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**POLICY BRIEF
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Opportunity for wellbeing in troublesome times – Change agency and the capability approach

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Opportunity for wellbeing in troublesome times – Change agency and the capability approach

Around the world, communities face growing threats from climate change, health crises, and geopolitical conflicts, which can make improvement of wellbeing and quality of life difficult for the people living there. Research highlights opportunities for strengthening local governance and agency, and thereby improving citizen participation, labor markets, and public infrastructure and services.

WHERE WE ARE TODAY

Improving the wellbeing of people is one of the big challenges of our time. Climate-change induced catastrophes, pandemics, and wars pose existential threats to people's wellbeing. This is particularly the case in already marginalised areas with low economic prospects and poor public services since these are especially vulnerable to external shocks. Finding effective approaches to boost local and regional development, and people's well-being in peripheral regions exposed to external pressures is therefore one of the big challenges of our time.

WHY THIS IS IMPORTANT

The study shows that local actors have substantial leverage on local and regional development outcomes, as well as on social resilience during crisis, and wellbeing of inhabitants.

The study is important because it explains why and how local agency can be built over time through purposive collective action, which makes it possible to develop good governance structures against the burden of history of a centralized state with high levels of corruption. In the case of this study, municipal amalgamation and decentralization contributed to empowering local actors.

Inspiring examples as provided in our study may increase the awareness among local actors how to improve a wide range of local conditions, from opportunities to citizen participation, the provision of public services and infrastructure, to enhancing the local economy and labour market.

THE STUDY CONDUCTED IN UKRAINE

The study looks at the development of two peripheral municipalities in Northern Ukraine, which were attacked and partially occupied by Russian troops in 2022. The analysis covers their development trajectories from 2004-2024,

combining an exhaustive desktop analysis with interviews with key actors in both municipalities.

MAIN FINDINGS

- The two municipalities show distinct development phases, which can be explained by a combination of external factors and change agency of local actors.
- Local agency played an instrumental role in both cases for enhancing people's wellbeing despite the rather peripheral and exposed location of the two municipalities.
- The improvement of wellbeing is based on enhancements in the **competitive economy** (such as new firms, industry growth, and (foreign) investments) and **foundational economy** (such as basic services and infrastructure serving human needs).
- Investments were made possible by adopting a broad perspective on the change agency of local actors, encompassing a broad battery of interventions. Most surprising was the possibility of local actors to affect the **quality of governance**, and the impact such a strategy has on business development, citizen participation, improved public infrastructure and services, and in consequence people's capability sets and well-being.
- The **decentralisation reform** and municipal **amalgamation** empowered local actors to make improvements to the foundational economy. They created a window of opportunity that was used in both municipalities.
- **Social innovation** helped to include the civil society in the provision of services and infrastructure, increasing the resilience to the war.
- When local politicians act as **place-based leaders**, a fundamental change can be achieved. In the case of the municipalities, this entailed improving communication and collaboration between different actors, capacity-building for a variety of actor groups and citizens, and enhanced transparency.

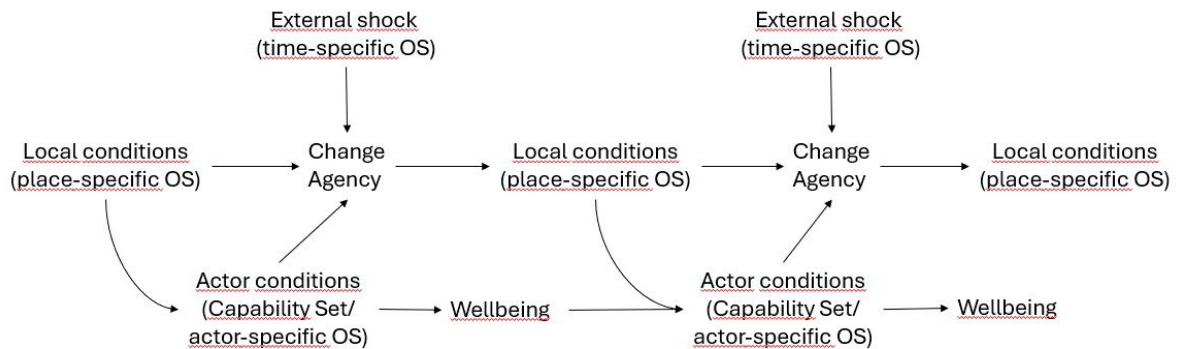


Figure 1: The theory of change. An illustration of the local actors' power (change agency) to affect the local conditions that matter for people's wellbeing or actor-specific opportunity space (OS).

Change agency and the capability approach are key for regional development and wellbeing.

- **Change agency** refers to human actions which are explicitly aimed to achieve systemic change. Achieving transformative change often requires a combination of new ideas, processes, and institutional changes, as well as leadership to coordinate and mobilise actors and pool resources. For this reason, there are three different types of change agency: innovative entrepreneurship, institutional entrepreneurship, and place-based leadership.
- **Opportunity space** refers to the limits and possibilities of regional development in a specific place at a certain point in time. The possibilities for change agency depend on the local conditions (place-specific opportunity spaces), external changes (time-specific opportunity spaces), as well as actor conditions (actor-specific opportunity spaces).
- **Wellbeing** is captured in terms of people's possibilities to be or do what they themselves value. The sum of these possibilities is labelled as **capability set** according to the **capability approach** proposed by Nobel Prize laureate Amartya Sen. In the investigated cases, change agency was effectively improving capability sets and thereby people's wellbeing. This is grounded in higher possibilities for civic participation, improved labour market conditions, and improved public infrastructure and services.

THE ROAD FORWARD FOR POLICY

The multiple challenges of the 21st century call for increased attention to protect and improve the wellbeing of people, which is particularly important in peripheral areas vulnerable to external shocks.

- **Fostering change agency** provides an avenue to improve the wellbeing of people and to promote social resilience.
- The **competitive economy** (such as new firms, industry growth, and (foreign) investments) and the **foundational economy** (such as basic services and infrastructure serving human needs) are complementary in providing possibilities for people's wellbeing. Together they enhance the opportuni-

ties for people to make life choices, and to do and be what they desire. This is particularly the case in remote places.

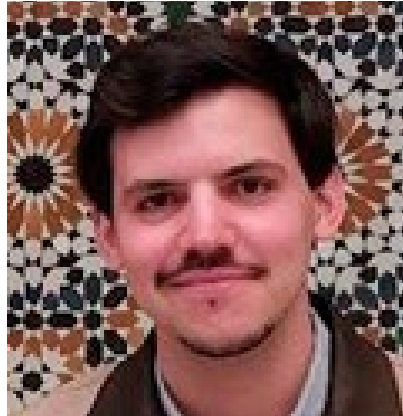
- **Collaborative local governance processes and capacity building** are also essential to improve people's wellbeing by empowering them to take development into their own hands and achieve the life that they themselves value.
- **Good governance through improved communication and transparency** is a successful development strategy as it allows to mobilise regional and extra-regional resources, including foreign aid and investment.

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PUBLICATION

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DISCLAIMER

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