our research also revealed that in the past we had been focusing too much on physical technologies and economic technologies (how businesses identified and responded to opportunities by bringing together teams of people, resources and plans). We had to introduce a stronger and more structured approach to induce the development of 'social technologies' (a term used by Beinhoecker as a design method for organising people in pursuit of certain goals) that could diffuse throughout the system.



We call this approach Instigating Innovation. We chose 'instigating' because it is a term with a more positive ring to it than 'provoking' or 'inciting', while still being more aggressive than expressions such as 'supporting', 'enabling' or 'encouraging'. While in the past we emphasised the different logics (and academic disciplines) of innovation systems and the subject of innovation management in organisations, with our Instigating Innovation approach we purposefully combine these two different schools of thought.

For instance, one of the first priorities in Instigating Innovation is to make sure that the key public sector actors, including the relevant meso organisations, in the innovation system are attentive to how they themselves innovate. When they are better able to manage how they learn, unlock and leverage knowledge for innovation, and manage their portfolios in a more strategic way, then this already has an effect on the dynamics of their relations with the industries and other stakeholders around them. When these organisations are exemplary in managing their own technological and innovative capability, they reduce the costs for enterprises to learn how to do

this for themselves. In addition, this approach reduces the pressure on technology centres always to have the latest equipment, as firms place a greater value on their capabilities in softer technology.

A second focus area is the relationships between public and private organisations, and between larger and smaller firms. A quick way to change the dynamics of the relationships is to focus on regional problems or bottlenecks, or sophisticated demands in the region that remain underserved. Our colleagues in technological and educational institutions are often hesitant to play the role of facilitator, preferring a more expert or technical role. By focusing on challenges in the region that require a transdisciplinary approach, they get to play a unique and valued role without compromising their technological preference.

Lastly, in Instigating Innovation we try to make technological capability in the system more visible. This can be done through demonstration events, or by arranging interesting events inside factories or in technological facilities. The idea is to get technical people to talk to each other, to make it easier for tacit knowledge to be exchanged. Over the years we began to realise that focusing on entrepreneurs, senior executives and senior academics is not enough. We have to draw in technicians, junior academic staff, students, enthusiasts and citizen scientists. The intent is to get more people meeting, talking, exploring and playing with technological ideas.

By focusing on these and other elements, we believe that the way in which technology and innovation is approached, practiced and managed will change within and between meso organisations, individuals and technological domains.

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Looking at discontinuous change through a *Systemic Competitiveness* lens

The World Economic Forum (WEF) is raising the awareness of global leaders about the expected societal changes as the Fourth Industrial Revolution expands. The WEF claims that this Fourth Industrial Revolution is different from any preceding revolution due to its velocity and exponential rate, breadth and depth of convergence and its systemic impact on industries, firms, governments and whole societies.

Some argue that the Fourth Industrial Revolution is not a revolution at all, but merely an extension of the third revolution, with connectivity stretching from the office to the factory and the farm. Besides, it is always hard to predict the outcomes of revolutions because existing technologies, industries and even organisations are disrupted or become obsolete. Technologists and some scientists argue that massive paradigm shifts are

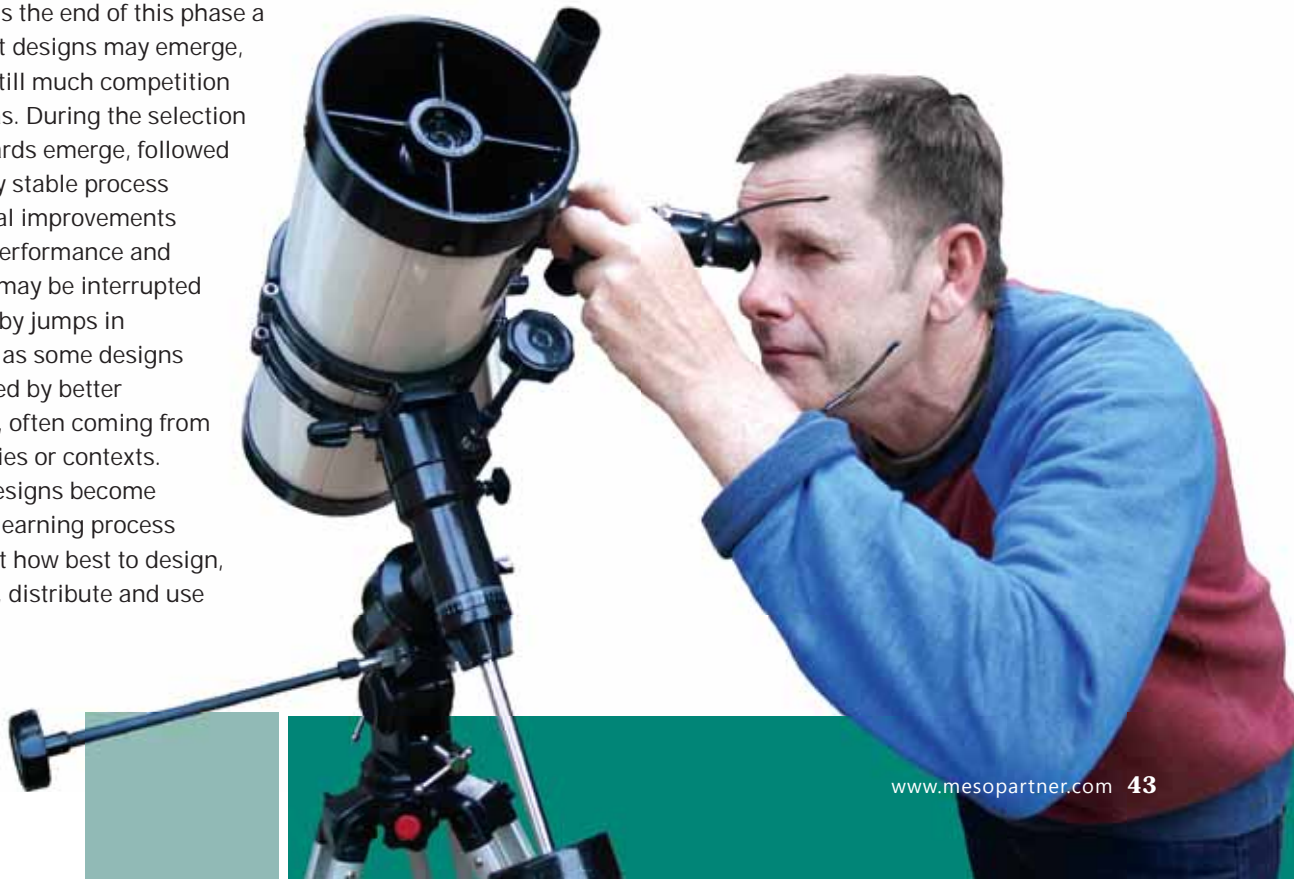
hard to anticipate because existing actors are pursuing incremental (linear) improvements and cannot imagine whole architectures and technical systems becoming obsolete.

However, what is clear is that there is a huge convergence of technological advancements over many domains, largely made possible by more powerful digital processing capabilities, connectivity and scientific breakthroughs in biology and material sciences. What is uncertain, however, is the speed of this change and how widespread the effects will be.

