

Whole Systems Economic Development: A Regenerative Approach

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In this series of four articles, we explore several practical applications of regenerative theory to local or regional economic development. The first article offers a general description of the approach, along with some of its theoretical underpinnings. The second addresses a grassroots process, with informal leadership provided by community members. The third looks at a more formal planning process within a municipal system led by its governing body. The fourth looks at a process originating within the business community. These approaches are not mutually exclusive and should produce synergies when more than one is occurring simultaneously in a given community.

Lest the breadth of consideration that is described in these articles confuse readers, it is important to remember that, from a regenerative perspective, economies are an aspect or activity of a living whole. Regenerative economic development is always undertaken as a way of expressing the potential of a whole system of place by evolving its wealth-generating capacity. Development of an economy is integrally interwoven with the simultaneous development of infrastructure, human capacity, ecological and cultural health, etc. This seamlessness is characteristic of a regenerative approach.

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Article One:

A Developmental Approach to Regenerating Local Economies

Over the last decade, we (the authors of this article) and our colleagues have tested the application of regenerative thinking to economic development. Our companies, Soma Integral Consulting and Regenesys Group have dedicated themselves to the evolution of a regenerative approach in a variety of community and organizational development contexts. Separately and together, we have served as resources and educators, helping citizens learn new ways to develop their communities and economies.

One might wonder why a different approach is needed. In their article, *The Regenerative Economic Shaper: A Framework for Architecting the Next Economy*, Sanford and Haggard ^[1] write:

For too long, economic theories and practices have contributed to a range of destructive outcomes, such as extreme wealth inequality, conflicts over resources, and degradation of the world's ecosystems. A plethora of experiments and new theories have attempted to address these issues, loosely held within the rubric of the *next economy*... However, many worthy efforts to invent a new kind of economy are falling short of their transformational potential.

The issue derives from the thinking and worldviews that underlie how these initiatives are created and carried out. So long as one tries to change an economic system without challenging its organizing premises and beliefs, one remains locked into its existing patterns. To transform a system one must transform the mind that one brings to it, and this is the explicit purpose of a regenerative approach.

These observations are not simply theoretical; they are urgent. The COVID-19 pandemic has thrown into sharp relief the dysfunctions of existing economic systems. It has exacerbated the impacts of colonialism, structural racism, and policies designed to protect and advance the interests of wealthy individuals, families, and nations at the expense of

the vast majority of people and living systems. The resulting hunger for profound change highlights the need to grow new capabilities in communities around the world—the capabilities needed to *transform* their economies, not just tweak them. Borrowing from the language of Carol Sanford, it's not enough to *arrest disorder*. Humans need to learn how to *regenerate life*.

Helping communities make this shift is our aim, and in this series we look forward to sharing examples and stories, successes and failures, from our work in the field. However, to make sense of these stories and to be able to extract lessons and patterns that can be applied in other situations, readers may benefit from knowing some of the basic premises and frameworks that inform our process.

The Hazards of Conventional Economic Development

A regenerative approach to economic development starts from a couple of fundamental premises. First, every community, including those that are financially poor, inherently possesses wealth. This wealth takes many forms, including culture and climate, natural abundance and relationships among neighbors, enterprises small and large, shared infrastructures and governance, etc. When it is recognized, this wealth can be stewarded and grown by community members. Even in situations where it has been badly degraded, it can be regenerated by people who are willing to align their efforts toward creating well-being for all, human and non-human alike. All communities have the potential to develop this wealth because it arises from their nature and from their spirit rather than their affluence. The question is how to build their capability to access and grow this wealth in ways that benefit everyone, not just a privileged few.

A second premise is that regeneration deals with living wholes. At its most fundamental level, this means committing to helping every human being to express their potential and to make meaningful contributions through their lives. It also means committing to the potential of other living wholes, like ecosystems and communities. As a basis for an economy, this is quite different from an approach that seeks to control a limited pool of

resources and extract value from them. A regenerative economy seeks to increase the value-generating capacity of everyone and everything in it, thereby producing a steadily growing pool of common wealth.

In diverse settings around the world, communities undertake economic development programs to secure their future wellbeing. All too often, these development activities unleash a host of negative impacts, especially for communities that are impoverished or disenfranchised. These impacts can include displacement, gentrification, the destruction of the social or ecological fabric, or the continuation of processes that systematically keep women, racial minorities, and other groups in poverty for generations. Instead of improving communities, some economic development activities end up reducing community wealth.

