Formulating a Sustainable Economic Development Process for Rural America: Third Interim Report

By Yellow Wood Associates and the Wealth Creation Management Team

A report for the Wealth Creation in Rural Communities initiative of the Ford Foundation.

June 2010 – May 2011
Wealth Creation in Rural America

This report is part of the Wealth Creation in Rural America initiative, funded by the Ford Foundation. The aim of the initiative is to help low-wealth rural areas overcome their isolation and integrate into regional economies in ways that increase their ownership and influence over various kinds of wealth. Previous papers produced by the initiative can be found at http://www.yellowwood.org/wealthcreation.aspx. The goal of this report is to advance the initiative’s broad aim of creating a comprehensive framework of community ownership and wealth control models that enhance the social, ecological, and economic well-being of rural areas.

Acknowledgments

Yellow Wood’s role in this project has been as a thought leader and managing grantee. In this role we have worked closely with the Project Management Team that includes Deborah Markley, RUPRI Center for Rural Entrepreneurship and Wealth Creation Resource Team Coordinator; Barbara Wyckoff, Dynamica Consulting and facilitator and coach for grantees in the South and the Lower Rio Grande Valley; Melissa Levy, Yellow Wood Associate and facilitator and coach for grantees in the South and facilitator for the four Central Appalachian grantees; John Squires and Marilyn Hoke, Community Resource Group, coordinators for work in the Lower Rio Grande Valley; and Wayne Fawbush, Ford Program Officer. All of the above have contributed directly to this report. We have also worked closely with all the Value Chain Exploration and Value Chain Construction grantees, establishing application procedures and measurement protocols and advising on implementation. In addition, we have worked with members of the Resource and Policy Development Team including: Nancy Stark, CFED; Matt Chase, NADO; Brian Dabson, Rural Futures Lab; Hal Hamilton, Sustainable Food Lab; Marten Jenkins, NCIF; Marjorie Kelly, Tellus Institute; Justin Maxson, MACED; Eric Palola, NWF; Mikki Sager, The Conservation Fund; Janet Topolsky and John Molinaro, The Aspen Institute; and Thomas Watson, Rural Support Partners. We are inspired every day by the willingness of wealth creation grantees and others to try on new ways of thinking and new ways of doing business so we can all foster progress toward the goal of rural community well-being and improved livelihoods through wealth creation.

Much has been asked and much has been given! Thank you all. This report represents our collective learning from a complex initiative. While members of the Project Management Team have reviewed and generally endorse this report, any interpretations are the sole responsibility of Yellow Wood Associates and do not necessarily reflect unanimous agreement by members of the Project Management Team, the Resource and Policy Development Team, or grantees, or the organizations they represent.

June 2011.
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Introduction
The Wealth Creation approach intends to improve the livelihoods of rural people by creating wealth that is owned, controlled, and reinvested in rural places so that rural America is no longer left behind, but is a valued partner in resilient regions that make up the American landscape.

The Ford Foundation envisions the wealth creation approach to improving the livelihoods of low-income individuals, households and communities as one that will have widespread application in many places. Toward that end, the evolution of the approach is being chronicled and shared on an annual basis. This report documents the third year of the Ford Foundation’s Wealth Creation in Rural Communities initiative for the purpose of capturing and sharing lessons learned so far.

The First Interim Report, available at [http://www.yellowwood.org/wealthcreation.aspx](http://www.yellowwood.org/wealthcreation.aspx), describes how practitioners, engaged in cluster-based development strategies, value chain development, entrepreneurship development, and community development financing, came together to form the Triple Bottom Line Working Group. Together, they began to frame the wealth creation approach and gather baseline data on the state of rural development practice with respect to the triple bottom line, wealth creation, and measurement. The Second Interim report, also available at [http://www.yellowwood.org/wealthcreation.aspx](http://www.yellowwood.org/wealthcreation.aspx), describes our work on rural-urban linkages, the evolving structure of the initiative, steps taken to put the work on the ground in Central Appalachia and the Alabama Black Belt, the use of the wealth matrix, beginning work on policy implications, lessons and challenges. In the past year, the Wealth Creation in Rural Communities initiative has:

- Worked with four Value Chain Construction grantees in Central Appalachia to: support value chain exploration and construction of four value chains; design and implement baseline measures of seven forms of wealth; organize two regional convenings; summarize lessons from one year of implementation and refine interventions for year two.
- Delivered introductory wealth creation workshops in Mississippi and the Lower Rio Grande Valley. Worked with eight Value Chain Exploration grantees in the Delta and the Alabama Black Belt, and provided technical assistance and resources to research emerging value chains and form new relationships.
- Provided briefings on the Wealth Creation approach to other Ford Foundation grantees, including One Voice and the Foundation for the Mid-South.
- Selected three Value Chain Exploration grantees in the Lower Rio Grande Valley and conducted a joint workshop for outreach teams.
- Formed a Wealth Creation Project Management Team to guide and integrate the many different aspects of this initiative.
- Continued to disseminate wealth creation reports, tools, and publications and responded to numerous inquiries for information about the wealth creation approach.
• Created a new website to tell the story of the wealth creation approach at www.creatingruralwealth.org.
• Created over 100 tools to assist grantees in value chain exploration and construction and continued to explore wealth creation language and identify what does and does not seem to resonate with practitioners of various stripes.
• Began investigating the potential for a wealth creation video game.
• Began investigating the potential for a series of corporate convenings to explore ways to engage corporate partners in place-based wealth creating value chains.
• Co-founded and facilitated the Appalachian Funders Network and fostered relationships with donors in the South, particularly the Walton Family Foundation and the Kellogg Foundation.
• Conducted a preliminary investigation of the potential for intentionally connecting individual asset development, entrepreneurship development, and community development (including engaging community foundations) for greater impact.
• Shared lessons from Wealth Creation in Rural Communities with Ford program officers and grantees involved in Rural Livelihoods work around the globe.
• Explored the potential for using the wealth creation framework to assess the impact of a senior U.S. Senator’s legacy and provide a guide for improving future outcomes.
• Contributed to planning a national conference on wealth creation in rural communities in conjunction with USDA Economic Research Service.

As the work continues, concepts are clarified and lessons are learned about process as well as content. It is our intention to share these lessons openly so others may learn from them.

**FORMS OF WEALTH**

Wealth Creation in Rural Communities focuses on building seven forms of wealth concurrently and intentionally without undermining any one form to build any other. The seven forms are: intellectual, social, individual, built, natural, financial and political. Toward the end of Year Two, political wealth was added as it became clearer how important it is to have sufficient political power and voice to be able to influence public and private policy to shape opportunities for market-based development, particularly in historically low-wealth regions.

**Intellectual capital** is the stock of knowledge, innovation, and creativity or imagination in a region. Imagination is what allows us to create new knowledge and discover new ways of relating. Investment in intellectual capital is through research and development and support for activities that engage the imagination, as well as diffusion of new knowledge and applications. Earnings from intellectual capital include inventions, new discoveries, new knowledge, and new ways of seeing.

**Social capital** is the stock of trust, relationships, and networks that support civil society. Investments in bridging social capital are those that lead to unprecedented conversations, shared experiences, and connections between otherwise unconnected individuals and groups. Investments in bonding social capital are those that strengthen relationships within groups. For example, sponsoring a town-wide festival could be seen as an investment in bonding social capital for town residents.
Earnings from investment in social capital include improved health outcomes, educational outcomes, and reduced transaction costs, among others.

**Individual capital** is the stock of skills and physical and mental healthiness of people in a region. Investments in human capital include spending on skill development (e.g. literacy, numeracy, computer literacy, technical skills, etc.) and health maintenance and improvement. Earnings from investments in human capital include psychic and physical energy for productive engagement and capacity to apply existing knowledge and internalize new knowledge to increase productivity.

**Natural capital** is the stock of unimpaired environmental assets (e.g. air, water, land, flora, fauna, etc.) in a region. Natural capital is defined as having three major components: 1) non-renewable resources such as oil and minerals that are extracted from ecosystems, 2) renewable resources such as fish, wood, and drinking water that are produced and maintained by the processes and functions of ecosystems, 3) environmental services such as maintenance of the quality of the atmosphere, climate, operation of the hydrological cycle including flood controls and drinking water supply, waste assimilation, recycling of nutrients, generation of soils, pollination of crops, and the maintenance of a vast genetic library. Investments in natural capital include restoration and maintenance. Earnings or income includes a sustainable supply of raw materials and environmental services. Natural capital and its systems are essential for life. People can destroy, degrade, impair and/or restore natural capital but cannot create it.

**Built capital** is the stock of fully functioning infrastructure that does not degrade other forms of capital including natural capital. Built capital includes buildings, sewer treatment plants, manufacturing and processing plants, energy, transportation, communications infrastructure, technology and other built assets. Investment in physical capital is in construction, renovation, and maintenance. Physical capital depreciates with use and requires ongoing investment to maintain its value. The income or earnings generated by physical capital exist only in relation to its use. For example, sewer and water treatment plants contribute to human capital (health). Schools contribute to human capital (skill development) and social capital (if they are used as community gathering places) and may contribute to natural capital (if they include natural areas that are maintained or protected by the school).

**Political capital** is the stock of power and goodwill held by individuals, groups, and/or organizations that can be held, spent or shared to achieve desired ends. Political capital is evidenced by the ability of an individual or a group to influence the distribution of resources within a social unit, including helping set the agenda of what resources are available. Investments in political capital are made through inclusive organizing that includes information gathering and dissemination, and increasing voice, access to and inclusion among decision-makers. Engaging players throughout a given value chain for mutual self-interest can build political capital. Earnings from investments in political capital include increased influence in decision-making, increased access to and control over other forms of capital, and the ability to engage in reciprocal relationships, among others. Political capital can affect how rural areas are viewed in a regional context. Regions where political capital is equitably distributed
Financial capital is the stock of unencumbered monetary assets invested in other forms of capital or financial instruments. Financial capital, if well-managed, generates monetary returns that can be used for further investment or consumption. For example, financial capital can be invested in land protection through outright purchase or purchase of easements. Public financial capital can be accumulated in a variety of ways including building budget surpluses by collecting more in tax revenues than is spent on services, borrowing through bonding, and charging fees for public services over and above the real cost of services. “Rainy day funds” are an example of public stewardship of financial capital, designed to help society weather risks and uncertainties. In addition, through the growth of the nonprofit sector, private philanthropic capital is often tapped for investment in other forms of capital that yield public goods, for example, preventive health care programs to increase individual capital. Stewardship of financial capital implies responsible investment to generate added income as well as elimination of unnecessary cost or waste in providing public goods and services. In creating wealth, we strive to invest financial capital in ways that increase and improve the quality of the other six forms of wealth.

GUIDING PRINCIPLES, TOOLS, AND DISTINCTIVE STRENGTHS OF WEALTH CREATION IN RURAL COMMUNITIES

Six principles underlie how this approach works to create, manage, and sustain seven forms of wealth in persistently poor rural areas. To be effective, the work must be:

- **Place-based** - builds on local assets and connects to the larger economy by connecting with demand. Value chains connect rural and urban places and connect low-wealth individuals, businesses, and communities with higher wealth individuals, businesses, and communities within and beyond regions.

- **Requires collaborative partnerships to do the work on the ground and to leverage both resources and action**. Value chains are constructed of multiple partners and supported by many more. No single organization can sustain an entire value chain and create seven forms of wealth on its own.

- **Intentionally connects the places and activities within a region, both rural and urban and is socially inclusive**. The wealth creation approach improves understanding of how to re-shape rural-urban economies based on mutual benefit. New socially inclusive connections overcome isolation that perpetuates poverty.

- **Intentionally increases investment to retain and increase multiple forms of wealth**, especially for low-wealth people and places. The wealth creation approach identifies beneficiaries of fully functional value chains and creates shared investment opportunities.

- **Intentionally develops new models of local ownership and control of investments and returns**. Creating wealth isn’t sufficient; inclusive leadership in rural places must retain decision-making authority over investments and the distribution of benefits and returns so wealth will “stick” over the long term.
• **Strategically flexible while doing no harm to any of the seven forms of wealth.** Strategies for wealth creation are developed in context by committed regional partners. There are no “cookie cutter” interventions. Interventions are based on research and analysis of value chain opportunities. Each strategic intervention is crafted to create wealth in as many categories as possible while doing no harm to other forms of wealth.

Three tools are critically important to implementing the wealth creation framework:

1. **Using systems thinking concepts such as stocks and flows and feedback loops applied to creating wealth that sticks.** Systems theory is a way of seeing that involves: moving from the parts to the whole; emphasizing investment for long-term gains; understanding the difference between wealth and income; creating networks of mutual benefit and collective impact; and building connections based on shared values. The systems approach to rural development includes:
   - **Using a shared desired outcome to define a system** (such as: food system, forest products system, energy system). That outcome might be healthy, fresh, affordable food for all; green regionally oriented wood used in regional buildings; savings on home energy costs for low-income households, or something else.
   - **Engaging people at many points of the system**, so together they begin to see the whole, their actual and potential contributions to it, and how it can benefit them if successful.
   - **Identifying leverage points** where targeted interventions will result in positive change throughout the system.
   - **Measuring baseline indicators**, and re-measuring progress toward outcomes as the work moves forward.

2. **Using the value chain concept to map and analyze existing and potential flows** of goods and services with attention to links along the whole value chain including demand. Value chains are the vehicles through which wealth is created in this approach. (See Figure 1 on the next page.)
This schematic of an agricultural value chain shows the actors in the chain in the light circles, the support system for the chain in the outer ring, and the range of benefits the chain provides to one or more actors and/or supporters in the center ring.
3. Using the *Wealth Matrix* (seven forms of wealth) to plan projects and measure outcomes. Baseline measures for each of the seven forms of wealth are established and measured at the outset. Measures are linked to intentional interventions related to each form of wealth. Measurement provides accountability and an opportunity for the kind of learning that supports continuous improvement. Measurement is integral to the process of each intervention, not added on or performed by a third party. Measurement provides information that can be shared throughout a value chain. (See Table 1.)