How do technologies evolve? Briefly, technologies evolve through a process of variety creation, selection and then amplification or retention. During the variety creation phase, there are many competing designs and no dominant logic. Towards the end of this phase a few dominant designs may emerge, but there is still much competition between ideas. During the selection phase standards emerge, followed by a relatively stable process of incremental improvements in features, performance and results. This may be interrupted occasionally by jumps in performance as some designs are substituted by better technologies, often coming from other industries or contexts. In general, designs become simpler as a learning process unfolds about how best to design, manufacture, distribute and use

a particular technology. This leads to an amplification phase, where the best ideas are not necessarily used as intended, but where technological changes make their way into areas where they were not originally intended to go. It is here where economies of scale are pursued and costs are reduced in production, distribution and use. This is a relatively stable process that can continue for long periods, until it is suddenly interrupted by a radically different idea, resulting in the process starting all over again.

Two kinds of technological discontinuity can be identified. The first is competence enhancing, meaning that current users of this technology are able to build on previous



experience, qualifications and knowledge. This could be incremental or radical, but the old technological domain is not entirely lost and is even sustained.

Then there is competence-destroying change. Here past experience, qualifications and knowledge are made obsolete.

Due to inertia and path dependence, competence-enhancing change often favours incumbents and existing users, while competence-destroying change favours newcomers.

What does this mean for the systemic competitiveness of developing countries, and especially for meso organisations? In our work on technological capability, we apply four factors originally identified by Hillebrand et al. (1994).

- The first is a competitive micro level where new ideas can be tried, and where resources are allocated in a process of competition and collaboration through markets, hierarchies and networks. This is about the skill of the producers to imitate and innovate at product, process and business model levels.
- The second is indirect support by the public and private educational systems. In addition to a sound basic education, it is important that technical training of a suitable quantity and quality is available at secondary school level and also in the universities. The private sector often plays a role in short-term training aimed at particular technology applications. Overall the education sector must be able to identify and respond to changes in the application, development and use of technology in society.





- The third group is what we refer to collectively as technological institutions. Direct support by technology-oriented state institutions or specific types of knowledge-intensive service companies depends on the existing level of development, the competition situation and the characteristics of a technology branch in the given country. These organisations disseminate technical and expert knowledge between different actors, knowledge domains and industries, and play a critical role in the use and application of tacit and explicit knowledge.
- The fourth set of factors relates to the framework conditions created by the meta and macro levels in the systemic competitiveness framework. It is about how a society learns, how it handles disagreement and broad social agreements about a desired future (see Article 12: Why should we work on the meta level, even if it's difficult?). The economic, political, administrative and legal framework conditions determine whether there are incentives to develop technological capability. The framework conditions both shape the meso and micro levels, and in turn are shaped by them.

These four factors combined determine the technological capability of a society or industry. The factors are connected through a dynamic process of engagement, dialogue, exchange and adaptation, with a range of mediators playing an important role in articulating change or amplifying the need for change, and transferring information between different groups. These intermediaries could have a formal role, for instance carried out by a government programme, or an informal role, carried out by activists, individuals, social organisations, leading enterprises or organisations going

beyond their formal mandate to encourage change, exchange and learning.

Due to the evolutionary nature of technological change, meso organisations that enable individuals, enterprises and networks to experiment or engage with new ideas at reduced costs and risks are essential. Literally, organisations that help innovators to learn by doing, or that demonstrate the potential of new technologies, are essential to assist, enable and stimulate technological change. At the same time, responsiveness in public organisations is increasingly important as

technological change settles in. Education programmes must adapt, research centres may have to refocus, and entrepreneurship support

may have to be adjusted. An advanced function is to try and assess the potential of new technologies to destroy current capabilities and competencies, and then to put programmes in place to retrain workers, repurpose infrastructure and manage the difficult socio-economic change that may result. Organisations must be increasingly flexible and adaptive.

Where technological change is expected to be competence enhancing, training programmes, upskilling programmes and supportive infrastructure may enhance the uptake of productivity-enhancing change, while drawing in labour and investment and paying attention to inequality, marginalisation and the environment.

Successful absorption of changing technologies may require new organisations. Also, it may involve different incentives for firms, scientists, technologists, institutions and even individuals. Some technologies may require little public support, while others would not develop or be mastered without it.



For policy makers and practitioners, technological change demands vigilance and flexibility. Many of the new technologies included under the banner of the Fourth Industrial Revolution are presented as physical technologies, but not much is said about social technologies and organisational innovations that may be required to successfully master, integrate and sustain new technologies. Often insufficient attention is given to learning about new technology, new forms of organisation required, technology demonstration and integrating learning from new technologies into existing capabilities.

However, we argue that the focus should not be so much on the technologies per se, but on the technological capability as we outlined earlier. The dynamism and absorptive capacity of a country, a region or inter-connected industries is much more important in determining whether new ideas are taken up, integrated, leveraged or ignored. Also, constantly refining, adjusting

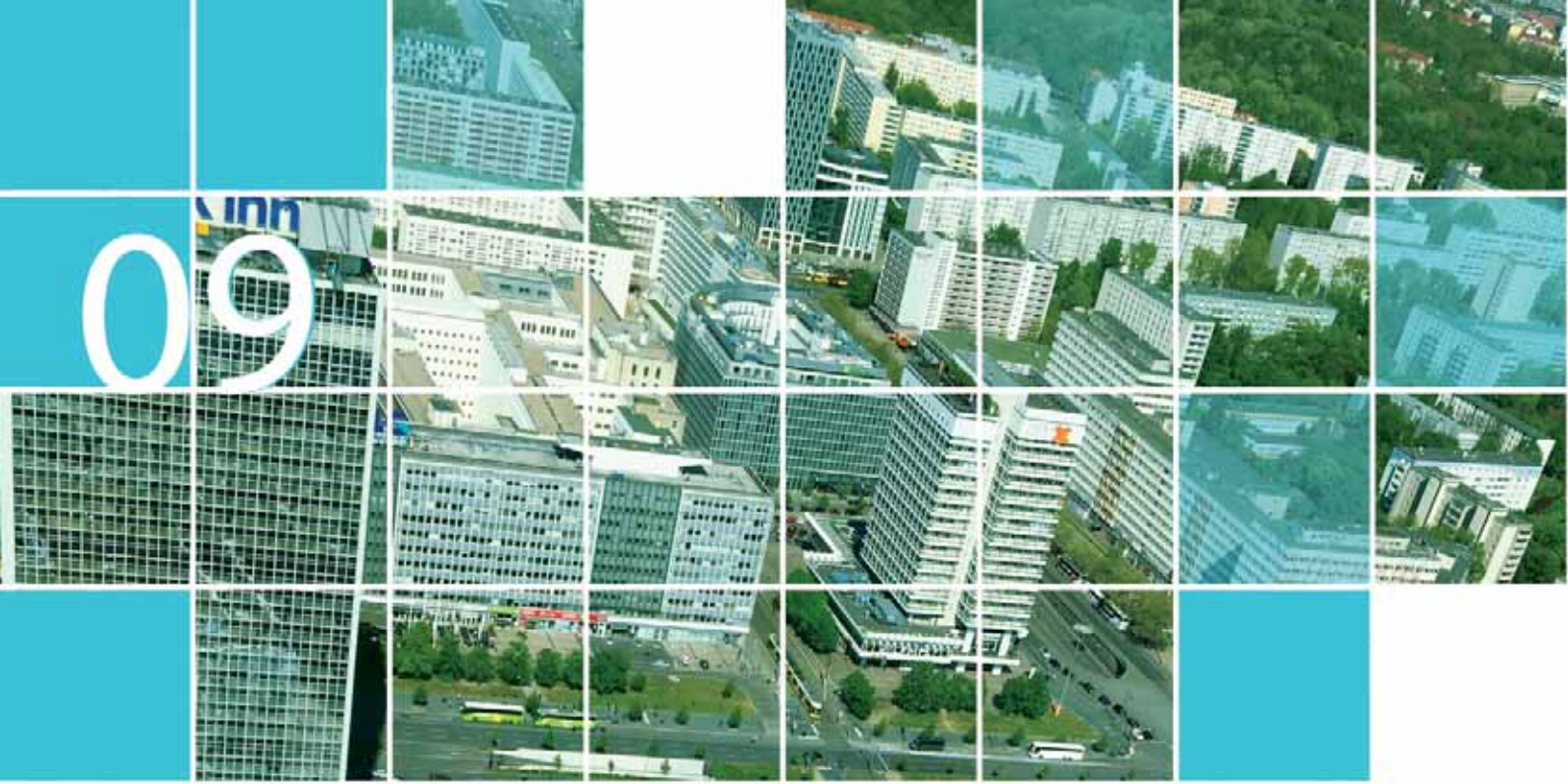
and expanding the range of meso organisations that support experimentation, searching for new ideas and discovery of different applications of new ideas are as important as the technologies themselves.