For example, the success of Valle de Bravo, a popular weekend getaway for Mexico City's most affluent residents, has created intense pressures on the town's natural and socio-cultural systems. The high demand for housing has induced poor farmers and indigenous groups to sell the agricultural plots they traditionally collectively owned and to make a livelihood from low-income jobs. This shift of land use from agriculture to urbanization has produced a real estate boom for wealthy developers while doing very little to improve the quality of life for campesinos, resulting in community tensions.

The systemic disempowerment of certain community groups is often compounded by failures of strategic thinking. For example, rather than developing from the inside, many communities ignore their inherent wealth and native genius, turning instead to outside expertise, best practices, or attempts to attract large companies through costly incentives. Often these imported approaches, however effective they may have been in the contexts within which they originated, fail to successfully integrate with the underlying character of the communities into which they are introduced. This erodes the very source of their inherent wealth.

Also, economic development efforts can become fragmented and even counterproductive when projects are created around specific problems, needs, agendas, priorities, or funding opportunities. When these are not integrated into the life and potential of the community they end up delivering narrow material results and fail to achieve the systemic improvements originally sought. In addition, these kinds of efforts often fail to engage the thinking, care, and investment of local residents.

Initiatives like shifting toward renewable energy sources, creating bike paths, or focusing on affordable housing, while useful at a certain level, do not in and of themselves generate transformative systemic effects for a community. Such interventions are often reactive and opportunistic and, in worst case scenarios, can impact communities negatively. For example, the redevelopment of a derelict industrial zone into a thriving commercial district might contribute to the tax base and add vitality to a city. But it can easily come at the expense of adjoining low-income neighborhoods, who may find themselves displaced, with their inherent wealth and potential diminished rather than augmented.

Building Community Wealth With A Regenerative Developmental Approach

We believe a more whole and strategically effective approach is possible for communities that want to work on their capacity to generate wealth in this larger sense. This approach, which we call regenerative development, is grounded in the regenerate life paradigm defined by Sanford and Haggard ^[1]. As the authors state:

At the level of the regenerative life paradigm, one's thinking moves from doing things *for* others or *to* others toward serving the development of their capacities, capabilities, and agencies. This implies respect for and faith in the ability of living beings to become their own sources of creativity and self-determination.

Therefore, a regenerative approach is inherently developmental. That is, in addition to developing local economies and improving socio-ecological systems, it aims to build

strategic thinking and leadership capabilities across sectors and among diverse stakeholders. It does this by developing the in-dwelling potential, intelligence, creativity, and dedication of local people. In this way, they evolve themselves as engaged citizens, embracing rather than fearing the messy challenges and dynamic complexities that are found in any real community and place.

When adopting a regenerative approach, communities shift from constantly playing catch-up on a never-ending list of issues and crisis. Instead, they begin to orient toward getting out ahead of issues by developing their capacity for evolution. They learn to become increasingly life-affirming and life-enhancing, able to improve the vitality and viability of their physical, biological, social, economic, and cultural environments. As systemic change agents they build the capability to determine their own collective destiny, self-organizing and focusing on actions that are meaningful to them while also grounded in the potential that surrounds them. In doing so, they participate consciously in an evolutionary process.

A Three-Phase Approach to Building Place-Sourced Community Intelligence

The regenerative development approach is grounded in living systems thinking and uses systemic frameworks and principles that can be learned and applied by community members. To engage a community through a multi-year regenerative process we use a meta-framework (Figure 1), which depicts an on-going learning process that enables a community to co-evolve with its environment. Three overlapping phases of work support this systems change—*thinking strategically, leading systems change, and institutionalizing patterns and processes*. Within these three phases, a community will undergo a series of changes in state that enables it to deepen its regenerative capacity over time. The framework shows the shift from self-actualizing to system-actualizing, where individuals and groups move from a focus on developing their own wealth-generating potential to serving the wealth-generating potential of systems that are larger than themselves.