Table 1: Ford Wealth Matrix Indicators and Measures Plan - MACED FINAL VERSION July 2010

<table>
<thead>
<tr>
<th>Type of Capital</th>
<th>Intervention/Indicator</th>
<th>Measure</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Energy Efficiency &amp; Renewable Energy skills among contractors/operations managers.</td>
<td>1) # of loans or financial assistance given for certification, training or EE service provider equipment that are re-paid on schedule</td>
<td>0</td>
</tr>
<tr>
<td>Social</td>
<td>Adoption of On-Bill financing for energy efficiency retrofits with utility coops Development of nonprofit/utility cooperative partnership to develop mechanism to allow homeowner and entrepreneur asset development through energy savings.</td>
<td>Score on collaboration scoring system that takes into account: 1) Diversity 2) Intensity of collaboration along collaboration continuum 3) Power of members of the Alliance and power of partners in the on-bill effort. Note: Size is implicit in each of the above.</td>
<td>Dec 1, 2009 assessment of On-bill: Collaboration Score: 21 Power Score: 22 Diversity Score: 9 Total Score: 52 Updated annually.</td>
</tr>
<tr>
<td>Intellectual</td>
<td>Research &amp; Policy Increased consideration by key policy actors of progressive policy solutions that would accelerate new energy strategies and mechanisms in Kentucky.</td>
<td>Score on system that measures bill introduction &amp; progress in KY legislature measured by strength of the proposal and consideration of it by legislature.</td>
<td>Strength Score: 30 Bill Progress Score: 28 Total Score: 58</td>
</tr>
<tr>
<td>Natural</td>
<td>Contractor Training and On-Bill financing Reduction in GHG emissions</td>
<td>Anticipated % reduced in kWh and anticipated % reduced in gas in MMBtu, if relevant, converted to reduction in GHG.</td>
<td>100% of a given client’s energy usage</td>
</tr>
</tbody>
</table>
### Table 1: Ford Wealth Matrix Indicators and Measures Plan - MACED FINAL VERSION July 2010 (cont.)

<table>
<thead>
<tr>
<th>Type of Capital</th>
<th>Intervention/Indicator</th>
<th>Measure</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Built</strong></td>
<td>Contractor Training and On-Bill financing</td>
<td># of retrofits performed and value of those retrofits in $.</td>
<td>0</td>
</tr>
<tr>
<td>How will your strategy impact the stock of fully functioning constructed infrastructure?</td>
<td># of improved enterprise structures &amp; value of associated retrofits in $.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>Contractor Training and On-Bill financing</td>
<td>Cost avoidance due to implementation of retrofits. The is the cost avoided by reducing energy use and reducing peak demand (for commercial classes) and cost avoided as electric and gas rates rise.</td>
<td>Pre-retrofit annual energy costs of a client or participant. Including electric and nat. gas and LP gas) For On-Bill: Utility bill assessed at time of enrollment. Ongoing data collection from utility bills for both programs.</td>
</tr>
<tr>
<td>How will your strategy impact the stock of unencumbered monetary assets at the individual and community level?</td>
<td>Increased assets or reduced vulnerability of homeowners or renters, businesses and nonprofits through energy efficiency retrofits and reduced utility bills.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Political**   | KySEA - Presence of an alliance composed of diverse groups working for policy change to support job creation, poverty reduction and environmental improvement through new energy. | Score on KySEA's social and intellectual capital related to policy. | Dec 1, 2009 assessment of KySEA:  
Collaboration Score: 57  
SOCIAL  
Power Score: 35  
Diversity Score: 24  
Total Score: 116  
INTELLECTUAL  
Strength Score: 30  
Bill Progress Score: 28  
Total Score: 58 |
The Resource and Policy Development Team identified a number of strengths associated with the Wealth Creation approach that they believe make this work distinctive:

- Intentionality around wealth creation and who actually benefits from that wealth.
- Sector focus as a starting point (particularly given that few places have the resources to do an entire comprehensive community and regional analysis).
- Redefining the desired outcomes of economic development more broadly to include multiple forms of wealth.
- Using the seven forms of wealth as an assessment, planning, and measurement tool (it is not the listing of forms of wealth that is unique but how they are/can be used as a tool in the context of value chain development).
- Getting practitioners to think differently about how they do their work to create and retain more wealth – and who they do the work with.
- Getting practitioners to focus on how policy affects their work – and how to change that policy.
- Providing a potential framework and common language for promoting collaboration in the many communities and regions that already are pursuing comprehensive community efforts.
- Getting practitioners to think about how to implement their work at a regional scale while redefining the value of rural in a regional context.

THE RELATIONSHIP OF WEALTH CREATION TO LIVELIHOODS

Wealth Creation in Rural Communities is part of the Expanding Livelihood Opportunities for Poor Households program of the Ford Foundation. Ford defines livelihoods as giving rural people the ability to earn an income that enables the individual or the household to overcome vulnerability, maintain dignity, control their own lives, take risks to seize opportunities, and rebound from setbacks in everyday life by meeting needs and accruing assets. The most fundamental building blocks of sustainable livelihoods for rural people are assets – financial assets they build and control; skills they acquire through education, training and/or job experience; the natural or environmental assets they own and control both individually and collectively; and new ways of thinking that reveal previously unimagined opportunities, as examples. While having a job is one way of acquiring these assets, the job itself is something over which rural people often have little control – factories move offshore, mills and mines close, productive industries downsize. But assets represent investments that are rooted in rural people and places – they improve the prospects for meaningful and living wage employment, they represent the “nest egg” for starting or growing a business or educating a child, they serve as the basis for creating sustainable economic opportunities in response to demand for those assets outside the region.

Building assets is the first step in the path toward a sustainable livelihood. However, if we help people build their own assets without also investing in pathways to connect rural people and places to the broader world, we leave them with two options – to leave the rural places they call home or to continue to earn a return on their assets that is insufficient to create the sustainable livelihood that the Ford Foundation is seeking. Taking a wealth creation approach to building sustainable livelihoods offers an opportunity to truly create long-term sustainability for rural people. While it

If we help people build their own assets without also investing in pathways to connect rural people and places to the broader world, we leave them with two options – to leave the rural places they call home or to continue to earn a return on their assets that is insufficient to create the sustainable livelihood that the Ford Foundation is seeking.
emphasizes building on and enhancing the assets embodied in rural people and rural landscapes, it also recognizes that without the development of value chains that connect these assets to market demand, sustainable outcomes will remain elusive.

The very nature of a value chain contributes to the development of sustainable livelihoods. A value chain is a business model in which independent producers, buyers and other players in the chain work together to create value and share risk and reward. Value chain participants intentionally consider how to create economic, social and environmental benefits. It is this intentional consideration of broader benefits that is vital to improving livelihoods. Such a focus forms the basis for positive reciprocal relationships among participants. It suggests that individuals, like employees or small-scale farmers, who are normally excluded from discussions about how assets in the community will be developed, are at the table. This inclusion and the development of the value chain with consideration for these broader benefits create opportunities for sustainable livelihoods in the rural places from which these value chains emerge.

An asset development or livelihood strategy for sustainable agriculture might include introducing more farmers to sustainable agriculture techniques through training courses and even organic certification. Or, it might include a micro loan program to help a farmer process products to sell at a local farmers market. In contrast, a wealth creation approach to building sustainable livelihoods recognizes these actors as part of a larger system – a value chain that is developed in response to demand. Rather than working one farmer at a time, the development of sustainable food value chains creates the opportunity for larger scale impact on people in the region in response to demand from wholesale and institutional buyers who are being identified as the value chain develops. These institutional buyers are being brought into conversations about the supply of sustainably produced food products in the region and how that supply might help them meet demand they are seeing from end consumers – many of whom lie outside the region, bringing new resources and wealth into these rural places. Meeting this demand will require investments in assets such as atmosphere-controlled storage, refrigerated transportation, food processing equipment, and others that serve multiple value chain participants. When owned and/or controlled by and for the benefit of low-wealth communities, these assets are essential ingredients in sustainable livelihoods. A fully functional value chain made possible by investment in a range of shared assets is what creates the opportunity for sustainable livelihoods – linking producers, processors, and others to demand for their products in such a way that rural people benefit and wealth is created and controlled by local people.

Developing viable value chains that are rooted in rural assets but connected to regional and urban markets is the basis for building sustainable livelihoods. However, there is a potential disconnect when livelihood strategies are divorced from the wealth creation approach. Building individual assets that might contribute to improved livelihoods – skill training to get a job, microenterprise programs to support self-employment – should not occur in a vacuum. Place does matter and the capacity of a place to support improved livelihoods is what is often lacking in rural regions. Building skills for jobs that do not exist or creating small scale enterprises
that are not connected to viable regional and urban demand does not contribute to a \textit{sustainable} livelihood.

In contrast, the wealth creation approach to building sustainable livelihoods for rural people by creating individual \textit{and} community wealth that is owned, controlled, and reinvested in rural places aims to create a virtuous cycle of wealth creation and reinvestment that promotes livelihood development over the long term. It creates wealth that individuals and the community can use to overcome vulnerability, maintain dignity, take risks to seize opportunities and rebound from setbacks; it seeks to put into the hands of rural people the ability to control their own destinies – all critically important components of Ford’s definition of a sustainable livelihood.

\textbf{The Wealth Creation Resource and Policy Development Team}

During the third year of our work, we have continued to build and refine the structure of the overall initiative. In addition to a managing grantee (Yellow Wood Associates), we now have an expanded Project Management Team consisting of Shanna Ratner, Melissa Levy and Barbara Wyckoff – Yellow Wood staff and consultants; Deb Markley – Resource Team Coordinator; John Squires and Marilyn Hoke, Lower Rio Grande Valley Coordinators. The Wealth Creation Working Group, essential to the start-up of this initiative, has been replaced by a Resource and Policy Development Team.

As referenced earlier, at the beginning of this initiative, a Working Group was convened to provide input on the wealth creation approach and to help establish baseline measures for how rural development practice nationally incorporated Triple Bottom Line and wealth creation approaches. At a joint convening of Ford’s new Central Appalachian grantees and the Working Group in early 2010, it became clear that additional infrastructure was needed to support the implementation and testing of the wealth creation approach in rural communities in Central Appalachia, and also to begin to share the framework in the South and the Lower Rio Grande Valley regions targeted by Ford. One piece of that infrastructure was identified as a flexible pool of resources that could be used to support the technical assistance, coaching, research and other needs that were identified by grantees as they moved forward with implementation. The wealth creation approach is new and we expected that grantees might encounter unanticipated challenges with the work – the need for a piece of research that was not previously imagined, such as identifying institutional buyers for sustainably produced wood products; or support for a learning journey to meet with organizations with relevant experience to share, such as learning about impact investing from an experienced CDFI in Maine.

The other piece of infrastructure that was identified as being important to moving this approach forward was a group of external “advisors.” Every initiative can benefit from external insights – another set of eyes to provide a critical perspective, raise issues from a unique vantage point, question assumptions, and offer new ways of interpreting information drawn from experience. We felt that a team of external advisors could serve as a value-added resource to contribute expertise, review the
development of the initiative, evaluate its effectiveness, expand the discussion and use of the framework, and develop policy options. Creating this team early in the initiative would, we believed, contribute positively to leveraging the capacity embedded in the Project Team and grantees to achieve greater scale of impact for this work. It was also clear that the original Working Group, convened with a different set of expectations, was not providing this infrastructure component.

In response to these clearly identified infrastructure needs, the Center for Rural Entrepreneurship was given a grant from the Ford Foundation to (1) manage a pool of resources that could be accessed easily by grantees, including value chain exploration grantees, to meet their technical assistance, coaching, research, and other needs; (2) organize and coordinate a new Resource and Policy Development Team that would bring the insights, skills and capacities of a group of external organizations to the wealth creation initiative, serving as a focal point to strengthen both the approach itself and, ultimately, the capacity to articulate and influence appropriate rural development policy; and (3) manage a pool of resources that could be accessed by Resource Team members to support their work.

When the Resource Team was put together in July 2011, four key value-added roles were identified:

- To provide additional support to grantees in the targeted regions (helping to meet their technical assistance, coaching and other needs).
- To further develop and evolve the wealth creation approach by undertaking research and gathering new insights from the field.
- To develop the policy context that is needed for wealth creation in rural America to be sustainable.
- To participate in sharing what is learned through this process as a way of achieving the scale of impact desired by Ford.

To provide institutional memory, and because of their commitment to the approach, a number of members from the original Working Group were invited to participate on the Resource Team (shown in bold below). Two grantees, at that time from the Central Appalachia region, were also invited (shown in italics below), as were several new individuals who brought important competencies to the team that would help it achieve mission. Members of the Resource Team are listed below:

- Matt Chase, National Association of Development Organizations
- Brian Dabson, Rural Futures Lab
- Hal Hamilton, Sustainable Food Lab
- Marten Jenkins, Natural Capital Investment Fund
- Marjorie Kelly, Tellus Institute
- Deborah Markley, Center for Rural Entrepreneurship
- Justin Maxson, MACED
- Eric Palola, National Wildlife Federation
- Mikki Sager, The Conservation Fund
- Nancy Stark, CFED
- Janet Topolsky/John Molinaro, The Aspen Institute
Members were asked to serve for one year, with the option of continuing to participate in year two and with the expectation that we would expand the team to include representatives from the South and the Valley in year two.

During its first convening in November 2010, the Resource Team identified three activities that required their immediate attention:

- To create a more effective way for the public to learn about and engage with Ford’s Wealth Creation Initiative;
- To devise a policy strategy for the Wealth Creation Initiative;
- To partner with The Aspen Institute to create a suite of product and process tools to introduce the Wealth Creation Framework to broader audiences and help institutionalize the learning so far.

The following sections provide more information about the first year’s efforts, including support for grantees.

COMMUNICATING ABOUT THE WEALTH CREATION APPROACH

Given Ford’s interest in achieving a national scale of impact with the wealth creation work, the Resource Team felt it was important to create a public portal to present the wealth creation framework in clear, accessible language and to make available materials about the work as they are developed. The portal would be targeted toward practitioners, communities, grantees – anyone interested in rural development and learning how this approach might help them do their work more effectively. It would also serve as the “front door” to the learning tools being developed in partnership with the Aspen Institute.