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The role of meso organisations in the Product Space

During the last 10 years, a promising approach has emerged from the Centre for International Development (CID) at Harvard University and Macro Connections at MIT Media Lab. It is called the Atlas of Economic Complexity (Hausmann, Hidalgo, Bustos, Coscia, Simoes & Yildirim, 2013). It is a powerful interactive tool that enables users to visualise a country's total trade, track how trade dynamics change over time and explore growth opportunities for more than a hundred countries worldwide.

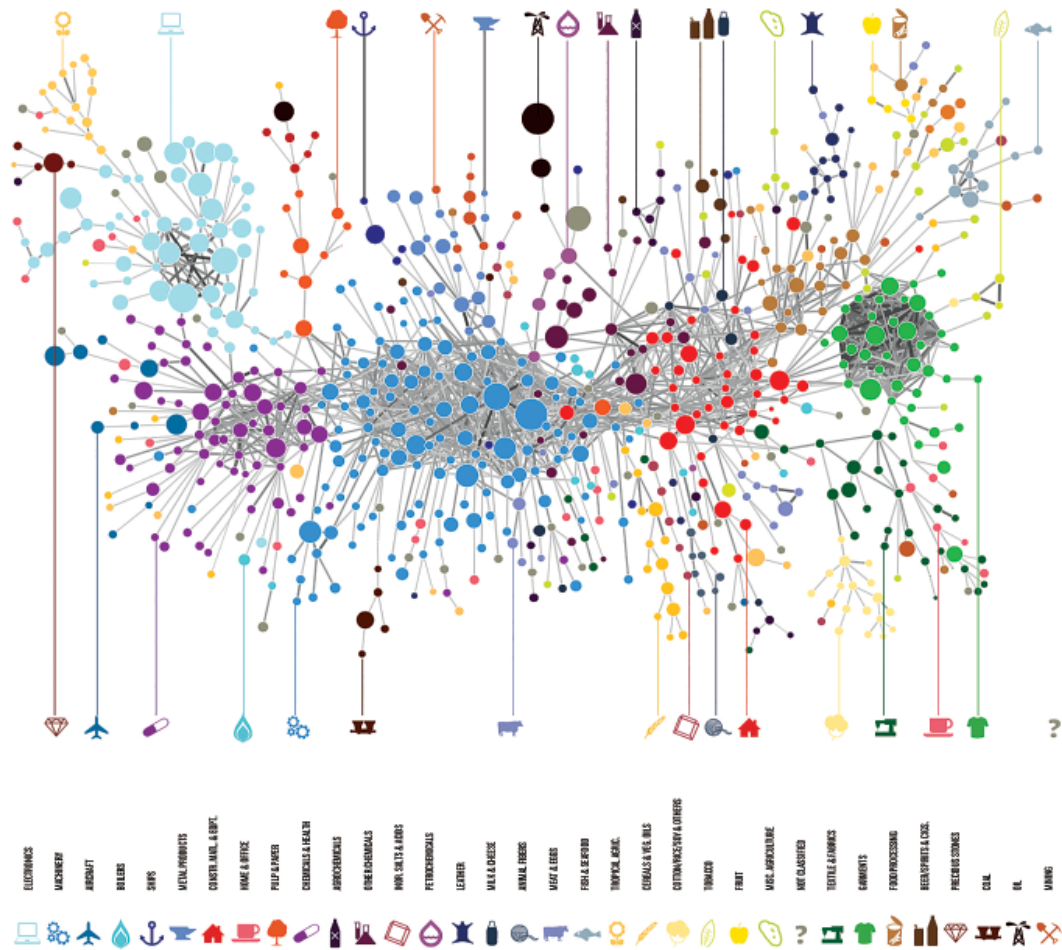
The Atlas offers a very different view of economies, structural change and progress. It attempts to measure the amount of productive knowledge that each country holds and reveals potential paths for industry development. Hence it is a useful instrument for policy makers, economic development practitioners and entrepreneurs to find upgrading, investment and leverage points in an economy. From an evolutionary or complexity economics perspective, it is desirable to increase



the economic complexity of a country. More complex economies are those that can weave vast quantities of relevant knowledge together across large networks of people so as to generate a diverse mix of knowledge-intensive products. Simpler economies, in contrast, have a narrow base of productive knowledge and produce

fewer and simpler products, which require smaller webs of interaction (Hausmann & Hidalgo, 2011:18). The tool reveals areas where knowledge spill-overs or capabilities can be strengthened to make experimentation, search and discovery easier, or where industry and technology support programmes may not be effective.

Figure 5: The Atlas of Economic Complexity



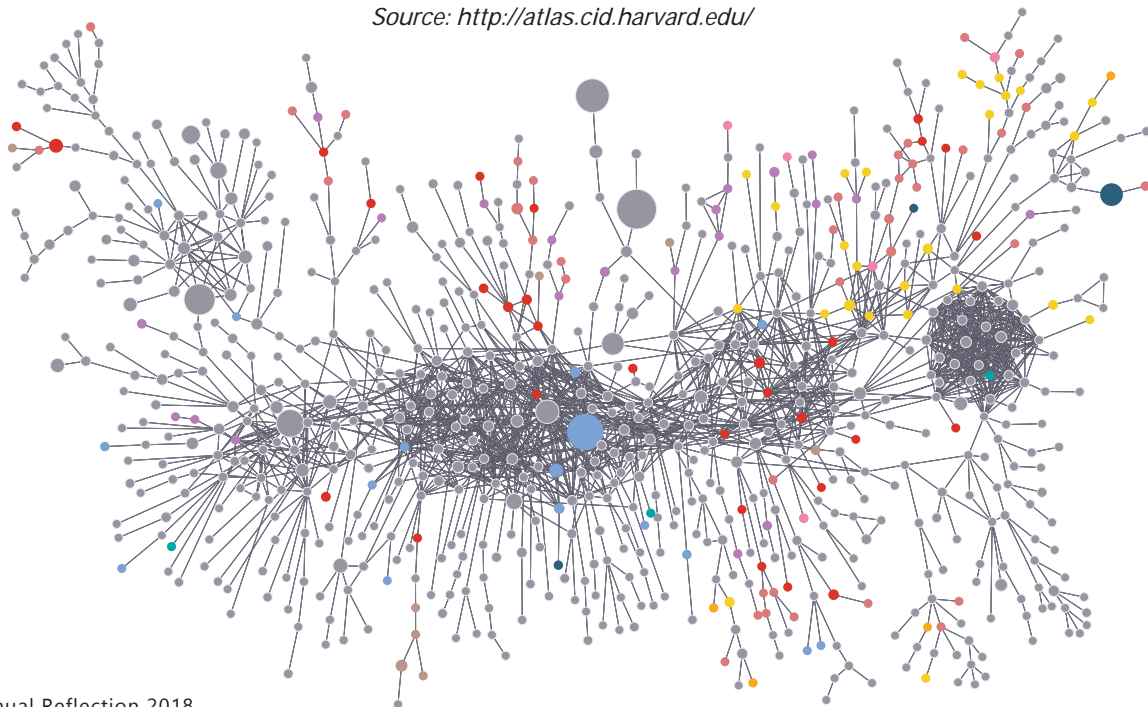
One of the visualisation instruments is the Product Space. It represents all products known to humankind in a relational network map and shows how networked each product group is in terms of the capabilities needed to produce the products. Nodes in this network map represent the knowledge needed to produce a specific product. The maps build on a background of overall possibilities which highlights those products in which a specific country is competitive on the world market (see Figure 5). For instance, products that are assessed to be competitive show up in a colour that represents the broad product classification.