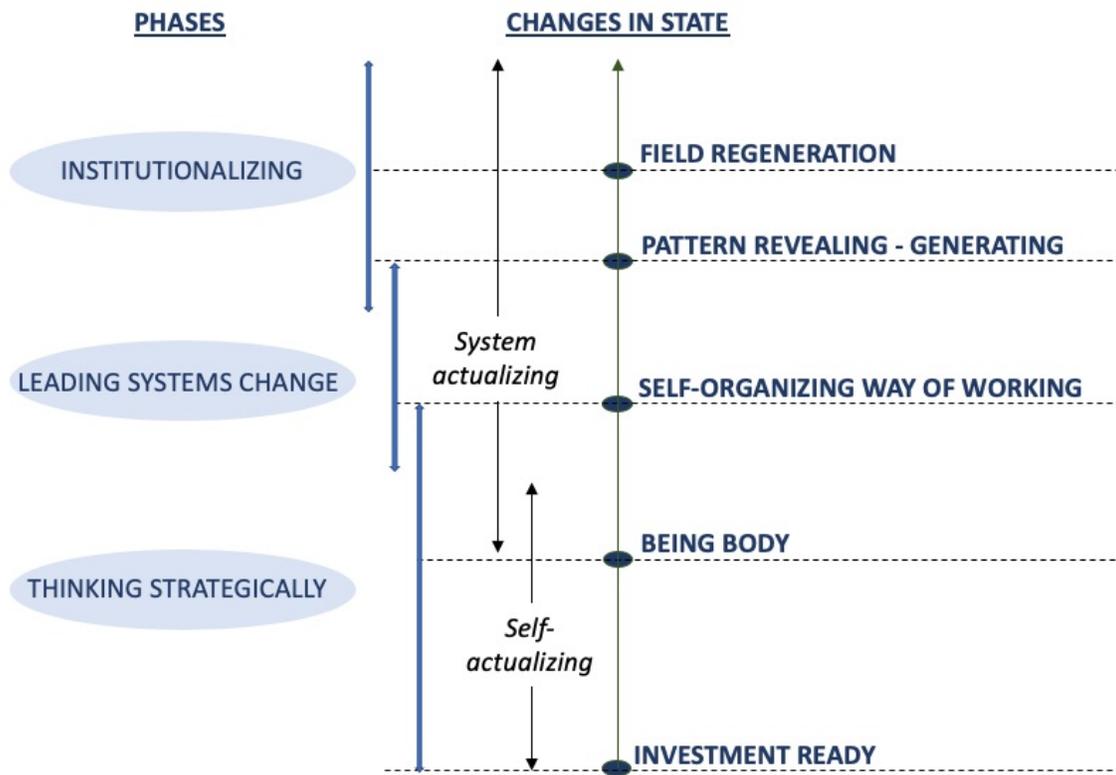


Figure 1: A Three-Phase Approach to Building Community Intelligence

This framework describes the work that is needed for a community to become able to regenerate itself and its economy as a single, self-reinforcing process. Each phase depends upon simultaneous development of inner and outer capabilities. Inner work relates to helping people recognize and realize the potential that lies within them, the potential that can be expressed as a contribution to something larger than themselves. It also relates to building their skills, capabilities, and capacity for self-managing so that their actions become increasingly purposeful, strategic, and systemically effective.

Outer work relates to helping people discern the essence and inherent potential of the living systems that they live within. Put another way, it's about giving them a way to make sense of their world, as a living dynamic whole, so that they can make strategic choices that are truly beneficial for all who will be affected.

Harmonizing inner and outer work ensures that as individuals grow, they are helping to grow the health of their surrounding human and ecological systems, conscious of the fact that these systems are the source of present and future wealth. Indeed, learning to work with complex systems is an integral part of fully developing and expressing human potential. For this reason, our approach emphasizes a necessary relationship between self-actualization and system-actualization.

Phase One: Thinking Strategically

The capacity for strategic thinking is foundational to a community's ability to evolve its economy. Without it, community members run the risk of depleting the inherent wealth in their system by addressing their challenges in fragmented or scattershot ways. They are less able to identify where strategic interventions might be made and less likely to understand the implications of their decisions on the future prosperity of the community.

In a regenerative context, strategic thinking focuses on the potential that lies within a living system, waiting to be brought forward and realized. This is very different from the kind of strategy that seeks to gain advantage from a situation by manipulating the forces that are present. By contrast, one might say that regeneration works on strategies for *evolution*.