Marjorie Kelly from the Resource Team provided the primary leadership in developing [www.creatingruralwealth.org](http://www.creatingruralwealth.org), with support from Deb Markley and members of the Project Management Team. The website was designed to provide the framework and principles behind this work, and to illustrate the initiative through stories and examples from the work of Ford’s place-based grantees. Some members of the Resource Team and grantees have already contributed content for the site; all members have been invited to contribute in some way over the coming year. The site was designed to be updated frequently so the breadth and interconnections of the work being undertaken are communicated.

SUPPORTIVE RESEARCH AND DEVELOPMENT

The Center for Rural Entrepreneurship, through its Ford grant, manages a pool of resources that Resource Team members can tap to support research ideas that they believe will contribute to the wealth creation approach. The expectation is that these resources will enable Resource Team members to work together to raise and address issues that arise from their own work, the work of grantees, and/or discussions generated through team engagement, including learning journeys and convenings. The following guidelines for funding were developed:
• There must be a good fit and a clear connection between the proposed research and/or policy development activity and the Wealth Creation in Rural Communities initiative. It must be clear how the funded work will contribute to successful wealth creation in rural regions, particularly those targeted by Ford.
• The proposed project would ideally involve at least two members of the Resource and Policy Development Team in a collaborative effort. The project may also include individuals who are not part of the Resource Team.
• If the genesis of the idea comes from a place-based grantee, the proposal must demonstrate their support for the proposed project. Extra consideration will be given to projects that are in response to the needs of place-based grantees.
• It must be feasible to complete the project in six months, preferably, but no more than 12 months so that the results can be used to inform the further development of the wealth creation approach as well as the work of the place-based grantees.

To date, commitments have been made to support the following research undertakings:
• Connecting Individual Asset Building Strategies with Entrepreneur-Focused Economic Development to Create Rooted Wealth in Rural Communities – a collaboration between CFED and the Center for Rural Entrepreneurship to do background research to assess the potential benefits that could accrue from closer collaboration between asset building, entrepreneurship/economic development and community foundations using value chain exploration as the organizing tool. 
  Completed
• Networks for Wealth Creation in Rural Areas: Impacts and Lessons Learned from US Communities – a collaboration between Rural Support Partners and MACED to develop a better understanding of and models for networks as a collaborative platform for wealth creation. Under way – expected completion August 2011
• Case Studies of Rural – Urban Interdependence – a collaboration between the Rural Futures Lab and select place-based grantees to identify and conduct a series of case studies on emerging practices across the US that demonstrate the potential for rural-urban linkages in the creation and retention of wealth in rural communities. Committed – expected completion December 2011

All of these projects are generating insights that can be applied directly by grantees and/or contribute to our ability to demonstrate the value of the wealth creation approach to new audiences of practitioners. In most cases, there is a direct connection between the deliverables from these projects and the website and/or the learning tools work being done by the Aspen Institute.

CRAFTING A POLICY STRATEGY FOR THE WEALTH CREATION APPROACH

At the initial Resource Team convening, there was considerable discussion about the need to create a policy strategy to support the wealth creation work. Based on what the Resource Team heard from the Project Team, the first step in crafting this strategy was identified as mining what is developing on the ground with regional and community grantees to identify policy changes, at multiple levels, that are occurring
and/or are needed to contribute to the creation of multiple forms of wealth. These examples of effective policy changes at the grassroots level can then be important fodder for strategic policy discussions at other levels, including emerging initiatives at the federal level that Resource Team member, Matt Chase, has been engaged with and tracking. In addition, this policy strategy should address both private and public policies. Private policies include business strategy and procurement objectives. Public policies are at local, state and federal levels.

To date, the following Resource Team policy activities are being supported either financially through the Center for Rural Entrepreneurship or with human resources contributed by team members:

- **Emerging Policy Issues** – a collaboration between the Conservation Fund and select place-based grantees to identify and document emerging policy issues and recommended policy actions, and to share with rural leaders including attendees at the Rural Assembly meeting in June 2011, the Resource Team and Ford grantees to support further development of a policy strategy. *Under way – expected completion July 2011*

- **Engaging Business in Regional Wealth Creation** – members of the Resource Team will work with the Sustainable Food Lab to support on-the-ground work in Central Appalachia, funded by Ford, to help build the skills of livelihood support organizations to communicate value propositions that engage businesses inside and outside the region in supporting sector-based value chain development. This work should expand our understanding of private sector policies that could benefit wealth creation in rural places. *Under way – expected completion June 2012*

**SUPPORTING GRANTEES**

Members of the Resource Team, either directly or through their networks, have worked to provide Ford place-based grantees with access to timely, relevant technical assistance and coaching support. As these needs have been identified directly by the grantees or in collaboration with the Project Team, the Resource Team has responded. To date, the following grantees have received technical assistance and/or coaching supported by grants from the Center for Rural Entrepreneurship:

- **Rural Action** – a member of the Resource Team identified the West Virginia University Appalachian Hardwood Center and that organization is providing Rural Action with an assessment of local and certified wood product demand in affordable housing construction in the Central Appalachian region, in direct support of their value chain development. *Under way – expected completion September 2011*

- **Rural Action** – in response to a request from Rural Action, Yellow Wood Associates provided research on institutional buyers of certified wood in support of value chain development. *Completed*

- **Central Appalachian Network (CAN)** – Downstream Strategies is doing research on the Food Modernization Act and the potential implications for West Virginia growers who are participating in sustainable agriculture value chain development. *Under way – expected completion June 2011*
• **Emerging ChangeMakers Network** – a member of the Resource Team helped to organize and participate in a learning journey for members of Emerging ChangeMakers Network, a value chain exploration grantee in Alabama, to visit an organization in Maine with a long history and experience in impact investment. *Completed*

• **Emerging ChangeMakers Network** – received support to research sector-based value chains that could be the focus of the investment value chain being organized. *Completed*

• **Emerging ChangeMakers Network** – received technical assistance and coaching support from a member of the Resource Team with expertise in impact investing, including research for a jointly prepared report on impact investing that has been made widely available, including on the new website. *Completed*

• **Alt Consulting** – Clean Energy Group, recommended by a member of the Project Team, provided alt, a value chain exploration grantee in Arkansas, with information about models for solar farms and helped with stakeholder engagement. *Completed*

• **SURREF** – a value chain exploration grantee in Alabama, received support for a learning journey/stakeholder meeting to demonstrate experientially the community-based tourism value chain they are developing. *Completed*

• **SURREF** – a member of the Resource Team has identified an organizational development coach who can work to help build SURREF’s capacity to develop as both an organization and as a value chain intermediary. *Planned*

• **National Wildlife Foundation** – working with limited resource, minority landowners in the Black Belt on long-leaf pine restoration, NWF identified the need for research on the supply and demand for grass-fed beef from these pine plantations and is working with Auburn University to accomplish this research in support of their value chain work. *Under way – expected completion August 2011*

**SUPPORT FOR TOOL DEVELOPMENT**

Members of the Resource Team, working with Yellow Wood and other members of the Project Team, will be part of the planning and design team put together by the Aspen Institute to develop the suite of tools that will be shared broadly to help institutionalize the wealth creation approach to rural development. Resource Team members bring two critical skills to this team – direct experience in capacity building, training and communication work with a wide range of rural audiences from grassroots organizations to traditional economic development groups to policy makers; and insights drawn from research, technical assistance, and coaching activities described above regarding the tools needed by place-based organizations interested in understanding and implementing the wealth creation approach.

**LESSONS LEARNED**

The grant making experience and Resource Team activities over the past year have provided a number of important lessons learned for the wealth creation approach, in particular, and for funding innovative approaches to rural development more generally.
• **Having access to flexible resources creates tremendous value for grantees.** These resources are both financial and the knowledge and skills of Resource Team members and their networks. In the face of unanticipated challenges of many kinds, grantees were able to access quickly a range of research, technical assistance and coaching skills that helped keep them on track. In most cases, these were small grants (less than $20,000) that enabled the grantees to more effectively implement their original Ford grants. The fact that these funds were made available in response to an idea raised by the place-based grantees adds additional value – communicating to grantees that this work is a collaborative learning experience and that their work is expected to evolve over time.

• **Having a group of external advisors adds value to the initiative overall.** The Resource Team operates with a degree of independence from the initiative and, as a result, brings a unique and critical set of eyes to this work. The value provided was in evidence at the initial convening, where the team affirmed the value of the approach, as described earlier in this report, but also identified some areas for improvement. These recommendations were shared with and accepted by Wayne Fawbush at Ford and the Project Management Team, leading directly to work on the new website, the policy work described above, and a renewed commitment by Resource Team members to contribute to the initiative.

• **The Resource Team is helping to build capacity to deliver the wealth creation approach.** As members of the Resource Team work with the place-based grantees, undertake research and policy development activities, and contribute to the website and tool development, their ability to share the approach within their own organizations and with external audiences has increased. As a result, Resource Team members are making presentations on behalf of the initiative – to the Delta Regional Commission and NADO’s board; to the Rural Assembly; to a variety of conferences; on advisory committees to other efforts such as the national conference on wealth creation and Portland State University’s work with EDA to create a project evaluation tool that considers multiple forms of wealth. A number of members of the Resource Team have applied to participate in the national conference on wealth creation.

There is an emerging learning and implementation network associated with wealth creation in rural communities and members of the Resource Team are helping to expand that network more quickly than it otherwise might. Most of the activities supported by or undertaken by the Resource Team are not taking place in isolation but rather are interconnected in some way and/or are connected to the work of Ford’s place-based grantees and others. For example, the background research undertaken by CFED contributed to the design of a follow on grant from Ford that will build capacity on the part of community foundations and economic development organizations to support and participate in sector-based value chain development. This work will link directly to the work of place-based grantees in Central Appalachia and the South. It will connect to the work of the Appalachia Funders Network and to work that NADO is doing with its members. It will bring new organizations into the network – members of the Rural Development Philanthropy Steering Committee. It will contribute to the development of tools in support of Aspen’s work. This is just one example of how the Resource Team members’ work is creating a multiplier effect in terms of building this learning and doing network.
MOVING FORWARD WITH THE RESOURCE TEAM

Over the coming year, the Resource Team will work to build stronger connections to the place-based grantees. In addition to providing continued support through technical assistance, research and coaching, the team will invite place-based grantees to contribute to the further development of a policy strategy for the initiative, an important focus in the coming year. The Resource Team will convene with the grantees in early 2012 as a way to develop stronger connections and to share learning.

In addition, the Resource Team will continue to move forward in the two areas where we bring the most value – (1) supporting the further development of the website and the learning tools/platform and (2) articulating and implementing a policy strategy for the initiative.

Managing Wealth Creation in Rural Communities

The Wealth Creation initiative is striving to build new theory and new approaches to rural economic change; it is testing these approaches on the ground in order to build sustainable livelihoods; and it is seeking to replicate the learning through tools and practice, informing theory along the way. In short, the Wealth Creation in Rural Communities effort is building a movement and shifting our thinking about what it takes to bring about social and economic change. This work is far broader, deeper and more complex than any one organization can carry out alone. Furthermore, it has been demonstrated over and over that fostering collaboration sparks innovation and that vitality and new thinking arise from finding the collaborative advantage. Our management approach seeks to leverage this collaborative advantage in response to this complex undertaking.

As stated above, the Project Management Team includes: Shanna Ratner, Yellow Wood Associates, Deborah Markley, RUPRI Center for Rural Entrepreneurship and Wealth Creation Resource Team Coordinator; Barbara Wyckoff, Dynamica Consulting and facilitator and coach for grantees in the South and the Lower Rio Grande Valley; Melissa Levy, Yellow Wood Associate and facilitator and coach for grantees in the South and facilitator for the four Central Appalachian grantees; John Squires and Marilyn Hoke, Community Resource Group, coordinators for work in the Lower Rio Grande Valley; and Wayne Fawbush, Ford Program Officer.

The Team operates following the principals of “shared leadership”, including:

- **A common agenda**: All of the team members have a common understanding of the problem, a shared vision for change, and a joint approach to solving it through the wealth creation approach tools and strategies. This understanding and commitment to the common agenda has required time, patience, and an ongoing willingness to learn.

- **Mutually reinforcing activities**: All of the team members build on their strengths and do what they do best, whether it is facilitating grassroots grantees, exploring and educating around policy, or holding the theoretical underpinning of the approach. In addition, each partner is an expert in a number of technical areas.
• **Backbone support organization:** Creating and managing shared leadership requires an organization and dedicated staff. Yellow Wood Associates plays this role by keeping all of the elements moving forward, fostering communications, and acting as an archive of the history of the project.

• **Continuous communications:** The Management Team uses formal monthly calls, augmented by task group calls around certain opportunities and issues, and email to keep team members informed. The website will provide an invaluable forum for sharing stories and lessons learned.

• **Shared measurement system:** While agreement on a common agenda is critical, it is essential that the group agrees how success will be measured and reported. In addition to this interim report, we will begin to collect information following the indicators identified by the Resource Team along the seven forms of wealth.

A number of shared values form the foundation for the success of this initiative:

• Willingness to listen first, advocate second, and to keep an open mind, so that each member is open to mutual influence.

• Trust between partners that the good of the group will be honored by each individual, so that it is not necessary that everyone be present for everything.

• Decisions that are based on the best solutions, not one organization over another.

• A commitment to explore assumptions and not take comments personally.

A key perspective of our approach is that we view the funder as a member of the Management Team. As such, the funder has several roles, including: helping to assemble the elements and partners, including those from outside the non-profit sector, and being a co-learner. Finally, while not part of the Management Team, we see the grantees as an integral component to moving this work forward. As such, we see them as learning partners, where we can learn as much from them as they can from us.

**Work on the Ground**

**VALUE CHAIN CONSTRUCTION**

Four value chain construction grantees in Central Appalachia have completed their first year of work applying the wealth creation framework. Their time has been divided between research, relationship building/communications, direct action, and administration. They have defined and pursued selected high leverage interventions and have documented baseline levels of each form of wealth. Each organization and their wealth creation work are briefly described below.

