Expanding Livelihood Opportunities for Low-income and Poor Households

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A new way forward for rural communities
A wealth creation approach to economic development

PROJECT SUMMARY
Our intent is:
To have a positive impact on high-poverty communities in rural America by using a systems approach to wealth creation.
We believe a systems approach to rural development will not only work at the community level, among practitioners, but will also make resource providers more effective by focusing our work on common goals.
Based on three questions

1. Does a systems approach focused on wealth creation improve a community’s ability to use its resources and create new wealth in the aggregate that helps all rural residents gain assets and improve their lives in a given region?

2. Can a systems approach to economic development provide simultaneous benefits across multiple categories of wealth to enhance individual and community well-being?

3. What is the evolving nature of the urban-rural relationship and how can low-wealth rural producers of public and private goods and services offer value propositions to urban areas in a manner that causes the wealth to stick in rural areas?
Focus on livelihoods

1. Meeting needs
2. Accruing assets
The challenge

More than 7.5 million rural people are living in poverty – half of them in chronically poor places.
Rural America:

244 of the 250 poorest counties

95 of the 100 counties with highest child poverty rates

Higher poverty rate than metro America

- Non-metro poverty: 14.2%
- Metro poverty: 11.6%
No one is big enough to fix rural economies by themselves.
Making an Impact: Four characteristics of our work
First characteristic: focus on regions.
Second characteristic: invest in clusters of people and organizations working directly on the ground.
Third characteristic: build stronger value chains.

production

aggregation

retail
### Fourth characteristic: A wealth matrix for evaluation

<table>
<thead>
<tr>
<th>Type of Wealth</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>How will your strategy impact the stock of skills and physical and mental healthiness of people in a region?</td>
</tr>
<tr>
<td>Social</td>
<td>How will your strategy impact the stock of trust, relationships, and networks that support civil society?</td>
</tr>
<tr>
<td>Intellectual</td>
<td>How will your strategy impact the stock of knowledge, innovation and creativity?</td>
</tr>
<tr>
<td>Natural</td>
<td>How will your strategy impact the stock of unimpaired environmental assets in a region?</td>
</tr>
<tr>
<td>Built</td>
<td>How will your strategy impact the stock of fully functioning constructed infrastructure?</td>
</tr>
<tr>
<td>Political</td>
<td>How will your strategy impact the stock of power and goodwill held by individuals, groups, and/or organizations?</td>
</tr>
<tr>
<td>Financial</td>
<td>How will your strategy impact the stock of unencumbered monetary assets at the individual and community level?</td>
</tr>
</tbody>
</table>
## A sample matrix

<table>
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<tr>
<th>Type of Wealth</th>
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</tr>
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<tbody>
<tr>
<td><strong>Individual</strong></td>
<td>- Improved diets, better health, and reduced incidence of obesity</td>
</tr>
</tbody>
</table>
| **Social**     | - Re-establish connections between farmers & residents.  
                 - Increased appreciation for the land & sustainable farming practices |
| **Intellectual** | - New knowledge of food systems, production & distribution options  
                  - Creative new approaches to meeting local needs |
| **Natural**    | - Soil fertility restored and erosion stopped.  
                 - Pesticide use reduced |
| **Built**      | - Expand food processing capacity & co-locate with biomass plants  
                 - Establish commercial compost facilities to replace imported fertilizer |
| **Political**  | - Build shared goals among health care, farm and environmental advocates |
| **Financial**  | - Reduce the outflow of money for imported food and farm inputs  
                 - Enhanced multiplier effects from re-invigorated vendor network  
                 - Increased local multipliers from co-ops vs. supermarkets  
                 - Savings from improved health |
F.B. Heron Foundation    Ford Foundation
Foundation for a Healthy Kentucky    Federal Home
Loan Bank of Pittsburgh    Foundation for
Appalachian Ohio    Hearst Foundation    Jesse
Smith Noyes Foundation    Kellogg Foundation
Kentucky Foundation for Women
Kentucky Philanthropy Initiative    Kresge
Foundation    Lewis Foundation    Lyndhurst
Foundation    New York Trust/Appalachia Fund
New World Foundation    One Foundation
Rockefeller Family Fund    Southern Partners Fund
Steele Reese Foundation    West Virginia
Community Foundation Consortium

1. Build a Team of Funders

Getting to Scale
2. Spread Best Practices

Working Group Members

Yellow Wood Associates    Corporation for Enterprise Development    Rural Policy Research Institute (RUPRI)
Sustainable Food Lab      Center for Rural Entrepreneurship    Regional Technology Strategies
ShoreBank Enterprise Cascadia    Scruggs & Associates LLC    MIT Dept. of Urban Studies and Planning
Wealth Creation Working Group Members

Shanna Ratner            Yellow Wood Associates
Nancy Stark                 CFED
Deborah Markley        RUPRI Center for Rural Entrepreneurship
Stuart Rosenfeld  Regional Technology Strategies
Dan Broun                              RTS
Chris Beacham            RTS
Jason Bailey            MACED
Justin Maxson            MACED
John Berdes                ShoreBank Enterprise Cascadia
Hal Hamilton                    Sustainable Food Lab
Susan Sweitzer            Sustainable Food Lab
Amy Glasmeier            MIT
Pat Scruggs            Scruggs & Associates LLC
Marjorie Kelly          Tellus Institute
Eric Palola            National Wildlife Federation
Mikki Sager            The Conservation Fund
Wayne Fawbush            Ford Foundation
3. Influence policy
“Place-based policies leverage investments by focusing resources in target places and drawing on the compounding effect of well-coordinated action. Effective place-based policies can influence how rural and metropolitan areas develop, how well they function as places to live, work, operate a business, preserve heritage, and more. Such policies can also streamline otherwise redundant and disconnected programs.”
Guiding Principles of a Wealth Creation Approach

- Wealth is created and “sticks” in low wealth rural areas.
- Wealth is tied to place by value chains developed within sectors.
- Wealth-based development is demand driven.
- Measurement is integrated into the entire process.
- Investment fuels wealth creation.
- Strategically flexible while doing no harm.
FOR MORE INFORMATION

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