This demands a set of capabilities that go beyond conventional strategic thinking, and these capabilities need to be developed as part of an overall strategic planning process. For example, Sanford and Haggard have identified four capabilities that they believe are critical to community regeneration. First, people must learn how to think about complex, dynamic systems without fragmenting them into parts and pieces—living systems frameworks can be helpful in doing this. Second, people must learn how to take full responsibility for managing their own behavior, personal growth, state of being, will and commitment, and personal agency. Third, people must learn how to hone in on the core of what they are working on, ignoring whatever is superfluous. Fourth, people must learn to understand and embrace place as a living whole, seeing the complex weave of social,

ecological, economic, and cultural forces that contribute to its unique nature and potential.

Community members develop these thinking capabilities through working on the place where they live, generating a strategic direction for its future that is grounded in a deep understanding of who it is and what it could become. This direction is then translated into a continuously evolving set of leveraged pursuits and actions designed to engage stakeholders across the community to invest in manifesting their individual and collective potential.

The Las Salinas real estate development project in Viña del Mar, Chile, demonstrates the power of strategic thinking to harmonize formerly fragmented groups and issues in a community ^[2]. The development, a complex of luxury apartment towers, was slated for the only sizable parcel of land left in the urban zone. For this reason, special interest groups saw it as sounding a death knell for a community that had been slowly declining for years due to tourism, automobile dominance, and political intractability. In particular, the surrounding neighborhoods were angry that it would permanently block access to the adjacent beach and had sworn to kill the project.

Alarmed at the intensity of local hostility, the development company asked Regensis Group to lead a two-week process with local activists, the development team, and planners. Together they investigated the underlying patterns of life of the place and began to reveal its unique nature and potential. Community members reconnected to their long history and discerned critical conditions that needed to be restored in order to bring their once-beautiful city back to life. They also began to see that this multi-billion dollar project represented a once in a lifetime investment opportunity for regenerating Viña del Mar's health and resilience. They joined forces with the development team to completely re-conceptualize the project as a strategic intervention to improve life for the city and its surrounding ecosystems. The spirit of collaboration and unity that emerged from this process saved both the community and the developer years of legal battles, costs, and bad blood, and opened the door for economic development that could benefit everyone.

Phase Two: Leading Systems Change

As community members grow their strategic thinking and planning skills, it becomes important to mobilize key stakeholders from across the community, engaging their creative participation in the identified pursuits. Most community-based projects define stakeholders as those who have some influence over or who will be affected by the project. From this perspective, the goal of engagement is to address and mitigate stakeholder concerns by, for instance, negotiating specific community benefits. This transactional approach is based on an exchange of perceived value and rarely attempts to build lasting and reciprocal relationships.

In regenerative development, stakeholder engagement is intentionally relational and developmental. Stakeholders are co-creators and co-investors who have a stake in the greater potential that a project introduces to their community and place. At the same time, the project is conceived and organized as an opportunity to grow the thinking capabilities of everyone connected to it ^[3].

The Las Salinas project offers a good illustration of this concept. In a matter of weeks, participants had radically shifted their ideas of what it means to be a stakeholder. They had become stakeholders in the future social and economic vitality of their city rather than their own narrow interests. This meant that the developer, local activists, and, eventually, city government could be stakeholders together, standing side by side, each bringing different resources to bear in order to achieve a compelling common purpose.

It's worth noting that the strategic thinking capabilities that are the focus of Phase One continue to be developed during Phase Two. As each subsequent ring of stakeholders joins the process, they are invited to grow their own capabilities in order to fully participate. In time this creates ripple effects across the community, as initiatives and projects become increasingly able to harmonize their own interests with the collective direction. Through ongoing, shared learning, a community creates distributed generation, distributed leadership, and distributed ownership of its economic development.

Phase Three: Institutionalizing Systemic Planning Patterns and Capabilities

Eventually, a community that has been able to sustain momentum, learning, and success with this approach will want to institutionalize it. They will look for ways to create infrastructure and processes that can pass regenerative insights and methods on to subsequent generations of leaders, entrepreneurs, activists, and citizens. Over years, the cumulative impacts of sustained regenerative effort is profound.

Perhaps the most famous example of what we mean by institutionalizing is offered by the city of Curitiba, Brazil, which was able to successfully sustain an approach like this for half a century, even through transitions in political control ^[4]. Citizens and government officials, working with minimal resources but a lot of creativity, were able to transform a situation of poverty, homelessness, pollution, and urban collapse into one of the world's most celebrated ecological cities. This is because the city was able to institutionalize its values and approach and to embed them in the populace.