**SUSTAINABLE AGRICULTURE VALUE CHAINS – CENTRAL APPALACHIAN NETWORK (CAN)**

The Central Appalachian Network of six nonprofits has worked for 18 years as a learning network in the Central Appalachian states of Kentucky, Ohio, Tennessee, Virginia, and West Virginia to transform the region’s economy by deploying new economic strategies that create wealth and reduce poverty, while restoring and conserv-
ing the environment. For the first time, CAN members have simultaneously focused their work on developing wholesale sustainable agriculture value chains in their sub-regions. In exploring value chain potential, CAN’s research found that:

- The region has a history of exporting food commodities and not value-added products.
- There is a lack of locally owned processing and distribution infrastructure that could add value to raw products.
- There is a growing market demand for healthy, sustainably produced, local foods, including in the urban centers surrounding the Central Appalachian region.
- The region’s small farmers are isolated from markets and from information about sustainable farming practices.

CAN’s interventions have built multiple forms of wealth.

- **Individual Capital:** In the first year of value chain construction, CAN intervened by offering training and technical assistance to producers in sub-regional value chains to allow them to produce to wholesale market standards. As a result, the value of income to producers increased by 31% or over $1.1 million from 2009 to 2010.
- **Intellectual Capital:** CAN members focused on improving and expanding buyer relationships and the number of wholesale buyers grew from 38 to 60 while the value of purchases increased by 65%.
- **Social Capital:** At the same time, CAN strengthened relationships between and among sub-regional value chain participants through sub-regional and regional gatherings. As a result, sub-regions are sharing information that will strengthen value chains within sub-regions and across the larger region as a whole. The commitment to collect common data that can be shared across sub-regions has significantly deepened the conversation and produced new opportunities for focused collaboration.
- **Natural Capital:** Research, training and technical assistance in sustainable production practices has helped increase the number of acres of farmland contributing to value chains by 896.32 acres or 41%.
- **Built Capital:** CAN has provided targeted investments in infrastructure to strengthen sub-regional value chains. For example, CAN provided support for the creation of Shagbark Seed & Mill Company, a production, aggregation, and distribution facility for locally grown grains, beans, and other staple foods.
- **Financial Capital:** CAN’s technical assistance has led to an increase in financial stability of producers and in the capacity of producers to invest both time and money in the growth of their farm enterprises.
- Although CAN did not tailor an intervention toward **Political Capital** in Year One, they are actively engaged in learning about food safety policy and other aspects of the upcoming Farm Bill.¹

Working to build all seven forms of wealth simultaneously and incorporating shared

¹ Political capital was not added to the list of capitals until after the first four Central Appalachian grantees had been funded.
measures of progress is tangibly improving the quality and quantity of CAN outcomes.


GREEN AND ENERGY EFFICIENT AFFORDABLE HOUSING – FEDERATION OF APPALACHIAN HOUSING ENTREPRENEURS (FAHE)

Created in 1980, FAHE, based in Berea, Kentucky, is a membership organization of dozens of low-income housing development organizations working in the Appalachian states of Kentucky, Tennessee, Virginia, and West Virginia to meet the affordable housing needs of the region’s low-income residents. For its Wealth Creation in Rural Communities work, FAHE is building a green and energy efficient affordable housing value chain in the Central Appalachian region. The need for this value chain can be seen through FAHE’s research:

- Rates of substandard housing in Central Appalachia are much higher than for the country overall, and substandard housing often translates into energy-inefficient housing.
- The region’s energy consumption is expected to increase at twice the national rate in the years ahead.
- Rising energy costs have left many low-income families in the region, particularly those who live in substandard or older homes, with housing that is no longer affordable.
- Existing systems that support energy efficiency and green building practices on the national level are not well suited to the high poverty, rural reality of Central Appalachia.
- FAHE members want to supply safe, affordable housing that improves the quality of life of low-income homeowners.

FAHE assessed the green and energy efficient affordable housing value chain - including the ability to build, inspect, and certify to a standard; obtain an appraisal that reflects the value of certification; and finance the unit through a mechanism that values energy efficiency – and determined that it was broken. FAHE’s interventions have built multiple forms of wealth.

- **Individual capital:** FAHE organized training to increase the number of certified inspectors for green housing. Five organizations and their staff were assisted to receive training and certification, which has increased business opportunities as well as filled a gap in the value chain. FAHE members secured over $470,000 for energy auditor training and equipment. FAHE also organized training in green construction techniques and provided opportunities for member to share Green Innovations at their annual meeting.
- **Intellectual Capital:** FAHE is facilitating surveys and conversations with members to better define the concept of “green” and the features that matter to members and their customers.
- **Social Capital:** FAHE created a Green Performance Compact among its members.
- **Natural Capital:** FAHE encouraged its members to implement waste reduction
practices. One member made worksite recycling mandatory on all jobs.

- **Built Capital:** FAHE members were able to finance 420 new and existing single family and multifamily units that met a nationally recognized green standard. However, FAHE recognizes that this number does not reflect a strong value chain, but rather the will of the nonprofit developers and their use of subsidy.

- **Financial Capital:** FAHE members increased spending that provides one-time benefits to local economies. Based on experience with one member who constructed 30 houses, one house generates approximately $54,050 in local income from construction activities. Approximately 36 FTEs resulted from 30 houses. Seventeen units of the 30 were locally financed with local lenders benefitting from interest payments, and tax revenues to local governments increased by a total of $202,500.

- **Political capital:** FAHE’s research uncovered tremendous inconsistencies in the criteria used by federal and state agencies to finance “green” construction. As a result, FAHE will be working with four state housing agencies to rationalize and align definitions and standards so that standards for financing lead to common standards for inspections and appraisals that recognize the value of quality green and energy efficient construction. This will be a significant boost to the value chain.

Contact: Jim King, FAHE, [www.fahe.org](http://www.fahe.org).

**NEW ENERGY VALUE CHAIN – MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT (MACED)**

MACED in Berea, Kentucky, has worked for over three decades to create economic opportunity, strengthen democracy, and support sustainable natural resource use in Central Appalachia. For its Wealth Creation in Rural Communities work, MACED is working to build a new energy value chain, defined to include energy efficiency and renewable energy. MACED identified the importance of this value chain for low-income Kentuckians through analysis that highlighted the following:

- Energy policy in Kentucky is focused on subsidizing coal, leading to relatively low cost energy as compared to other states, and higher electricity use per capita compared to the national average.
- Aging infrastructure, combined with federal energy policies, is pushing these costs higher, and that is likely to continue.
- The state spends far less on energy efficiency per capita than other states.
- Kentucky’s poorest families had an energy burden in 2007 equal to 55 percent of monthly household income.

Through their research, MACED knew that they had to intentionally create new energy demand – instilling values of efficiency and conservation into organizations involved in Kentucky’s electricity supply chain, as well as creating a robust and sound market where demand and supply for new energy can flourish. They also recognized the need to build shared interests, relationships, and new skills across actors in the chain – including contractors, builders, utilities, suppliers, and a range of government actors.
MACED’s interventions have impacted multiple forms of wealth.

- **Individual Capital**: MACED and partners have provided training in energy efficiency techniques for contractors and homeowners and have established a lending library of energy-related equipment.
- **Intellectual capital**: MACED introduced four electric cooperatives to the concept of on-bill financing for energy efficiency improvements and shepherded related legislation through the State of Kentucky. **How$martKY** will allow families to do energy upgrades that save money and improve their homes, while paying for the work through savings on their energy bills.
- **Social capital**: MACED is intentionally creating alliances and building relationships among a diverse group of partners in support of on-bill financing and the value chain it supports.
- **Built capital**: MACED is retrofitting grocery stores with energy efficient and renewable energy equipment. Once the on-bill value chain begins to operate, energy efficiency improvements will be made to existing housing stock.
- **Financial Capital**: Businesses and households that participate in the energy efficiency and/or renewable value chains are anticipated to avoid the negative impact of rising energy costs and increase the value of their built assets.
- **Political Capital**: MACED works through the Kentucky Sustainable Energy Alliance to provide research and testimony regarding renewable portfolio standards and related issues to state legislators.

*Contact: Jeff Fugate, MACED, [www.maced.org](http://www.maced.org).*

**WEALTH FROM FORESTS – RURAL ACTION**

As an 18-year-old sustainable development organization, Rural Action works to revitalize Appalachian Ohio, including introducing thousands of landowners to sustainable forestry. For its Wealth Creation in Rural Communities work, Rural Action is constructing a **sustainable forestry wood products value chain**, with strong links connecting regional/urban demand to supply from sustainably managed forests in the region. Rural Action identified a number of critical characteristics of the forest sector to illustrate the importance of constructing this value chain:

- Historically, Central Appalachia has sold cheap forest commodities rather than value-added forest products.
- Forest lands in the region are most often held in small parcels without forest management plans, leaving landowners vulnerable to predatory logging practices.
- Small processors are disappearing from the region in record numbers, making it difficult to add value to raw forest products.
- Regional and urban markets are seeking green sustainable building products, but have difficulty connecting to adequate supply.
- Very few parcels in the region are certified by the Forest Stewardship Council, making it hard for landowners to meet the demand for sustainable forest products.
Rural Action’s analysis – based on interviews with large institutions, builders, architects, retailers, trade associations, and brokers – identified a clear opportunity to connect regional/urban demand to small, mid-size, and large producers by motivating architects to specify Central Appalachian hardwood products, and by helping builders and installers purchase and use these hardwood building products (e.g. flooring, stair parts, trim, millwork). The construction of this value chain will enable consumers to purchase certified wood; landowners to engage in sustainable harvesting and develop new income streams; and buyers at retail and wholesale levels to access supply.

Rural Action’s interventions intentionally build multiple forms of wealth.

- **Individual capital**: Rural Action researched the extent to which primary and secondary wood products producers in Central Appalachia market effectively through the internet. Approximately 30% have websites and 70% do not. The majority of existing sites are not high functioning. Rather than attempt to improve internet marketing across the board, Rural Action will focus going forward on businesses that participate in the value chain they are constructing.
- **Intellectual capital**: Rural Action conducted research to identify the demand for green regional certified wood products and is sharing that information with value chain members.
- **Social capital**: A regional forest certification support center is being created in Kentucky that will be able to handle all certification systems for landowners and wood product businesses and accelerate the region’s capacity to deliver product to market through chains of custody. New relationships and trust have had to be built to create the support center.
- **Natural capital**: As the value chain matures, Rural Action anticipates an increase in acres of forest under sustainable management.
- **Built capital**: As the value chain matures, Rural Action will be tracking investments in equipment and certifications, as well as loans made to address infrastructure gaps in the value chain.
- **Financial capital**: Rural Action will be tracking increased earnings and reinvestment by value chain participants.
- **Political capital** may come into play in an effort to encourage LEED to accept SFI and related certifications in addition to FSC and in efforts to encourage municipalities and other potential buyers to adopt policies that favor regionally grown sustainable wood products.

*Contact: Michelle Decker, Rural Action, www.ruralaction.org.*

**CENTRAL APPALACHIAN INITIATIVE CONVENINGS**

From the beginning of this initiative, regional grantees were required to meet together at least twice a year. These convenings were meant to provide a way for grantees to share their challenges and successes, find interconnections between each others’ value chains, and help each other think about ways to overcome obstacles. These convenings also provide a way for the Project Management Team and the Wealth Creation Resource Team to learn more about this approach through grantees on the ground.
The Central Appalachian Initiative grantees are a unique group in that three of the four organizations (MACED, Rural Action and CAN) are a part of the Central Appalachian Network. While not a part of CAN, FAHE had been working and continues to work with MACED. As a result, the group was already fairly close knit.

The four Central Appalachian Initiative grantees have met twice over the past year; once in Summer 2010 in Charleston, West Virginia, and once in January 2011 in Berea, Kentucky. Plans are being made for a third convening on July 28, 2011 in Athens, Ohio. The fourth regional meeting will be held in January or February of 2012 at the time of the cross-regional convening, where grantees in all three regions will be coming together to learn more about each other’s work.

At the first convening, grantees had only been working on their value chains for about six months, so they did not feel they had enough to share. However, this first convening laid the groundwork for the group to function as a learning community.

At the time of the second convening in January 2011, grantees had been working on their value chains for a year. Each organization had a great deal of progress to report. Even better, the participants were beginning to debate the big picture concepts including how value chains operate and the difficulties inherent in attempting to impact all seven forms of wealth at once. One learning that emerged is that while these projects are expected to consider interventions designed to impact seven forms of wealth, in reality, most projects are very focused on interventions that may impact 3-4 forms of wealth, while the other forms of wealth are either minimally impacted or at least not adversely impacted. Grantees also had a lengthy discussion around the concept of a value chain. For example, grantees agreed that, in their experience so far, there is a continuum from a supply chain to a value chain and they all felt that they were somewhere along that continuum, but not quite at the full expression of a value chain. There was some discussion of how the value chain can be a subset of the supply chain; as you experience successes and develop relationships, you are shifting it along that continuum toward being a value chain.

Grantees began to help each other solve problems, particularly in the area of measurement. For example, MACED shared their power analysis matrix of policy stakeholders, which combines measures of collaboration, power and diversity. The baseline shows areas of untapped potential and will be used to intentionally strengthen relationships, recruit more powerful members, and achieve desired diversity. The baseline will be revisited 12 months later to see if the composition of the group has changed. All grantees shared their methods for measuring different forms of wealth in an effort to compare notes and learn different ways of measuring.

Figure 2 shows the current status of wealth creation grantees on the ground.
Figure 2: Status of Wealth Creation Grantees on the Ground as of June 2011
LESSONS LEARNED

Much of the learning from the four Value Chain Construction Grantees is specific to the value chain they are constructing. If you have interest in a particular value chain, we suggest you read the year one reports available from each grantee that will be made available shortly at www.yellowwood.org/wealthcreation.aspx. The interim report captures some of the lessons learned for the initiative as a whole.

ORDER OF OPERATIONS FOR WEALTH CREATION TOOLS

Working with grantees to put the work on the ground has helped clarify the order in which wealth creation tools should be applied. The first tool, systems thinking, is extremely helpful in identifying value chains and exploring the relationships among players in the chain. When you ask, “Who needs to be involved to have a fully functioning value chain that stretches from raw materials to the final consumer?” and “What are the services that need to be provided at each step of the chain to make it work?” it causes value chain intermediaries to reach beyond their comfort zones to grasp and grapple with a larger system.