Although the CID and MIT offer different visualisations of the Product Space, they use similar underlying principles

and emergent theoretical frameworks. In the visualisation of the Product Space there is a dense interconnected region representing mainly machinery, metal products, chemicals and capital-intensive goods. To the left of the map lies the electronics cluster, and to the right of the map there is a cluster of apparel, textiles and clothing. All around the dense cluster there are branches reaching out into open space. These outlying products are more disconnected from the dense core. They include, for example, tropical agriculture, oil and mining. They reach into sparsely populated space because they offer low spillovers: knowledge in these economic activities is not easily adapted to adjacent activities.

Figure 6 Product Space of South Africa in 2016

Source: <http://atlas.cid.harvard.edu/>





In Figure 6, the Product Space of South Africa reveals many relative comparative advantages on the periphery in many agricultural commodities, mining and manufacturing. When looking at the change over time a trend of de-industrialisation is shown. Each country's product space is different. It reveals areas where countries have accumulated sufficient expertise to produce products in a way that makes them competitive and allows them to trade with other countries. This makes it possible to detect areas of strength, innovation and competitiveness, and suggest opportunities for future investment.

Due to the fact that the Product Space is constructed based on historical trade data, it shows only products and represents knowledge, but does not show where organisations supporting economic development are or how effective they are. Meso-level organisations are implicit in the theories that underpin evolutionary economics and how knowledge is spread, but they are

not tracked and visualised as an overlay of data points or nodes on the map. In areas on the map which reveal comparative advantages, one would have to assume that there are favourable social and technological institutions (both formal and informal) at work.

To build new capability or improve performance in an area of the Product Space, a whole host of market failures, coordination failures, uncertainties and high transaction costs must often be addressed. It is not enough to focus only on generic development factors such as basic education, health, good governance and the rule of law. This is where new kinds of meso organisations or adaptations of existing organisations are essential, focusing on overcoming structural failures, such as the ones identified by Hausmann, Rodrik and Sabel (2008):

- Self-discovery externalities: reducing the costs and risks from entrepreneurs and investors to explore and



experiment with new products, new combinations of technologies and what can be produced or profitably used in the economy.

- Coordination externalities: new economic activities may lack specialised support and often require a multitude of simultaneous investments and learning by different upstream and downstream actors.
- Missing public inputs: the reason why new areas do not just spring up by themselves is that all kinds of specialised inputs, ranging from laws, regulations, testing and metrology facilities, licences, accreditation, research and development and other physical infrastructure may be lacking.

The more central the capability on the Product Space map, the more likely it is that the capability of industry needs to be complemented by a range of knowledge and technological services, and a broader range of academic and professional education. These are often provided or supported by a range of meso organisations that lower the costs of accessing unique or specialised technological infrastructure, various standards and certification



organisations, research centres, technology extension services and other knowledge-intensive business services. While many of these are provided by the private sector, public sector organisations in most countries play a critical role in regulating, coordinating or providing these intermediary and supporting inputs.

Mesopartner has been using the Product Space to help clients to understand the current economic complexity of their countries and to find out how they can better support diversification, specialisation and increased competitiveness. This approach is very complementary to our work in the promotion of innovation systems and helping countries to acquire new technological capabilities. Instead of only trying to optimise arrangements and capabilities within existing value chains and areas of specialisation, developing countries need to purposefully create meso organisations (institutions) that reduce the costs of exploring related areas. Improving the performance, relevance and diversity of meso organisations may require policy coordination and technical advice, in terms of supporting procurement, developing and managing appropriate incentives, building knowledge capability through education, research and

identification of knowledge partners locally and abroad, as well as enabling regulations.

The CID link to the Atlas <http://atlas.cid.harvard.edu/>

The MIT link to the Atlas <http://atlas.media.mit.edu/>

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10

Returning to basic principles: common denominators of the Mesopartner and the EU smart specialisation approaches

Common denominators between the Mesopartner philosophy and the smart specialisation logic

When working on EU projects during recent years, we recognised that the smart specialisation approach is in line with our way of analysing economic reality aimed

at the identification of economic development activities. In this article, we summarise the differences between the smart specialisation approach and sectoral and cluster approaches, and we emphasise the common denominators between the smart specialisation approach and our way of thinking.

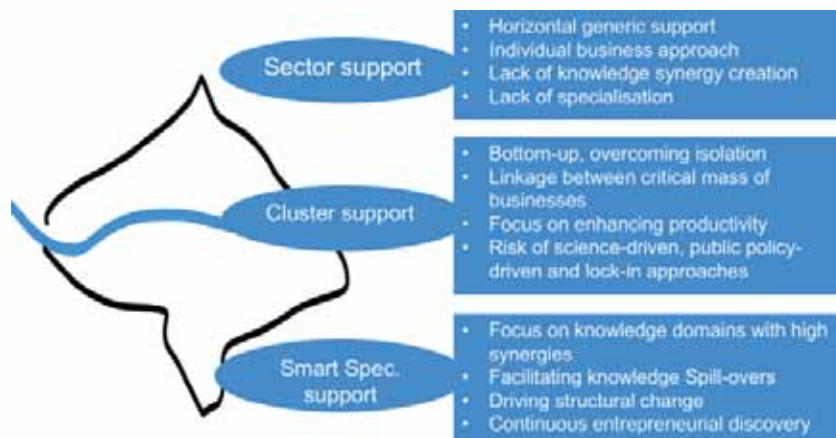


Differences between the sectoral approach, the cluster approach and the smart specialisation approach

Smart specialisation has become an integral part of promoting the place-based approach of the European Union Cohesion Policy. The clear message is that there is a need to overcome horizontal sector or cluster policies by promoting more selective interventions that focus on knowledge domains with a spill-over effect on a diverse group of sectors and businesses. The approach can

also be interpreted as criticism of 1) the traditional top-down, sector-driven approaches still existing in certain countries, and 2) the cluster approaches supported in many EU countries during the past decade, which are often more policy driven than business driven. The smart specialisation perspective acknowledges to a greater extent the right interplay between smarter bottom-up and top-down promotion activities. The differences between the sector, cluster and smart specialisation perspectives can be summarised as follows (see Figure 7):

Figure 7: Differences between sector, cluster and smart specialisation approaches



Sector support approach: This most often follows a top-down approach. It enables the identification of basic or very generic trends in certain sectors, as well as overall infrastructure requirements. Even early generic cluster and value chain potentials can be discovered in smaller countries with such an approach. However, the sector lens is not able to look beneath the surface and identify existing knowledge sources, potentials, requirements

and opportunities to promote the innovation capabilities of certain businesses, employees and locations. In many such cases, we see that individual and isolated business development support is still the dominant way of promoting economic development. Opportunities for synergy creation through networks between businesses (and between businesses and meso-level supporting organisations) can often not be identified.