The city established a university whose sole purpose was to educate stakeholders about the region, its ecological dynamics, and the strategies that would be needed to ensure the community's future. It created a design and engineering team dedicated to translating these strategies into cost-effective programs. And it established a political culture that dedicated a significant portion of its time to thinking about the whole rather than reacting thoughtlessly to fragmented issues or problems.

The aim of this phase is to activate governance systems that will ensure ongoing stewardship of place by nurturing community intelligence and political will. During this phase, the focus is on inspiring, facilitating, and coordinating creative initiatives aligned with a community's essence and strategic direction. At the same time, there is continued attention to building capacity for self-organizing, systemic thinking, regenerative planning and design, and leadership, to reinforce the developmental culture that has been built in the previous phases.

States of Development

One way to avoid fragmentation when working on a community's economic development is to assess progress not only in terms of material objectives but also in terms of changes in state. A community that is growing its capacity and capabilities will change from the inside, becoming more intelligent and able to work as an integrated system to accomplish complex and long-range goals. The different states that any given community will pass through are unique to it. However, there are a number of general patterns:

Investment Ready—To even begin a process like the one described, a community must have come to a state where its members are willing to acknowledge that 'business as usual' will not help them to flourish. Recognizing that who they are as a community is something precious to care for and protect, they may also fear that conventional revitalization approaches will end up undermining their integrity as a place. Faced with this challenge, they will seek to invest in their own development to build the capacity and capability required for regenerative work.

Getting to this state might be particularly difficult when the community faces a crisis like the current Coronavirus epidemic with its harrowing consequences of death, business bankruptcy, unemployment, and more. Yet, while actions aiming to stabilize a critical situation are necessary, we believe it is especially in such times that a shift in thinking is required in order to rebuild society on stronger foundations. Indeed, one of the hallmarks of an institution or community that has invested in learning to think regeneratively is that it can pivot quickly, utilizing sudden changes or disruptions to work on systemic improvements.

Being Body—For a community to embrace its distinctive characteristics and unique potential as a source of economic potential, it must generate a *living understanding* of its place. From this, it becomes increasingly able to experience itself as a whole, a living entity, connected to and expressive of its landscapes, ecosystems, cultures, and

story. This provides a community with a deeply rooted and authentic identity, one from which its future can be grown.

Self-Organizing Ways of Working—At this stage, a community has developed sufficient self-awareness and agency in its members that they can begin to lead the change process. Choices about which initiatives to pursue are driven by insights about how to express and evolve the inherent wealth of place rather than by individual self-interest or personal agenda. Getting people to set aside their own narrow interests in favor of contributing to collective development requires ongoing commitment to their own personal development. However, building collective will happens naturally when people rally around the same purpose.

Field Generation—Whether it is vital and uplifting or downtrodden and depressing, the quality of energy and spirit present in a community influences thinking and behavior, and therefore how people inhabit their place. Generating an energy field that inspires people to embrace and pursue change is critical to the long-term success of a regenerative process, as it supports their ownership of and commitment to this challenging but rewarding work. Because energy fields have a tendency to collapse or degrade over time, a community must learn to continuously regenerate the quality of energy needed to sustain cooperation and alignment among its members.

In Summary

In this article, we described a regenerative approach to community economic development. Our premise was that communities are often unconscious of the multiple forms of inherent wealth that are available to them. This wealth is carried by the spirit of their peoples, the richness of their cultures, the dynamism of their ecosystems, and all of these can be nurtured and amplified as a basis for securing a community's viability and well-being. Even where financial capital is scarce and fixed capital is degraded, local ingenuity and strategic thinking can leverage undervalued local resources to generate abundance. But this depends on the development of local strategic thinking and

leadership capabilities. In our experience, investment in these is the best way to avoid the negative impacts of traditional economic development strategies.

To help readers envision how a process like this might unfold, we presented a framework that has helped to guide and structure our work with a variety of community economic development initiatives in specific locations. It has provided a structure for us to assist communities as they experiment with ways to manifest a new kind of economy. In the following three articles we will describe on-the-ground projects where we have used this approach and explore the learnings and challenges we encountered.

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