Once a value chain has been identified, partners begin to define the “values” that the chain needs to produce to satisfy the supply and demand sides of the market. A range of benefits is identified that matter to different partners. These are the “value propositions.” A value proposition answers the question, “What’s in it for me?” Who benefits if, for example, there is a robust regional wood products value chain supplying wood to urban developers and consumers? Developers may benefit by exhibiting their support for the regional economy and by obtaining wood processed to their specifications. Landowners may benefit through higher prices for their timber and through improved long-term management that increases the value of their property over time. Small businesses may benefit by being able to ship relatively small quantities of product more cost effectively as part of a multi-product value chain. Architects may benefit by being able to specify regional product that appeals to their customers. Forestry schools may benefit by increased demand for forest managers and forest technicians. Recreationalists and wildlife lovers may benefit from improved forest management and stronger relationships among forestland owners that lead to new opportunities for recreation and wildlife. The wealth matrix helps value chain intermediaries identify a full range of potential partners that might benefit from the value chain if, in fact, it were to produce seven forms of wealth.

Further analysis yields an understanding of where the existing chain is weak or broken or non-existent and where strategic interventions are needed to make it fully functional. At that point, the wealth matrix, in its many forms, becomes a tool for planning and outcome measurement at the same time, as value chain intermediaries answer the question, “How can we structure each strategic intervention so that it creates multiple forms of wealth?” “How will we impact all seven forms of wealth positively through our suite of interventions?”

As one participant sees it, “First you have a value chain; then you have a wealth creation chain on top of it.”
The wealth creation framework can apply to any value chain. It’s not about what you do; it’s about how you do it. For example, when the Brownsville Community Action Program went looking for an architect to help design green housing developments using a village model, they couldn’t find a single professional in the Lower Rio Grande Valley who understood what they wanted. They finally found one in Dallas. One way to move forward would be to work with the Dallas firm exclusively. Another way would be to establish relationships between the Dallas firm and local firms to transfer intellectual capital to the Lower Rio Grande Valley. One is a wealth creation approach; the other is not. One creates wealth that sticks and leads to an ongoing income stream of new ideas and capacities; the other produces one-time benefits that cannot be replicated or maintained due to lack of understanding.

**THE ROLE OF VALUE CHAIN INTERMEDIARIES**

We are also learning more about the role(s) of value chain intermediaries. The first role of a value chain intermediary is to “hold” the concept of the chain. Value chain intermediaries must understand that value chains are not “projects” and they don’t own them; they are shared endeavors among organizations that voluntarily collaborate for mutual self-interest. Since it may take some years to construct a fully functioning value chain and integrate the support mechanisms needed to make sure seven forms of wealth are being built, and since this requires bringing new players each with different self-interests into the work over time, it is essential that the value chain intermediary keep the “big picture” in mind throughout and find appropriate ways to communicate it, in whole or in part, to all the players as the value chain develops.
Local Food Value Chain: WesMonTy District

Researchers
- WVU (Cheryl Brown, Bradley Wilson, Lewis Jett), Downstream Strategies (Laura Harte), Alliance for Sustainable Families (Calah Young), Food Trust, Food Research Action Coalition, Community Food Security Coalition

Direct Sales Infrastructure
- Philipp Garden Market, other farmers markets

Aggregators
- Tamarack, Bob Corey

Distributors
- Keith Buekhnann, Bob Corey

Government
- Jay Rockefeller, Kasey Rusell, Board of Education (Bob Wilkins), Soil Conservation District (numerous), County Commissioners (Jerald Evans & Brian Kennedy), others

Wholesale Buyers
- Ebenezzer Medical Outreach, Cafe Chimino, Provence Market Cafe, Keeley Steel, Bob Corey, Robin Hildebrand, Maggie Cook, Shop 'n Save, Barbour County Schools

Retail Consumers
- West Virginia Farm2U, Food and Things, Buy Fresh, Buy Local, Ohio Cooperative Development Center

Financing
- NCIF, Local banks, USDA (RMA, NRCS, AMS), WV Specialty Crop Grants, WVU Extension, Benedum Foundation, WV Conservation Agency

Key
- Green: Strong link in the value chain; link contains sufficient redundancy; participants share values
- Yellow: Medium link in the value chain; may lack redundancy; participants may not be brought into the shared values of the chain
- Red: Weak or missing link in the value
- Bold line: Strong, collaborative relationship between value chain links
- Thin line: Medium, cooperative relationship between value chain links
- Dotted line: Minimal, coordination relationship between value chain links
- Rectangular shape: Direct participants in the sub-regional value chain
- Oval shape: Indirect or supportive participants in the sub-regional value chain
- Cloud shape: Participants who support the value chain from outside of the sub-region

Input Suppliers
- Greens Feed and Seed, Valley Gardens, Ripley Feed and Seed, Southern States, Fedco Seeds, Johnny's Seeds, Martin's Produce Supply

Producers
- Approximately 15 producers

Processors
- Stacey Casen - Uncle Bucks, Maggie's Salsa, Kay Kingery, Kelly Gilmore - Mama Mercedes, Robin Hildebrand, Custard Stand, Gourmet Central

Brokers
- Niebert's Produce Auction

Landowners
- Jesse Johnson, Pam and Speedy Curry, John Campbell, Robin Wilson

Other Regional Value Chains
- Greenbrier Valley (Monroe Farm Market, Sarah Riley in Pocahontas County), Charleston, Elkins, Calhoun, and Fayette Counties

Economic Development
- Randolph County Development Authority (Nancy Barlow), Region VII (Rosemary Waggoner), Clay County (Conne Lupardus)

Intermediaries
- CEO, RC&D Coordinator

Training
- WVU Extension (Brook Baker), WVU Extension, WV Small Farms Center, WV SBDC, NCRS, WVDA, Berea Farms (Bob Gregory), Mount West Culinary Institute, Pierport Culinary Academy

Certifiers
- None
A second role performed by value chain intermediaries with relevant content expertise and capacities is to be a niche player in the value chain itself. For example, MACED provides financing for energy efficiency retrofits for commercial enterprises as part of its mission. Rural Action has discovered the need for an entity to broker regionally oriented wood products to make the connection between supply and demand. This is a gap in the value chain that they are going to fill in the short term with the expectation that, as the value chain matures, the broker function will spin off as an independent business. In instances where value chain intermediaries are both “keepers of the chain” and niche players, it is essential that different people (or teams) in the organization take primary responsibility for each function and that they stay in close communication with one another. There is an ongoing need to be simultaneously “in the weeds” actually developing the chain and understanding the nuts and bolts of a piece of it, while also continuing to explore new relationships, analyze, and conceptualize the chain as a whole.

Value chain intermediaries quickly find the need to reach out to new and different partners to understand the value chains they are trying to impact and to construct those chains in ways that create multiple forms of wealth. The process of constructing a value chain seems to help partners begin to define their own core competencies in more focused ways. We hope to see increased specialization, coordination, and cooperation as value chains develop. It is difficult yet essential for value chain intermediaries that are nonprofit organizations to get beyond seeing themselves as having a “project” they are trying to elicit support for and instead see themselves as a vehicle to bring others into relationships around shared interests and self-interests. It is equally essential that they learn to communicate effectively with companies in the private sector and with government, each of which play important roles in market-based development. As value chain intermediaries reach out beyond their comfort zones, they need to learn new vocabularies and be open to new perspectives. We will be working more on helping each other develop these skills next year.

**VALUE PROPOSITIONS**

Understanding value propositions is critical to constructing a value chain. Not every player in the chain will be seeking the same types of benefits. The intermediary needs to clearly understand what is in it for each participant in order to discern the best way forward and to balance sometimes competing interests for the greater good. For example, the utility companies that have agreed to pilot on-bill financing are not interested in taking a stand for renewable energy that could be perceived as anti-coal; yet they have strong self-interest in working with MACED to achieve energy efficiency even though MACED also supports renewable energy.

**HOW VALUE CHAINS CAN BENEFIT LOW WEALTH PEOPLE AND COMMUNITIES**

We have identified four different ways that value chains can benefit low wealth individuals, households, and communities. The first is through direct engagement as a supplier in the value chain. Chains can be intentionally structured with the infrastructure and supports required to incorporate low-wealth producers. Second is by growing businesses in the chain that provide jobs to low-income/low-wealth people,
either directly or by purchasing product from them. Third is by producing a good or service that benefits low-wealth consumers, for example nutritious food or literacy training that leads to job advancement. Fourth is by helping low-wealth individuals, households, and communities avoid costs, for example by providing energy efficient housing, group certifications, or opportunities to turn waste into a productive asset. The four possibilities, as producers, laborers, consumers and through cost avoidance are in no way mutually exclusive. As with all value chain development, the focus needs to be determined in context.

**BRINGING VALUE CHAINS TO SCALE**

Bringing value chains to scale and engaging buyers for the long haul may mean extending an invitation to a wide range of suppliers including those that are not low-wealth and low capacity. It is their engagement and commitment that can open the doors to new opportunities for smaller and lower capacity businesses if the value chain intermediary remains committed to that intention. For example, by partnering with Mullican, a large finished and unfinished hardwood flooring manufacturer in Southwestern Virginia and Northeastern Tennessee to help them reach new markets with their certified green product line, Rural Action can open up opportunities for smaller millwork and custom manufacturers that they could never develop by themselves.

It is also important to think about anchor buyers and investors on the demand side of the value chain. For example, a contract to purchase agricultural products can be used by a farmer to secure financing for expansion. A private sector investor may be interested in installing a solar farm from which he or she can garner tax credits for a certain period of time and, once the credits have run out, the infrastructure can be “flipped” to municipal or another collective form of ownership. Corporate partners have invested in the Forest Stewardship Council (FSC) certification for minority forest landowners as a means of increasing their access to certified pulpwood and lumber. It is important to the sustainability of this approach that buyers stabilize value chains and develop robust relationships with a diverse set of buyers, some of whom are larger than others.

We are beginning to recognize what it means to **invest in a value chain** in contrast to investing in a single, isolated enterprise. When investing in a value chain, there are at least four different types of investments that may be needed. The first is in the capacity of a value chain intermediary to conduct an analysis of the value chain and build relationships among its component parts. The second is in the capacity of each of those parts to operate as contributing members of the chain. In some cases, this may mean building the capacity of individual businesses that already exist but need to change the way they do business to better meet the needs of the chain. For example, a tour bus operator may need video screens on the bus to help inform tourists about various options in community-based tourism, or a farmer may need post-harvest handling equipment to improve product quality for wholesale buyers. In many value chains, there is a need to invest in new and emerging businesses to fill gaps in the chain. For example, a value chain that moves regionally oriented wood products needs a broker that will aggregate products and deliver them to buyers within and outside the region. That business doesn’t exist today in the Wealth From Forests...
value chain. Finally, many value chains can benefit from investment in shared services or infrastructure whether related to marketing, training, supply procurement, aggregation, storage, processing, insurance, or distribution. We are in the process of learning about value chain investment opportunities and how best to match those opportunities to appropriate financing mechanisms and relationships.

HOW THE FORMS OF WEALTH RELATE TO ONE ANOTHER

The work on the ground to date suggests a clear order in which to build wealth for maximum returns. The first three forms of wealth to build are intellectual, individual, and social. Intellectual wealth provides new ideas and ways of imagining what is possible. Until this happens, nothing will change. However, it’s entirely possible to have great ideas and not the skills required to implement them. That’s the individual capital piece of the equation. Whether it is skills for energy efficient commercial renovation or sustainable forest management, it’s not possible to create new value without some new skills. However, if you have ideas and skills, but no connections, associations, or trusted relationships, there is no way to build a value chain. Inventors often fail to commercialize their ideas due to lack of connections with appropriate others. Intellectual capital needs social capital to get to scale and individual capital to be applied. When we invest in natural capital, built capital, political capital and financial capital without first creating (or restoring) intellectual, individual, and social capital, the returns are rarely what we hope for. On the other hand, when intellectual, individual, and social capitals are robust, investment in the other forms of capital can yield real returns. We will continue to test this hypothesis on the ground.

All the value chain intermediaries recognize the importance of social capital – trust and relationships; however, many share the assumption that social capital must take a long time to create, and, since it is essential to well-functioning value chains, the wait can slow things down. We think there may be ways to speed up the accumulation of social capital by intentionally creating demonstrations of reciprocity. Reciprocity establishes trust. When one person asks another for something and receives what they asked for and then the process is reversed, it seals a bond between them that is greater than what is formed through basic social contact, and even greater than what is formed through shared experience. To test this hypothesis, we are encouraging grantees to consider how to embed reciprocal exchanges in relationship building during value chain exploration and construction. We are interested to see if this leads to a shortening of the time frame for creating strong and resilient social capital.

We are beginning to learn about the types of partnerships that can be created to support value chains that create multiple forms of wealth. For example, virtually every value chain requires an investment in skill development (individual capital). To function effectively in a value chain, suppliers must be able to produce to specific standards that are often made explicit through some form of certification. Therefore, training that results in certification is a component of many chains. In many instances, the capacity to provide the training must also be sought out and developed. For example, FAHE discovered that community colleges in Kentucky were not well equipped to provide training for energy auditors, but the New River Center for Energy Research and Training (NRCERT), funded by the U.S. Department of Energy
and located in Virginia, was just the ticket. Similarly, MACED found a need to import trainers of the appropriate caliber into the region.

New ideas about what is possible (intellectual capital) are at the heart of much of this work and it often falls to value chain intermediaries to introduce those ideas. For example, MACED brought the idea of on-bill financing to Kentucky utilities based on in-depth research of models around the country that address energy efficiency upgrades for low-income households. In every instance, we are seeing a need for the capacity to undertake research and adapt best practices to local circumstances. If the value chain intermediary does not have this capacity, they must partner with others to access it. Partners might include nonprofits, universities and private sector researchers.

Every value chain intermediary, without exception, has identified public and/or private policies that have the potential to significantly impact the functioning of the value chain they are working to construct. For example, adoption of on-bill financing creates demand for energy efficiency retrofits that would not otherwise be action-able because low-income people would have no way to pay for the service. In another example, the lack of a shared standard for energy efficient construction of affordable housing endorsed by financing agencies, builders, appraisers and insurers creates significant barriers to an effective value chain. Creating such a standard based on the real benefits such housing delivers to low-income households would create whole new levels of efficiency and opportunity in the green housing construction value chain. Likewise, food safety regulations and purchasing policies significantly impact regional food system value chain development opportunities. Therefore, intentionally developing political capital as part of value chain construction by pulling in and forming relationships with a wide range of organizations that stand to benefit from a fully functioning chain and connecting with advocacy groups becomes a critical part of a value chain construction strategy. Political capital is strongest when it is comprised of diverse voices. For example, MACED has pulled faith-based institutions, private sector businesses, housing groups, environmental groups, labor, economic justice, economic development, agriculture and government together to create political capital.