Cluster support approach: Many EU countries and regions have reacted to sector weaknesses and moved into cluster promotion. This bottom-up approach has enabled many regions to promote their economic competitive advantages by creating synergies and overcoming a rather isolated one-by-one business support approach. But with the increase in case experiences, it also became obvious that science- and policy-driven cluster initiatives in particular often failed to really get the buy-in of the business sector and to promote smart specialisation. Over the past years, many active clusters were themselves also challenged to innovate and to promote more cross-innovation activities.

Smart specialisation perspective: The focus of the smart specialisation approach is on knowledge creation and increasing the knowledge capabilities of people, businesses and organisations. This goes back to the principles of how locations, businesses and societies learn, specialise and ultimately increase their knowledge base. This approach focuses on strengthening 'knowledge domains,' which can also be seen as knowledge fountains, in other words, knowledge flows that derive from different knowledge sources and which, by merging and integrating, create more than the sum of their parts. Although they spring from different knowledge sources, they also splash over different sectors, clusters and businesses, and require established cluster or sector mindsets to be reconsidered. For example, in machine-building clusters, predictive maintenance or smart home technologies linked to the Internet of Things (IoT) solutions are getting attention. Many food clusters are now also trying to specialise, in particular areas such as nutritious and healthy food production. Nonetheless, these shifts often require new exchange and network constellations, as well as the reconsideration, reorganisation and re-specialisation of

certain networks that are better able to identify, connect, capture and integrate the required new knowledge sources.

Relevant principles for our work

The smart specialisation approach asks the regions in the EU⁴ for smart and selective top-down policies in combination with a new and targeted bottom-up industrial policy perspective. This approach matches the Mesopartner philosophy and the search for the right attractors. It again brings to the forefront principles that are rather basic but highly relevant for our work, and which often got lost in policy-driven and rather isolated managed cluster and sector programmes:

- Promote an entrepreneurial discovery attitude: As Foray points out, “knowledge about what to try and where to go is not obvious and not visible! It is hidden – it needs to be discovered!” This requires a real interest in understanding existing knowledge capabilities and opportunities in territories as well as the consideration of the absorptive capacities of relevant local businesses to take the next step forward rather than an unrealistic leap. It requires all involved supporters to have an intrinsic interest in understanding what is really going on in businesses.
- Exploration and experimentation is key: such a discovery process cannot work without an attitude of exploration and experimentation. At the policy level, there is a need to provide space for experimentation with more targeted instead of generic horizontal policy approaches.
- Focus on identifying potential knowledge domains that link up with existing capabilities: do not get trapped by the sector or sub-sector lens, but instead look for

knowledge areas that enter from different channels and spread in different directions like a fountain.

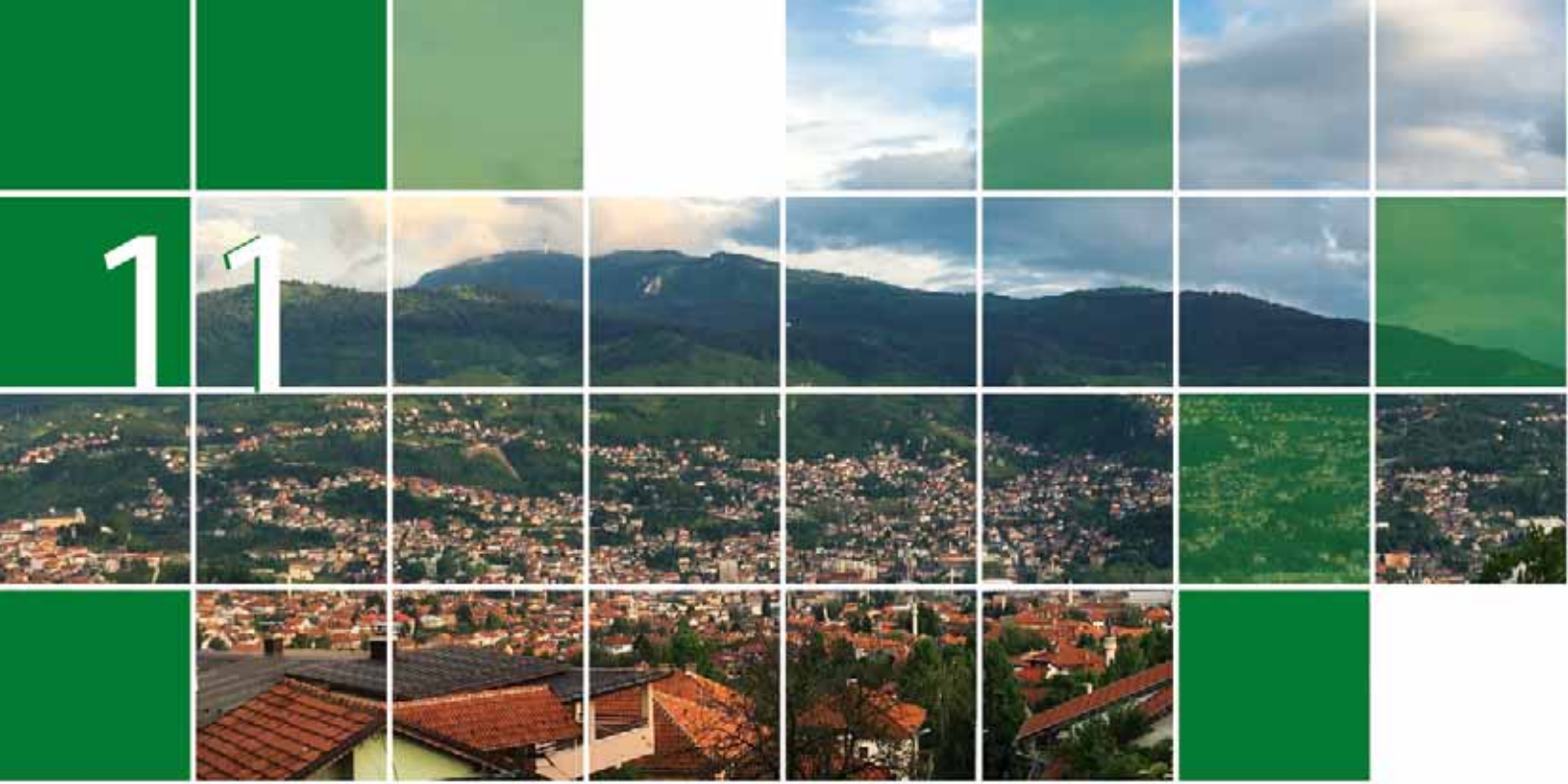
- Promote a network approach as a means, not as an end: Networks are important for increasing knowledge spill-over, not just for making the group feel safer. The less the focus is on recombining or creating new knowledge, the less the network will really maintain its *raison d'être*.
- The discovery process is an ongoing one that forces everybody to learn from each other: knowledge creation is not static but is instead dynamic. Opportunities to combine existing and new knowledge are part of a never-ending process. This is why it is also of key importance to stay in close contact with market and knowledge trends, in order to continuously analyse, link and promote the knowledge capabilities of local young people, local scientists, or present and potential future outliers who are searching for new social or economic solutions to upcoming problems and opportunities.

These principles are of vital importance in our work. And they are focusing on the right entry points for those who want to make a difference.