So far, we are seeing impacts on built capital through 1) investments in machinery and equipment that either improve productivity or fill gaps in value chains and 2) improvements in the quality of existing built capital through energy retrofits or adaptation to using renewable energy technologies. As value chain construction advances, we expect to see increased investments in information technology (software and hardware) that improves the capacity to capture and share relevant information in real time throughout the chain. Some recurring infrastructure gaps seem to exist in the areas of product aggregation, processing, and distribution. Effective investment in built capital often requires investment in intellectual and individual capital (understanding of options and skills) and connections with financial capital as well as awareness of the relationships between built and natural capital to be sure natural capital is not undermined through investments in built capital. Partners in built capital investment include financiers as well as site developers, builders, energy efficiency experts, and materials suppliers.
The type and degree of impacts on **natural capital** range from improving the quality of productive lands through better management practices in agriculture and forestry, to avoided use of fossil fuels through energy efficiency and renewable energy, to waste reduction and reuse in housing, to restoration of habitat and ecosystem services through long leaf pine planting, to reuse of white goods recovered from dump sites. Over time, we anticipate the development of value chains that focus in whole or in part on natural resource restoration and/or waste reduction and transformation of waste into resources. Investments in intellectual, individual, and social capital are often needed to realize enhancement of natural capital. Natural capital partners include producers that rely on natural capital (e.g. farmers, fishermen, forest landowners) as well as those who own or control the use of natural capital.

The way we think about **financial capital** in a wealth creation framework is leading to new measures and new ideas about how to aggregate and invest in support of wealth creating value chains. The first lesson requires distinguishing between income and wealth. Measures of financial capital go beyond what is earned to ask how those earnings are used. To what extent are they re-invested to create one or more forms of wealth at the community, enterprise or household level and to what extent are they simply consumed? One of the best indicators of the success of a value chain is the extent to which its members or beneficiaries are able to re-invest based on earnings. We have also begun to investigate the connections between value chains and social impact investors and lenders. What does it mean to invest in a value chain and how is this different from investing in a single enterprise or entrepreneur? What capacity is needed to identify investments that serve an entire value chain and then structure those investments so that the target enterprise, community, or entrepreneur is able to use them effectively to serve the value chain and repay their debt over time? We expect to learn more about the answers to these questions in the next year.

**VALUE CHAIN EXPLORATION**

We have developed a process for value chain exploration that begins with an introductory wealth creation workshop, followed by an opportunity for participants to apply for small ($10,000) value chain exploration grants accompanied by technical assistance from Yellow Wood Associates. Selected grantees receive significant guidance in defining and exploring a value chain of their choice in a regional context. The eight 2010 Value Chain Exploration grantees in the South were:

**Alabama Sustainable Agriculture Network (ASAN) – Wilcox Dallas, Dale, and Marenjo Counties, Alabama:** ASAN worked with partner organizations to explore and develop value chains to build and meet a growing regional demand for healthy food. Value propositions include improved access to healthy food for consumers, improved food security for regional consumers and buyers, improved market opportunities and new skills for growers, business opportunities for processors and distributors, and protection of the environment through sustainable production practices. The value chain includes institutional buyers, consumers, processors, packagers, service providers, agricultural educators, growers, suppliers and others needed to increase the supply of sustainably grown agricultural products that increase and meet market demand.
Emerging ChangeMakers Network (ECN) – The Black Belt, Alabama: ECN explored mobilizing and deploying social venture capital for investment in wealth creation businesses in the Black Belt that impact the seven forms of wealth within the context of a value chain. The ECN value chain includes both private and public sectors, including emerging leaders, social investors, banks, faith-based institutions, CDFIs and other entities that aggregate capital and offer lending services, triple-bottom line businesses, Chambers of Commerce, education institutions, and business support organizations, among others. Value propositions include additional resources for the community, innovation of new business opportunities, job creation and stronger local economies, more broadly shared risk among an increased number of investors, and reinvestment in the environment, among others. This effort is lead by a network of next generation leaders in the South and is building social capital critical to the future of the region.

National Wildlife Federation (NWF) – The Black Belt, Alabama: NWF is anchoring a collaborative effort to engender investment in developing a green forest products value chain to meet the growing demand for lumber and materials that are sustainably produced. The value chain includes a group FSC-certificate for landowners, universities, urban and rural consumers, primary and secondary wood processors, truckers, foresters, financiers, certification groups, and others needed to market and produce green wood products to meet market specifications. Value propositions include the ability to meet regional needs using regional resources while simultaneously improving the quality of the natural resource base, creating jobs, developing a skilled labor pool and increasing returns on the land base for small landowners.

Sustainable Rural Regenerative Enterprises for Families (SURREF) – Wilcox County, Alabama: SURREF is leading a collaborative of community partners to promote community-based tourism to meet a growing demand for engaging ecological and cultural tourism. Community-based tourism is defined as tourism that is based in the community’s space and where members have substantial control of and involvement in any tourism effort and receive the majority of the benefit. Possible products include: home stays and farm, local foods, and cultural tours. The value chain includes urban consumers, tour companies, transportation, local government, tourism-based businesses, tourism associations, and landowners, among others. Value propositions include innovation of new business opportunities, job creation and stronger local economies, new destinations and products for expanded tourism markets, positive public image, and others.

Children’s Defense Fund/Southern Rural Black Women’s Initiative, Mississippi Action for Community Education (MACE), and Quitman County Development Organization (QCDO) – Bolivar, Holmes, Humphreys, Issaquena, Quitman, Tallahatchie, Tunica, Washington, and Yazoo Counties, Mississippi: This collaborative explored expanding the work of members to address critical health issues, including obesity, diabetes, and heart disease, by increasing the accessibility of healthy food. The “health is wealth” value chain focuses on the production of naturally-grown foods supplied to a broad range of institutional consumers where youth, parents and the general public are engaged in healthier living education and practice. The value chain includes early learning center staff,
parents, doctors, health officials, insurance companies, aggregators, farmers, extension, and environmental groups concerned about improved water quality resulting from more sustainable farming practices, among others. Value propositions include improved access to healthy food for consumers, improved health and reduced health care costs, enhanced food security, improved market opportunities and new skills for growers, business opportunities for processors and distributors, reduced contaminants and improved water quality through sustainable production practices.

**Nollie Jenkins Family Center (NJFC) – Holmes County, Mississippi:**
Youth at the NJFC seek to restore impaired natural capital and build individual, financial, and social capital by reducing the number of illegal dump sites in the county. They conducted research in the community regarding attitudes, barriers, and opportunities for recycling and waste management in an effort to develop value chains around remediation, recycling of white goods and other items, and composting. The value chain includes Department of Environmental Quality (DEQ) and other government agencies, environmental non-profits, local government representatives, repair and waste management businesses, transporters, consumers, health providers, Delta State University, and farmers, among others. Value propositions include improved water quality, removal of contaminants, reductions in animal and insect borne diseases, innovation of new business opportunities, job creation and stronger local economies, increased environmental awareness and new skills, and enhanced collaboration across interest groups.

**Rural Community Alliance (RCA) – Chicot and Phillips Counties, Arkansas:**
RCA worked in two school districts to explore and pilot Youth Empowerment Networks (YEN) based on a youth philanthropy model where youth, community members, alumni and other individuals with ties to the community supply time, talents, and treasure to social enterprises and other recipients of philanthropic dollars. The value chain includes: enterprises, the banking community, community foundations, municipal officials and city leaders, youth, alumni and other residents who have left, faith-based organizations, and educators, among others. Value propositions include: next generation leaders are provided tools and skills for leading their communities, broader engagement as the community supports their youth, new resources from outside for development, innovation of new business opportunities, job creation, and stronger local economies, among others. The youth are engaged in evaluating and modifying the program so that it can be replicated by RCA.

**alt.Consulting – Arkansas, Desha, Drew, Chicot, Jefferson, Lincoln, Monroe, and Phillips Counties, Arkansas:**
Building on their experiences working with a variety of businesses and lending mechanisms, alt.Consulting began by exploring value chains in renewable energy, medical supplies and services, and technology. Early in the process they identified renewable energy as the value chain with the greatest potential and then engaged stakeholders to identify shared interests across the chain, coupled with providing direct support for enterprise development. The renewable energy value chain includes institutional and individual consumers, landowners, aggregators, equipment manufacturers, enterprises, business support providers, utility companies, financing entities, community colleges, and local government, among others. Value propositions include reduced carbon emissions,
reduced transportation costs when energy is produced close to where it is used, less expensive inputs, reduced need to build expensive power plants, meets the growing demand for “green” products, increased business activity and tax base, job creation, and stronger local economies, among others.

In 2011, three additional value chain exploration grantees were added in the Lower Rio Grande Valley of Texas. All three are working in the four counties of Hidalgo, Starr, Cameron, and Willacy:

**Community Resources Group (CRG)** – CRG has worked to make life better for low-income, hardworking families and small communities since its incorporation in 1975 by assisting small, rural communities in their work to solve water and waste disposal problems and create affordable housing. CRG has provided guidance to the Wealth Creation initiative as it has moved into the Lower Rio Grande Valley, including organizing and recruiting participants for the introductory workshop on wealth creation in the Valley. Subsequent to the workshop, CRG was selected as a value chain exploration grantee to explore a value chain that integrates low-wealth rural subcontractors into the housing construction value chain in the Valley, particularly for affordable, energy efficient housing.

**South Texas Adult Resource and Training Center (START)** – START has been providing GED programs in San Benito, Texas since 1992. START is exploring a recruitment/retention value chain that will be strongly tied to the demand side of the market, providing literacy training, on-the-job mentoring, and other services to meet the specific needs of a series of employers, colleges, and other demand-side stakeholders. The value chain is being designed to meet demand for a skilled workforce from existing businesses in the Valley, potential businesses that may come to the Valley, and the generation of new businesses from within the Valley, which are place-based and locally owned.

**Community Development Corporation of Brownsville & Youthbuild (CDCB)** – CDCB has been providing safe, sanitary housing to the citizens of Brownsville since 1974 and is the largest non-profit producer of single-family affordable housing for homeownership in Texas. In cooperation with the University of Texas at Brownsville and Texas Southmost College, CDCB is exploring a green affordable community-based housing value chain that seeks to upgrade housing standards in existing low-wealth communities (colonias) and provide new green affordable housing in a manner that builds and supports multi-functional communities.

**LESSONS LEARNED ABOUT VALUE CHAIN EXPLORATION**

Recruiting for introductory wealth creation workshops takes time and requires outreach to a wide range of individuals and organizations in a target area to identify those who have a genuine interest in learning about a new approach to development. Ideally, participants should include people who work in the same sector and at different places along a potential value chain as well as organizations of varying size and capacity. Workshops have been promoted as strictly opportunities for learning and networking; participants are not made aware of funding opportunities until the conclusion of the workshop. Participants should include members of the public,
private, and government sectors and may also include interested funders. We have had 30 – 60 participants in each introductory workshop. Workshops require 1-2 lead facilitators and benefit from additional facilitators at each table.

It is possible to accommodate more than one sector focus in each workshop. In theory, the wealth creation approach can be applied to any sector or combination of sectors. Grantees seem to be finding the greatest traction in sectors with:

- Identifiable demand and a strong private sector component to demand
- New emerging market opportunities
- Potential for significant impact on equity and economic opportunity going forward
- Enough players at different places along one or more possible value chains in the sector that are open-minded and willing to explore new ways of doing business.

The wealth creation approach applies equally well to value chains that produce goods, services or some combination of the two.

**Carrying Out a Value Chain Exploration**

In working with the first set of eight Value Chain Exploration grantees in the South, we began to discover the steps required in completing a successful value chain exploration. These steps take eight to twelve months to complete and include:

- The grantee identifies a local lead that will be the primary point of contact with Yellow Wood Associates. The local lead may choose to engage as many partners as they wish in ongoing communications with Yellow Wood.
- A coach from the Yellow Wood Wealth Creation Team is assigned to each Value Chain Exploration grantee. Coaches are available to provide guidance and technical assistance throughout the process, through workshops, conference calls and help with specific project tasks.
- When the value chain and/or sector are new to the grantee, it may be necessary to bring in a “content coach” – someone who is well versed in the specific sector and technical aspects of the value chain.
- The coach facilitates a workshop onsite with grantees and their outreach teams. The workshop is critical to making sure that everyone understands what the work of exploring a value chain entails. This workshop provides a basic introduction to the concepts of the seven forms of wealth, the wealth creation approach, value chains, and value propositions. This workshop sets the stage for the outreach team to begin to have conversations with potential partners in the value chain.
- Narrowing down the value chain. Many grantees have a very broad idea of their value chain. Part of the work of exploration, which begins at the beginning but happens throughout the grant, is to narrow down the various possibilities into a very clear, specific and feasible value chain. However, especially as the complexity and number of partners becomes apparent, there is also a tendency to focus the value chain too narrowly on a specific product or service and to lose sight of the regional picture. We have found it useful to talk about more limited and/or specific product value chains as “chainlets” within a bigger regional system value
• Clarifying value chain components and potential partners. One outcome of the initial onsite workshop is greater clarity around what the value chain looks like and which organizations or entities may find self-interest in being part of the value chain. This list typically expands over the period of exploration.

• Focusing on the demand side. Throughout the Value Chain Exploration grant, coaches help grantees focus on the demand side of the value chain, identifying anchor buyers as well as understanding the needs of individual consumers where appropriate.

• Developing questions for interviews with potential value chain participants. Many groups are familiar with the process of talking to various funders and organizations asking for funding to support a particular project. This is not the conversation we are encouraging grantees to have with potential participants in the value chain. The value chain exploration conversation involves explaining the value chain the grantee wants to help create in the region and asking potential partners what the benefit of such a value chain might be to them. The key is not talking about the benefits the interviewee will derive from this value chain, but asking them how they think such a value chain might add value to what they are doing and/or help them overcome existing challenges.