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⁴ See 30 examples of smart specialisation stories at <http://s3platform.jrc.ec.europa.eu/smart-stories>





“Smartes Land”: Promotion of interdisciplinary innovation approaches in rural areas in the European Union and beyond

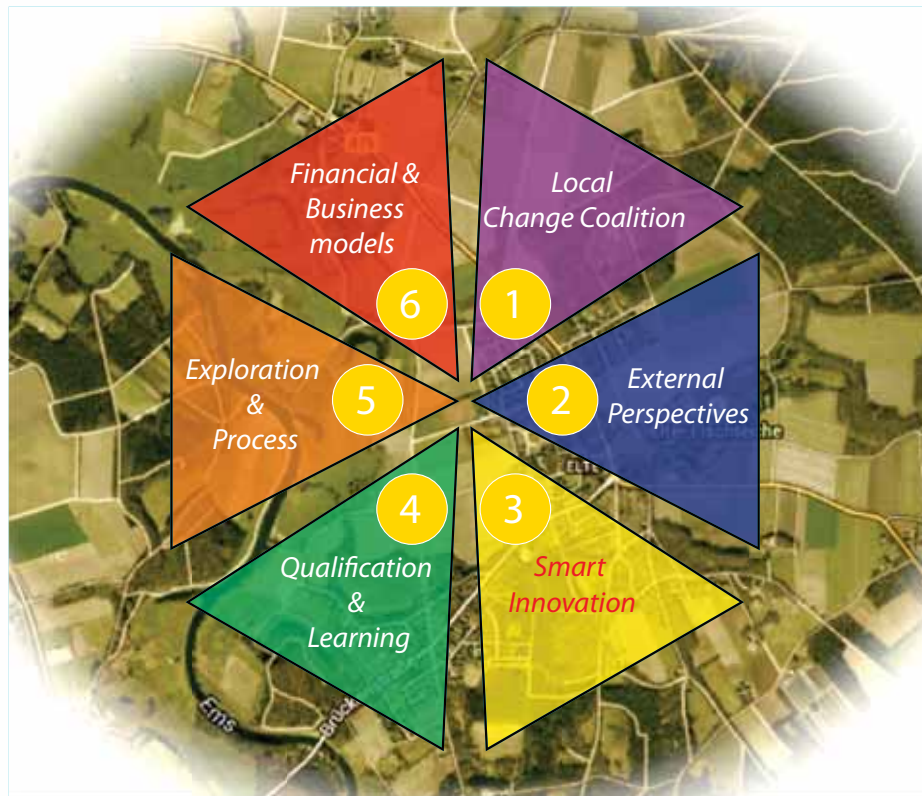
‘Smartes Land’ is the heading under which Mesopartner started to reflect on how to promote innovation orientation in rural areas in the European Union (EU) through multidisciplinary innovation promotion approaches. The term ‘Smartes Land’, which is a combination of English and German terms, can be translated as ‘smart rural area’, a topic which is gaining increasing importance

in European regions and in many developing countries. Inspired by the smart city approach, it promotes innovation in rural areas, links rural areas with cities and encourages rural locations to learn from urban approaches. Beyond digitisation, it interprets ‘smart solutions’ as a collection of systemic interventions that increase quality of life and the attractiveness of territories.

In the EU, innovation promotion in rural towns and regions is gaining relevance for economic, political and social reasons. Many rural areas need to modernise SMEs, promote start-ups, increase the qualifications of its people, create employment opportunities especially for the youth, and attract more qualified people. In this respect, 'Smarter Land' could help to overcome the widening development gap between rural and urban areas, in both developed and developing countries.

To explain the essence of local economic development (LED), in Mesopartner we use the LED Hexagon, which is a figure consisting of six triangles, each of them visualising a key intervention area in LED. Based on the LED Hexagon, we also use this logic as the basis for developing the six triangles of the 'Smarter Land' framework. The resulting hexagon proposes six different entry points for smart rural development, with each triangle emphasising three highly related and synergetic key aspects (see Figure 8).

Figure 8: The six triangles of the 'Smarter Land' Hexagon



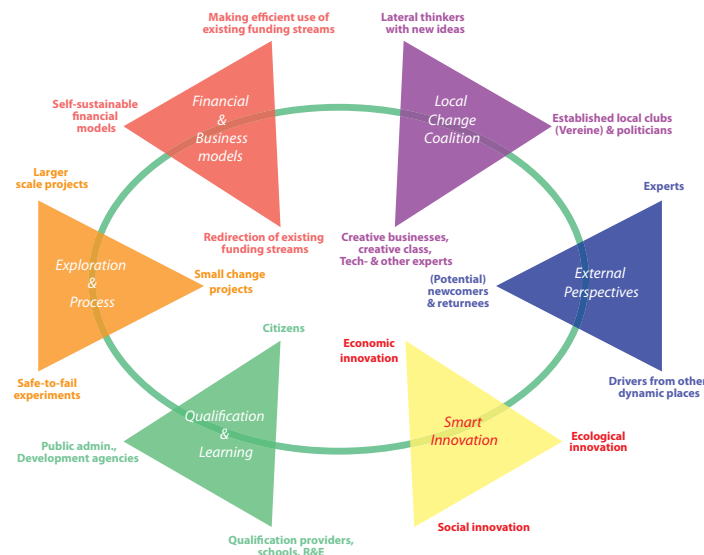
Triangle 1: Creating a local change coalition

Innovation means both promoting new ways of doing things and doing new things. Innovation cannot only be instigated or incentivised from the outside. Differently minded creative people from within the location need to initiate innovation. Bringing these people together requires network facilitation, as they do not necessarily find each other on their own. People interested in bottom-up initiatives can be found within established structures such as local clubs (German: Vereine) or groups of local politicians. Additional important groups are innovative entrepreneurs, freelancers and tech-savvy, committed, creative young people. Finally, lateral thinkers who are critical of established structures bring important new impulses and perspectives into the discussion. Shaping a coalition of these groups of actors would be the starting point of highly relevant innovation initiatives.

Triangle 2: Integrating external perspectives

Many innovative instruments that work in urban settings might also work in rural territories. Examples are co-working spaces, car sharing and other new mobility models, start-up promotion concepts, idea camps or hackathons, innovation labs, etc. Applying these ideas in rural settings may require some modification as well as the receptiveness of local stakeholders to different perspectives and experiences from the outside. The three types of individuals who can bring external perspectives and fresh ideas into an innovation process are 1) experts with specific knowledge, 2) potential newcomers to rural areas and returnees, and 3) dynamic stakeholders from other rural or urban areas interested in sharing experiences and knowledge.

Figure 9: The different corners of the triangles in each hexagon





Triangle 3: Linking economic, social and environmental innovations

The reflection on the opportunities of digitalisation has reached rural areas. In Germany, applied research organisations such as the Fraunhofer Society and many rural administrations have started reflecting on how to make use of digital solutions and platforms for supporting development in villages and small towns. These reflections use different entry points, but are largely centred around economic, social and environmental innovations. Examples include economic innovations such as Industry 4.0 activities with SMEs and new digital start-up business models; ecological innovations such as e-mobility for cars and bicycles, renewable energy systems, sustainable circular economy approaches, and organic food supply platforms; and social innovations such as communication and assistance platforms, telemedicine and flexible health services, rural car-sharing and mobility services. New cooperative and social entrepreneurship models also illustrate novel forms of social innovation. Reflection on these kinds of ideas in an interdisciplinary way enables the identification of innovative projects and the creation of knowledge-sharing networks.





Triangle 4: Qualification and learning for change

Qualification plays an important role in times of change, both in existing public and private organisations and among citizens. Many studies have identified educational gaps between rural and urban areas. Improving education and qualification in rural areas will be an important driver for future development. This requires the modernisation of traditional schools and higher education institutions in the countryside as well as more participatory processes in established organisational structures such as local clubs and meso organisations such as local public administration and economic and social support agencies. They need to start embracing life-long learning approaches, more modern apprenticeship programmes and innovation-oriented qualifications. In the future, these organisations will need to encourage creativity, lateral thinking and other new learning elements. Another



entry point is to offer more qualification opportunities for citizens through rural academies, online qualification and experiential, interdisciplinary learning initiatives.