• Monthly calls. Through monthly calls, coaches and grantees can check in with each other. Grantees can discuss what progress they’re making, the barriers they are experiencing, and the coach can help to think through ways of overcoming those barriers. The coach uses these calls to help grantees move through their workplan efficiently and effectively. It is critical on these calls that the coach asks questions and doesn’t make assumptions about the grantees’ understanding of the wealth creation approach.

• Workplan/timelines. A workplan and timeline is part of the Value Chain Exploration grant proposal. However, the workplan and timeline may change somewhat throughout the grant period as new information comes to light. Part of the coach’s role is to help the grantee get where they need to go by the end of the grant.

• Facilitate connections with groups outside the region. Through actual and virtual learning journeys, coaches help grantees, who are often in high poverty, isolated regions, to connect with successful examples, outside their region, of the types of value chains they are exploring. An actual learning journey typically requires extra financial support to facilitate travel outside the region. Decisions on support are made by the Wealth Creation Project Team based on the merits of the proposed learning journey and the likelihood of sharing of impactful experiences and information. The virtual learning journey does not require additional money, but still requires some time for planning. The coach acts as a facilitator to help sharpen the questions grantees will ask of their hosts. It is critical to be sure that the group you’re visiting is a bona fide success.

• Workshop with potential value chain participants. The conclusion of the Value Chain Exploration grant is a workshop bringing together potential value chain participants, who were contacted through interviews and who found an acceptable value proposition for being involved in this new value chain. This workshop is an opportunity for the engaged partners to: begin to learn more about the other parts of the chain; identify a shared goal and vision; identify next steps that
may include working together to determine how best to develop the chain; and identify gaps for which to seek additional resources and investments.

• Reporting. Grantees are responsible for delivering a written interim and final report summarizing the results of their value chain exploration. The final report of a successful value chain exploration grant should include an analysis of the current status of the value chain, areas that need to be addressed to bring the chain to scale, and a list of committed and potential partners and support service providers along with their value propositions.

• Follow-up conference call. Coaches work together to plan and facilitate a conference call with all Value Chain Exploration grantees in a given region within six months following the end of the grant period. This call provides the opportunity for grantees to share experiences with one another, form alliances as appropriate and update coaches about ongoing activities.

Characteristics of Successful Value Chain Exploration grantees

Based on our experiences to date, successful Value Chain Exploration grantees:

• Understand that value chains are not “projects” and they don’t own them; value chains are shared endeavors among organizations that voluntarily collaborate for mutual self-interest.

• Have staff capacity and an engaged core group of individuals from different organizations or communities committed to the value chain exploration. This is the outreach team that actually conducts the exploration.

• Have a history of partnering successfully with other organizations. The value chain approach is all about collaboration. Therefore, the more experience and skill an organization has with partnering with others to accomplish shared goals, the more likely it is to be able to effectively explore a value chain.

• Are working with a reasonable value chain that is clear and feasible. Many groups begin with an array of value chain ideas. They must be willing and able to focus in on one idea that is a good match for place-based resources and market demand.

• Are open-minded, curious and open to new ideas and willing and able to try a new approach. Value chains and the wealth creation framework are a different way of thinking about development. Groups that want support to continue the work they are already doing are generally poor candidates for value chain exploration grants.

• Are risk taking organizations, not afraid to try something different. It is necessary but not sufficient to have committed staff; the organization itself must be willing to explore a new approach and reach beyond its existing contacts.

• Are entrepreneurial. Value chains are business propositions. Groups that have a history of focusing on meeting needs through philanthropic activities need to be willing and able to think in terms of participation in market-based business development to be effective in value chain exploration.

• Are responsive and engaged. The best value chain exploration grantees are those that embrace coaching and technical assistance and communicate their insights and questions on a regular basis.

Value chain exploration requires a mix of research and relationship building activi-
ties. As one grantee discovered, “First I thought this was about research; then I thought it was about building relationships. Now I see that it’s about both.”

Value chain exploration is successful when it: 1) results in a clear understanding of what currently exists and the opportunities and barriers to change; 2) brings value chain partners into new relationships with one another and with the demand side of the market so that they come to understand the intersection of their self-interests and shared goals; 3) offers insights into what is possible by exposing value chain explorers to examples of what has been accomplished elsewhere; and 4) begins to identify potential value chain investors that will benefit from a fully functioning value chain. The strength of the place-based approach is in building the capacity of people with a strong commitment to place to understanding their circumstances and resources while at the same time introducing them to new ideas, ways of thinking, and examples of successful value chains similar to those they seek to understand and create. This is not simply “best practices” work in which people in need are expected to adapt what others have achieved, nor is it simply expecting people in poor places to use what they’ve got to make a difference; rather, the wealth creation approach connects people in place with those outside their place who have relevant experience to share in a way that allows them to build new relationships and recognize new opportunities.

Value chain exploration and construction grantees seem to benefit from two types of support: coaching and technical assistance. Coaching involves assisting grantees in understanding the wealth creation approach and explaining it to others. Coaches work with grantees at every step, facilitating workshops with outreach teams, scripting conversations with potential value chain stakeholders, problem-solving and brainstorming on a regular basis. Technical assistants provide subject matter and sector-specific expertise to grantees. Most grantees begin with a rather general idea of the value chain they wish to explore or construct and the more they learn, the more they realize they need to learn to be able to work effectively with others as the chain takes on depth and form. Value chain exploration and construction requires a steep learning curve. Not only do grantees need to understand the concepts of value chains and wealth creation, they need to apply them within a specific value chain. To do that, they need to understand the work of the value chain and the work of each component in the chain as well as the market conditions under which the chain operates. Generally, this requires some expertise beyond that which the value chain intermediary organization already has; hence the need for timely and responsive technical expertise. We use the Resource and Policy Development Team as a source for referrals and flexible funding to support targeted technical assistance to grantees.

Measurement & Wealth Creation

Wealth creation grantees are using the wealth creation framework, in conjunction with value chains, to design interventions, create and implement baseline measures, and measure the impact of interventions that intentionally create seven forms of wealth without undermining any one form to create any other. The wealth creation framework requires grantees (who are generally economic development practitioners) to think through how each intervention can contribute to each form of wealth. While it is not necessary that every intervention contribute to all seven forms of
wealth, it is required that all seven forms of wealth be positively and intentionally impacted by the combined suite of interventions in any given value chain. This is because only by building all seven forms of wealth will we create the conditions for sustainable livelihoods.

LESSONS IN MEASUREMENT

Developing effective and meaningful measures begins with the design of strategic interventions. We are increasingly using You Get What You Measure® (a process developed by Yellow Wood Associates for participatory analysis of goals and indicators in a systems context that results in measures and aligned actions) with value chain intermediaries and value chain stakeholders to identify key leverage points in value chain construction. Once key leverage points are identified, value chain intermediaries work with stakeholders to design and implement interventions that will move leverage indicators in the desired direction. This is where the wealth creation framework comes in.

If, for example, one strategic intervention has to do with training community-based tourism providers in hospitality skills, there are many ways to do this. One way is to bring in training not available in the region and offer it on a one-time basis. Another approach is to bring in training not available in the region and engage training resources in the region to identify their self-interest in developing the capacity to offer the training on an ongoing basis. If the training is in response to demand and the intended outcome is a world class experience, it will build natural capital through attention to waste reduction and recycling; financial capital through increased business efficiencies and increased revenues; intellectual capital through increased understanding of target markets and the tourism industry; built capital through improved capacity for information management; social capital by bringing providers together for shared experiences throughout the training period and intentionally building reciprocal relationships; and political capital directed at gaining the attention of state tourism offices that do not currently understand or promote community-based tourism.

Thinking through how the seven forms of wealth can be built through a single intervention shapes the way in which the intervention is designed and implemented. This process has led to interventions that are different than “business as usual.” The process of thinking through these interventions in a wealth creation framework is proving to be transformative.

Once the intervention (and/or suite of interventions) is designed to build seven forms of wealth, integrating measures and a measurement system in the intervention itself is relatively straightforward. We continue to learn how to introduce measures in ways that are not burdensome, but rather contribute directly to improved outcomes. This is easiest to do when measurement is incorporated as a requirement from the outset. Measures are only meaningful and useful for learning purposes if they are tied to the goal, key leverage indicators, and resulting interventions of the value chain intermediary and stakeholders. What is critical is that these measures are seen as assessing impact, not just the completion of activities whose actual impact on attaining the desired outcome of the value chain is unknown.
One size does NOT fit all. Each value chain intermediary develops their own measures of each of the seven forms of wealth. However, value chain intermediaries that work in a network, of which CAN is currently the prime example, are gaining tremendous new insights into their work by implementing the same measures consistently across the network. When organizations are working together intentionally toward a shared goal, sharing measures is a powerful way to increase cohesion and competence across the network. There is a place for limited standardization. The specific measures CAN members use, however, are specific to their work and interventions and will not be appropriate for other networks and/or value chain intermediaries.

We are in the early stages of learning about the impacts on value chain construction of sharing baseline measures created by value chain intermediaries with other stakeholders in the chain. As more value chains are constructed, we hope to learn about effective real-time information sharing as a way to increase value chain productivity and bring stakeholders into new relationships with one another. We also hope to learn more about best practices in engaging value chain stakeholders in measuring in ways that have direct benefit to stakeholders and the value chain as a whole.

In the meantime, we are learning about commonalities in approaches to measuring each type of wealth. For example, individual capital is often measured in terms of skills. Every value chain we’ve seen so far requires some investment in skill development to succeed. From a measurement standpoint, we are not interested in the number of people trained; we are interested in the number of people who actually evidence mastery of new skills in action. We are finding that one way to measure mastery of skills is to tie it to obtaining some form of certification and/or to success in transactions that depend on mastery of skills. For example, only a farmer that has mastered post-harvest handling skills will be able to sustain sales in the wholesale market. The fact that sales are sustained is evidence of skill mastery.

In measuring political capital, we are learning about the value of power analysis in determining who has voice and who does not in relation to particular policies and in becoming intentional about building effectively diverse coalitions to effect change. In measuring financial capital, commonalities have emerged around understanding the difference between income, revenue, and wealth. Value chain intermediaries are learning to measure investments in wealth creation by value chain participants and beneficiaries, rather than simply the increases in income or revenues. While types of investments vary from chain to chain, differentiating investment from consumption of financial resources is a common factor.

Social capital is about trust and networks and reciprocal relationships. We have worked with grantees to use a continuum of networking, cooperation, coordination and collaboration to map the quality and intensity of relationships developed in a value chain.

Value chains that impact built capital tend to do it through either improvements to existing capital or creating new capital. To count as wealth creation, built capital needs to not only fill a niche in the value chain, but should also incorporate improvements in one or more of the following: energy efficiency, siting, stormwater, drinking
water, and wastewater management and/or reductions in waste and emissions or other contributions to restoring or maintaining unimpaired natural resources.

Measures of natural capital we have seen so far are composites of management practices applied to units of landscape as in the number of acres under sustainable forest management. None of the value chains developed so far is built explicitly around ecosystem services or restoration.

In developing measures of intellectual capital, grantees have had to identify the new ideas to be spread through their interventions, the target audiences for those ideas, and the changes in behavior that will result if those ideas are understood and accepted. For example, if retailers understand the value to them of access to regionally oriented wood products, evidence may include investing in a marketing campaign to create demand and support an emerging value chain. We are not interested in how many people have been introduced to new ideas per se; we are interested in the behavior changes that result from new understandings of what is possible.

In addition to measuring outcomes related to specific interventions, we are working with grantees to create what we call “framing measures” to put those outcomes in perspective. Framing measures show the full extent of the need or opportunity in a region and allow grantees to seriously consider what it would mean to bring their efforts to scale and have a meaningful regional impact. This consideration can affect the targets set by value chain intermediaries and the partners they choose to engage. For example, if the intervention is designed to create affordable energy-efficient housing for low-income households, how many such units currently exist and how many would be needed to satisfy demand in the region? In some instances we are learning that it is difficult or impossible to readily obtain the information needed to frame the need or opportunity. Lack of information can be an intellectual capital gap in a value chain that requires investment to address. Without framing measures, it is impossible to put the contributions of value chains into perspective and to set plausible targets that will have meaningful consequences at the regional level.

GETTING TO SCALE
Regional value chains integrate low-wealth communities into larger regional economies for the benefit of both.

The Wealth Creation in Rural Communities approach is testing the hypothesis that sustainable development of low-wealth rural areas will only occur if and when they are integrated into larger regional economies in ways that serve shared interests and do no harm to any of the seven forms of wealth. We are emphasizing demand driven value chains because the resource base of rural communities, when properly invested in, can supply a population base that far exceeds its own. We believe rural areas have the capacity to provide solutions to some of the most pressing problems facing urban and suburban areas including the need for clean water, clean air, wholesome food, renewable energy, efficient manufacturing, waste transformation, a skilled workforce, and recreational opportunities. Implementing the wealth creation approach means re-thinking rural-urban relationships so that the concept of reciprocity between rural and urban parts of a region replaces urban dominance. This will require
changes in attitudes and behaviors of rural and urban and suburban residents, businesses, and policy-makers.

Within the context of Wealth Creation in Rural Communities, “regional” is a loosely defined concept. In general, we are looking for value chains that 1) connect producers and buyers that were not previously connected (or can be connected in new ways) and 2) that engender investment in low-wealth communities that is owned or controlled by those communities for the benefit of the entire population. Low-wealth communities in low-wealth regions suffer from a lack of non-exploitative connections to the larger economy. They are cut off and overly dependent on government transfer payments, or employment with firms they do not in any way control or influence. By learning how to connect people and businesses with each other and with the demand side of markets they can supply, we hope to create wealth that sticks in rural areas and is controlled by and for the benefit of all people.

We are also looking for value chains that represent value for urban consumers derived from production in rural places. Through this initiative, we are seeking to re-position rural areas, including low-wealth rural areas, as significant economic contributors to larger regions worthy of investment that sticks.

In general, we are not interested in local “projects” that benefit a single community. Rather, we are interested in creating value chains that benefit multiple low-wealth producers, laborers, and consumers and produce cost savings. We recognize that different value chains will be scaled differently. Some will begin at a small scale (e.g. with a handful of relatively low-volume producers and a few key buyers) and take time to grow while others may begin at a larger scale. This will depend on existing productive capacity in relation to demand and the time required to expand that capacity. Each value chain will serve a different geography. Some may have producers located in close proximity within a cluster, while others may form producer alliances that cross state lines. Some may have local demand sufficient to support a value chain, while others may cultivate demand in urban areas many miles from the center of production.