Triangle 5: Exploration and process orientation for innovation initiatives

Based on our experience, it is essential to start innovation initiatives with quickly implementable short-term activities that lead to a change of mindset, making it possible to tap into social, ecological and economic development opportunities. These initiatives are likely to work and create trust and motivation among the actors involved – and might motivate other actors to become engaged. In situations of uncertainty, ‘safe-to-fail’ experiments can be used to explore available options. Safe-to-fail in this context means to explore new possibilities on a small scale and to see what patterns emerge. If the patterns are seen as positive, they can be amplified. Otherwise they should be brought to a conclusion. Safe-

to-fail experiments and small change initiatives can lead to larger-scale projects once the situation is well understood and stable. The larger-scale projects will then require management competences and structures.

Triangle 6: Identification of new financing models

It is essential to develop new financing models for the promotion of smart rural projects. This includes, first, possible redirection of existing funding streams offered by local and regional public administrations, second, making more intensive use of national and EU funding schemes, and third, searching for self-sustainable financing models. The latter could be driven by local public-private partnerships by cooperative models in which citizens contribute to investments. Private investments or self-supporting financial solutions such as app user fees, car-sharing cost models and crowdfunding are some examples.

In addition to developing the ‘Smarter Land’ Hexagon, Mesopartner has started to publish blog posts and articles, conduct short surveys and organise workshops with different players and municipalities in Germany. The ‘Smarter Land’ approach is still in its infancy and we are exploring various ways in which it can evolve. We are therefore interested in extending our learning network and promoting this topic internationally. Please contact us if you are interested in further exchange. To this end we have set up the platform <http://smarter.land> to share our experiences and engage with others.

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Why should we work on the meta level, even if it's difficult?

Systemic Competitiveness (SysCo) is a guiding framework for private sector development in the context of development cooperation. It distinguishes four interlinked levels of intervention: the micro, the meso, the macro and the meta levels of competitiveness. The latter denotes the socio-cultural, economic and political patterns and orientations in a given society or country and is often linked to long-term societal changes and dynamics (Büttner, 2007; Esser, Hillebrand, Messner & Meyer-Stamer, 1995)⁵.

At the meta level, we locate the 'slow variables' of social development (Meyer-Stamer, 2001). Here we look at aspects such as openness to risk taking and failure of a society, or the appreciation of entrepreneurship or capacity to create joint visions and plan collectively. These idiosyncratic characteristics are embedded in economic activities and are marked by collective experience. They are distinct culture traits between nations, and also between different regions and municipalities in a country.

⁵ In Mesopartner's 2017 Annual Reflection we introduced the Systemic Competitiveness framework in more detail, but then focused on the meso level. In the 2016 Annual Reflection (pp 35–37) we addressed 'The meta level of greening territorial economies in times of climate change'.



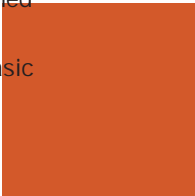
Meta-level characteristics are inherently path dependent. This means that what happened in the past will shape what is possible in the future. We find this phenomenon in traditional industrial regions such as the Ruhrgebiet in Germany where the old physical and social structures hinder innovation and change. Also in less advanced countries we often find inefficient trajectories which are an often intangible but extremely potent obstacle to development.

Economies make a significant leap in their development if they are able to ensure trust between people who do not know each other. This requires both the establishment of social institutions that ensure trust and also the belief by society that people are generally trustworthy. As a consequence, the costs of market transactions reduce, transactions with more people are possible and trade grows. In economies with a high level of trust, division of labour and specialisation are easier, and productivity is increased. Trustful relationships are a

social capital – they are an intangible asset of a society and a contributor to prosperity. Developing countries often lack this kind of capital.

It is surprising that, despite its central role in development, the meta level is usually all but ignored by development professionals. Even strong promoters of the SysCo framework such as the German Gesellschaft für Internationale Zusammenarbeit (GIZ) and the German Development Institute (DIE-GDI) in general refer only to the macro, meso and micro levels, and usually skip the meta level. An effort to address the meta level was commissioned by the GTZ (predecessor of the GIZ), but ultimately there was no lasting impact on the inclusion of the meta level in the frameworks used (Büttner, 2007).

This limited attention to the meta level can be explained by the sensitivity of many of the issues related to the meta level, such as the mental models, values and basic assumptions in a society of how economic systems



work and change. It could also be explained by possible tensions with the current paradigm of development cooperation itself:

1. Long-term versus short-term orientation: Most development programmes and projects work on a relatively short time scale, whereas the transformation of basic beliefs, values, etc. in a society is a long-term process that can take generations. Project managers have to achieve measurable goals in the short term, and lack the time required to address the meta level.
2. Direct attribution and accountability versus indirect or oblique interventions: Development agencies need to justify their spending to the tax payers. Consequently, many agencies look for immediate benefits for a well-defined target group. However, the transformation of an economy and a society is a complex issue which requires experimentation and the confluence of many different influences. Furthermore, successful transformation and how it came about is only apparent with hindsight and cannot be planned.
3. Quantitative versus qualitative measures: Today international cooperation follows the approach of 'development effectiveness' and looks for tangible and measurable results. This leads to a strong focus on easily measurable goals and indicators, and to the neglect of not easily visible factors of development which are yet critical such as social norms and beliefs.

Despite or because of the deviation from the currently dominant development paradigm, we like to encourage development professionals to include the meta level in their professional practice. But how does one intervene at the meta level? Our answer refers to the power of communication and cooperation:

Mesopartner traditionally works with a participatory approach, which is strongly influenced by the citizen participation of the 1970s in Germany. The PACA (Participatory Appraisal of Competitive Advantage) methodology, developed by Mesopartner, brought public and private stakeholders together to assess their economic situation and plan joint activities to foster local economic development. Participatory methods such as mini-workshops with pin boards and card facilitation enable the local stakeholders to plan and experiment with their own future. This approach has built local ownership and trust, which is nowadays sometimes called 'territorial capital' (Camagni & Capello, 2013).

Participatory methods also work in large groups. Here one of our favourite methods is 'The World Café' (Brown &



Isaacs, 2005), a flexible, easy-to-use process for fostering collaborative dialogue, sharing mutual knowledge and discovering new opportunities for action. Based on living system thinking, this approach creates dynamic networks of conversations that can catalyse an organisation's or a community's collective intelligence around its most important questions. These conversations can motivate diverse stakeholder groups and shape collective futures.

Participatory technologies are also applied to broader transformational change projects. For example, the 'Digitalization Platform Industry 4.0'⁶ by the German Federal Ministry for Economic Affairs and Energy promotes the digitalisation of the manufacturing sector – including the SMEs or Mittelstand – and sensitises different groups of business and society. The organisation and implementation of thematic working groups and events are facilitated by consultancy companies that

⁶ <https://www.ifok.de/en/news/974>.

specialise in facilitating such social dialogues. Relevant topics and societal effect are identified, and a joint action plan is defined together.

The experiences of Mesopartner and others confirm that dialogue and participatory methods can influence public opinion. Conversation and dialogue are necessary but are ultimately only effective if the results are articulated through concrete activities. Here the interventions at the meta level are connected with the micro, meso and macro levels, and vice versa. This is the systemic character of SysCo and should encourage the practitioner to take a holistic view of development interventions.

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Mesopartner's strategic clients (2017/2018)

Albert Luthuli Centre for Responsible Leadership,
University of Pretoria, South Africa

Alvarium Consultancy Company, Armenia

Care International in Myanmar, Growing Rubber
Opportunities (GRO Myanmar) project, Myanmar

Central University of Technology (CUT) and their Centre
for Rapid Prototyping and Manufacturing (CRPM), Product
Development Technology Station and other research and
innovation units, South Africa

Climate Project Office Rheine, Germany

Dorf.Land.Zukunft Elte, Germany

Council for Scientific and Industrial Research (CSIR), South
Africa

Department of Science and Technology, South Africa

Department of Trade and Industry, South Africa

Dexis Consulting Group, United States of America

EDA Development Agency Banja Luka, Bosnia and
Herzegovina

GIZ Development Oriented Trade and Investment Policy &
Promotion, Germany

GIZ Implementation of the National Biocorridor Programme
(PNCB) within the context of Costa Rica's National
Biodiversity Strategy

GIZ Inclusive Development of the Economy (INCLUDE)
Programme, Nepal

GIZ Open Regional Fund for Economic and (Youth)
Employment in Central America (FACILIDAD)

GIZ Sustainable Economic Development Program Uzbekistan

GIZ Vocational training for climate and environment related
occupations (S4GJ), South Africa

HELVETAS Swiss Intercooperation, Switzerland

Institute of Development Studies (IDS), United Kingdom, on
behalf of the BEAM Exchange.

International Labour Organization (ILO), Entrepreneurship
and SME Support Programme, Myanmar

International Labour Organization (ILO), Country Office Brazil

International Labour Organization (ILO), the LAB Project,
Geneva

Itad Ltd, United Kingdom, on behalf of the BEAM Exchange

Jacobs-University Bremen

Metelen, German City Administration

Oxford Policy Management, United Kingdom

PTB, Physikalisch-Technische Bundesanstalt, National
Metrology Institute, International Technical Cooperation,
Germany

Swiss Agency for Development and Cooperation, Swiss
Cooperation Office Dhaka, Bangladesh

Swiss Agency for Development and Cooperation, employment
and income network, Bern, Switzerland

Technology Station in Electronics, Tshwane University of
Technology, South Africa

Trade and Industrial Policy Strategies, South Africa

Tshwane University of Technology, Faculty of Engineering and
the Built environment, South Africa

University of Leipzig, Germany

University of Stellenbosch Business School – Executive
Development

UNGS, Universidad Nacional General Sarmiento, Argentina

WEST GmbH-Wirtschaftsförderung Kreis Steinfurt

Kreisverwaltung Steinfurt

Wirtschaftsförderung Bremen

*We also provide a range of coaching, advisory and facilitation
services to companies and other organisations directly that are
not included in this list*

Countries in which Mesopartner is currently active (2017/2018)



- | | | |
|--------------------------|----------------------|---------------------|
| ■ Argentina | ■ Colombia | ■ Myanmar |
| ■ Bangladesh | ■ Costa Rica | ■ Nepal |
| ■ Barbados | ■ Dominican Republic | ■ Scotland |
| ■ Belize | ■ Germany | ■ South Africa |
| ■ Bolivia | ■ Ghana | ■ Trinidad & Tobago |
| ■ Bosnia and Herzegovina | ■ Indonesia | ■ Vietnam |
| ■ Brazil | ■ Jamaica | ■ United Kingdom |
| ■ Cambodia | ■ Mexico | ■ Uzbekistan |



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- Multidisciplinary and transdisciplinary research, innovation and collaboration
- Advisory and coaching support to leaders in government, business and academia to make decisions despite complexity and uncertainty
- Enabling search, discovery, experimentation and innovation process facilitation
- Technological capability and modernisation through Science, Technology and Innovation systems promotion

Working experience:

Since 2008: Partner in Mesopartner

2015 - current: Part time Faculty Member (Innovation, Strategy & Technology Management), Stellenbosch Business School, Executive Education

2010 – current: Research Associate (Innovation Systems & Policy) at the Institute for Economic Research on Innovation, Tshwane University of Technology, South Africa

2003 – 2007: Senior expert in the GTZ South Africa Local Economic Development and Business Development Services Programme

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1996 – 2001: Own business in the IT sector



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Founding partner of Mesopartner (2003)

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1991 – 1994: University of Bremen, research project on regional development in Europe, researcher.





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- Adaptive decision-making under conditions of uncertainty
- Monitoring and evaluation of systemic change initiatives
- Narrative and participatory sensemaking
- Market Systems Development
- Knowledge network and community of practice facilitation

Working experience:

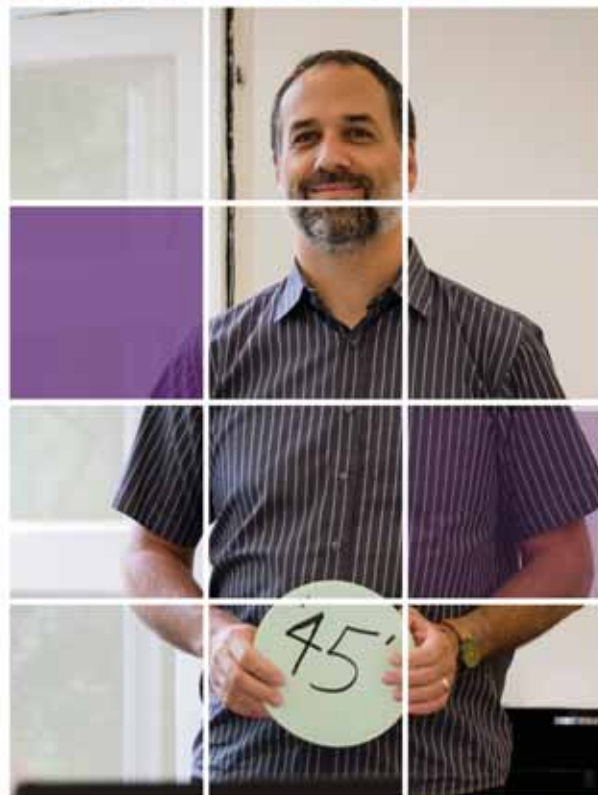
Since 2015: Partner of Mesopartner

2014-2017: Lead, monitoring, impact evaluation and evidence, the BEAM Exchange

2011-present: Member of the backstopping team for the employment and income network of the Swiss Agency for Development and Cooperation (SDC).

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- Quality Infrastructure
- Business/investment climate surveys and competitiveness rankings
- Program and project evaluations

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 - Learning from and with Germany: Knowledge Transfer from insights of innovative approaches in the German eco-system via study tours, visits and research papers
 - Local economic development promotion
- Cluster and Value chain promotion
 - Promotion of innovative support instruments like innovation hubs, coworking spaces and research labs

Working experience:

Since 2004: partner in Mesopartner

2016 to 2018: Lecturer at Jacobs-University Bremen on Development Economics and Innovation Economics

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2003 – 2004: Private sector development specialist at GTZ headquarters, special focus South-east Europe

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Annelien provides administrative, management and content support to Mesopartner. Her main tasks involve organising events such as the Summer Academy in Berlin, maintaining the website, managing the client database and customer communication. She manages Mesopartner Africa and provides project implementation support to several projects. Her background in business enables her to provide content and fieldwork-related support to Mesopartner.



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Edited by Christian Schoen
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Designed by Golden Sky, Vietnam
www.goldenskyvn.com

Printed in June 2018

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ISSN 2567-7756

www.mesopartner.com

Mesopartner Annual Reflection 2018