We are most interested in learning how value chains can be developed and then appropriately scaled to impact a significant number of communities and households without undermining any one form of wealth to create another. We want to work together with grantees to test the following assumptions and discover answers.

Assumption #1: There are buyers and other investors (e.g. governments, social impact investors, value chain beneficiaries) that will see it in their self-interest to invest in non-exploitative value chains rooted in low-wealth regions because there will be a clear return on investment.

Assumption #2: Rural areas have significant benefits to offer urban areas when rural areas have appropriate investment. Goods and services with particular value to urban areas include, but are not limited to: renewable energy, food, climate change mitigation, clean air and water, forest products, recreation and tourism, and flexible manufacturing.
Assumption #3: If we drop the rural/urban language and focus on providing goods and services to meet demand within a region, benefits will flow to and can be captured by and in low-wealth rural areas.

Assumption #4: With sufficient skills and patience, it is possible to establish connections between low-wealth and wealthier parts of regions such that mutually beneficial value chains can be identified, established, and maintained that will reduce inequality over time.

As we work with more grantees on the ground, we learn more about interventions needed to “get to scale” that apply across many value chains. The first type of intervention has to do with coordinating or aligning standards or regulatory requirements. For example, FAHE discovered there are many different definitions of “green” and “energy efficiency” used as criteria for federal funding and none of them address the benefits to homeowners. Similarly, in the Lower Rio Grande Valley, participants in the introductory workshop identified the presence of different building codes for each municipality in the Valley as a barrier to regional value chains.

A second type of barrier/opportunity has to do with the capacity to trace products through a value chain. For example, when farmers sell at farmers markets, it is relatively easy to trace the origins of the products they sell. But when products are aggregated, processed, packaged, and delivered, maintaining information on origins is trickier. Modern technology makes it more feasible than ever before, and markets are increasingly demanding information about product origins. In fact, consumers are often as or more interested in buying “locally” or “regionally” than in specific product certifications. However, there is still a need to develop and implement reliable and cost-effective systems within value chains to actually deliver information on product origins to capture market demand.

One of the strategies for achieving a regional scale of impact that we’ve identified has to do with associations among like-minded organizations. CAN, for example, is a network of six nonprofit organizations in five states all working to develop and deploy new economic strategies that create wealth and reduce poverty while restoring and conserving the environment. All six organizations have combined forces to develop agricultural value chains in sub-regions and to connect sub-regional work wherever possible. Intentionally working together toward a common goal with shared measures of progress is allowing CAN to develop interventions that can have regional impact. FAHE is a network of affordable housing developers, many of whom have an interest in “green” and energy efficient housing. Rural Support Partners and MACED, as members of the Resource Team, are researching best practices in networks of organizations that work together to achieve shared goals. Results of that research will be available in Year Four.

Another strategy is to intentionally pursue rural – urban linkages. For example, much of the demand for regionally oriented wood from Central Appalachia comes from the ring of urban areas that surround the rural core. Building value chains to connect demand and supply requires thinking and relating beyond the boundaries of rural communities to the larger regional market. At the same time tapping a larger
market opens up opportunities for scaling up supply and connecting multiple players at every step of the value chain. Likewise, supporting community-based tourism means intentionally reaching out to tourists and potential tourists such as those that have family roots in the region and the tourism promoters that cater to them. As demand for unique, community-based tourism experiences grows, more and more community groups throughout the region can be drawn into a shared value chain.

There are larger questions about the relationship of rural and urban places and economies that we continue to explore. For example, we are initiating a discussion group on http://ruralexchange.in4c.org focused on the questions, “What are the ways that urban communities depend on the well-being of rural communities?” and “How can this interdependence be made more visible and a part of the way that advocates for both rural and urban communities think about public policies?” For example, rural communities pay a good deal in taxes to care for roads and to educate their children. The roads are used, in part, to carry goods to distant markets, thereby benefiting consumers in those markets as well as rural producers. The children educated in rural schools often put their education to use in urban communities. How would it affect rural communities if the cost of infrastructure and services that benefit urban and rural areas were shared? Furthermore, there are many services, particularly ecosystem services, provided by rural areas to urban areas for which there is no market. Therefore, these services are essentially extracted at no cost. Other services, like energy, supplied by rural areas to urban areas, impose significant environmental and social costs on rural areas. Even recreational services can impose significant costs. How might we better allocate resources to improve the quality of life in both rural and urban places by restoring and creating all seven forms of wealth on a regional basis?

**Investors in Wealth Creation**

We have known since the inception of Wealth Creation in Rural Communities that the scope of investment required to make a real difference in high poverty areas is greater than the dollars available through the Ford Foundation. Furthermore, it has become clear that a systemic shift is needed to change the paradigm around rural wealth creation. It will take an informed funding community – as well as educated community practitioners – to change the dialogue. Therefore, part of this work has been about bringing together funders in target regions (Appalachia and the South) to begin to develop a shared understanding of wealth creation and shared funding opportunities that could support various aspects of value chain development. In addition, we have continued to pursue learning around the potential role of social impact investors in financing wealth creating value chains. We have also begun an exploration of the role of community foundations in connecting individual assets with entrepreneurship development in the context of value chains and community development. Finally, Ford is engaged with a group of national funders working to influence the upcoming Farm Bill.

**APPALACHIAN FUNDERS NETWORK**

Rural Support Partners (RSP) began working with the Appalachian Funders Network (Network) in August of 2010. Over the last 10 months, RSP has been managing
the work of the Network’s Steering Committee and has worked with the Committee to clarify the Network’s purpose and short-term direction. RSP has also worked to establish a social networking site, host two webinars on Promising Ideas for Appalachia’s future, and develop two learning groups that grew out of these webinars.

Additionally, RSP organized the second annual Network Gathering, which was attended by 45 Network members from 35 grant-making organizations. The Gathering included a pre-conference session on the Ford Foundation’s Wealth Creation Initiative, practitioner-led sessions on “Promising Ideas for Appalachia’s Future,” a Keynote address from the Appalachian Regional Commission’s Federal Co-Chair Earl Gohl, and a participatory session on how Network members can work together to produce deeper community impact and leverage additional resources for Appalachia.

Throughout this work, Network members have shown a great desire to work together. Participants expressed that finding effective ways to help funders better understand the funding interest and organizational focus of other Network members is a key next step in the process. Other major areas of interest among Network members include: the wealth creation framework, entrepreneurship, food systems, capacity building, peer-to-peer learning, developing trusting relationships among funders, and creating a road map for the Network.

Concretely, Network members want to develop an interest map for the funders in Central Appalachia. RSP will interview Network members to document their funding, sectoral and geographic interests and then use the findings to match funders with similar interest. In addition, RSP will continue to support the development of the Entrepreneurship and Food Systems Learning Groups within the Network, and explore opportunities to establish additional Learning Groups around clean energy, health and wealth creation in rural communities. The Steering Committee also recognizes the importance of positioning the Network to be able to leverage additional resources into Appalachia; the Committee has already begun to have conversations on how the Network can be involved with and/or influence the work of the new White House Rural Council.

Lastly, the Network Steering Committee will continue to refine the 12-month road map that began to emerge at the Gathering, while fostering leadership, participation and member buy-in through the work ahead. It is clear that funders in Appalachia want to find ways to work together for greater impact, and the success of the Network will depend on our ability to uncover and link funder interests that lead to concrete collective action.

**SOUTHERN FUNDERS**

Over the project year, we convened one additional gathering of the primary funders in the South to identify shared interests and possible areas for co-funding. We learned that funder collaboration occurs in at least two ways: 1) when there is an opportunistic overlap of interests, geographic focus, and partners; and 2) when funders decide to co-create and jointly design an initiative. In the South, we have focused on the first strategy and have identified complementary interests in the farm-to-school value chain (with the Kellogg Foundation), community-based tourism (with the
Walton Family Foundation) and in capacity building of implementing organizations (with the Kellogg, Ford, and Walton Family Foundations). We are continuing to reach out to additional funders to identify possible areas of synergies.

We also believe there is an opportunity to collaborate with Entergy and Mars corporations to create shared value. The challenge is finding the right person within the organization. When we first approached these corporations, we identified the individual responsible for “corporate philanthropy” or “social responsibility.” These are not the right people to approach if the goal is to help corporations become effective partners in value chains that create wealth that sticks. As we learned more about how these corporations do business, we have seen that they may use value chains as a tool to meet their own business objectives (for example: in the Ivory Coast, Mars is collaborating with the government agricultural extension service, local producers, the World Bank, non-profits, and other value chain partners to impact the lives and production of cocoa producers). Over the next year, we will be exploring better approaches to engaging corporations in the wealth creation initiative based on shared self-interest, not philanthropy.

NATIONAL FOUNDATIONS

Over the past three years, Ford and seven other major foundations have developed a coordinated initiative called AGree with the goal of:

- Improving agricultural productivity and environmental performance;
- Enhancing availability of and access to nutritious foods;
- Promoting opportunities for rural communities to succeed economically.

Working together over the next eight years, the foundations hope to identify and implement reasonable, effective, and fair changes to U.S. agricultural policies that respond to growing international populations and increasing demands for energy and proteins around the world by working across food, nutrition, agriculture and rural economic development issue areas.

Although AGree has yet to adopt the wealth creation framework, per se, it reflects a new degree of coordination among major foundations and an approach to rural development that is more integrated than siloed. More information about AGree is available at [http://www.foodandagpolicy.org/](http://www.foodandagpolicy.org/).

COMMUNITY FOUNDATIONS

Background research completed by Resource Team members reinforced the important role that community foundations can play in wealth creation. We learned that community foundations play an important role as a neutral convener, often bringing disparate groups to the table to identify common interests. Leaders we interviewed often earned great respect from their constituents because of the length of time they had lived and served in the region. In some cases, the community foundation provided the only opportunity for rural leaders to convene, offering the necessary meeting space, transportation, and perhaps most important, facilitation expertise. These are skills needed by value chain intermediaries. And, community foundations can also play a role as funders/investors in value chain development.
Building on this background work, a regional livelihood demonstration project will be undertaken over the next two years. The goal is to bring multiple organizations involved in household asset building and asset-based entrepreneurial development together with a community foundation to explore regionally appropriate value chains and how these organizations may participate in the further development of regional sector-based value chains being constructed by Ford grantees in Central Appalachia and the Alabama Black Belt/Mid South Delta. Work in the first year will begin with an initial convening in each region to bring asset building, entrepreneurship and community foundation partners together with Ford grantees to identify value chains where the participation of these new partners can directly impact the livelihoods of individuals and families in the region. Over the course of the first year, we would focus on exploring one value chain in each region, using this process to demonstrate the value of collaborative, value-chain based relationships to these new participants.

Work in the second year would focus on (1) value chain construction targeted to building portions of value chains on which other regional grantees are working and (2) expanding the scale and impact of Ford’s work in each region by sharing the learning from the demonstration effort with community foundations, other regional funding institutions, entrepreneurship/economic development and asset building organizations. A shared learning convening will bring together members of the Rural Development Philanthropy Collaborative, regional participants in the demonstration projects, selected other Ford grantees, and the Wealth Creation Project Team to share the lessons from the regional value chain work. The learning from this demonstration project will also support the development of tools for community foundations, entrepreneurship and economic development organizations, and asset building organizations to incorporate value chain participation and the wealth creation approach into the way they do their work.

SOCIAL IMPACT INVESTORS AND PRIS

Marjorie Kelly, senior staff of the Tellus Institute and member of the Wealth Creation Resource and Policy Development Team, published Impact Investing for Rural Wealth Creation in cooperation with Jessica Norwood of Emerging ChangeMakers Network, an exploration grantee in the South. The publication was designed to answer basic questions about social impact investing and explain variations in the essential components in the impact investing process, including investors, intermediaries, aggregators, recipients, technical assistance providers, and investing vehicles. Marjorie continues to do outreach and research in this area because, “The need for more private capital in rural areas is real, and the benefits it might bring could be substantial. Impact investors – those institutions and individuals seeking not only financial returns but community benefit – may be among the most likely to be interested in providing capital to rural areas. The challenge, then, is to begin building the bridges that will allow impact investments to flow.” Jessica and her colleagues are working to build those bridges in the South.

This work is causing us to clarify the difference between investing in an enterprise and investing in a value chain. Investors typically consider enterprises in relative isolation from one another. Business plans may discuss suppliers and buyers, but they do not typically emphasize value chain relationships. So far, we have identi-
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...fied four different ways to invest in value chains. The first involves investing in the intermediary that pulls the value chain together. The intermediary performs a service that creates shared value and may, in some instances, be a profit-making entity. The second involves investing in individual enterprises in a defined value chain to make them more effective in meeting the needs of the chain as whole. The third involves filling the gaps in the chain by investing in new businesses or service providers, and the fourth involves investing in infrastructure that will be shared by multiple members of the value chain such as marketing, aggregation, processing, etc. We are in the early stages of inventing the tools required for effective investment in value chains and enterprises embedded in value chains as opposed to single enterprises operating in supply chains.

At the same time, the Ford Foundation has made two program-related investments, one to MACED and one to the Natural Capital Investment Fund (NCIF) for the purpose of re-investment in value chains in Central Appalachia. As MACED and NCIF work together to identify investment opportunities, they are also refining the ways in which they approach investing in value chains. First, they are identifying partners in the region that are active in target sectors such as energy and agriculture to help find businesses already operating in value chains. Second, they are seeking to identify value chain businesses that can fill niches or gaps in specific value chains. Third, they are looking for leverage points in new and emerging markets and value chains. This requires sector and content knowledge and a combination of research and relationships to get at business development opportunities.

Getting the Word Out

There is a desire to share this approach and the learnings taken from it with a wider audience. The strategy for getting the word out about the Wealth Creation in Rural Communities initiative has taken several forms. One form has been through the dissemination of reports. Our dissemination list through Constant Contact has grown over the past year: About 279 people have signed up to receive emails about the Wealth Creation initiative; in addition dissemination reports go to 13 Media contacts, and the 41 people who have been engaged in various ways with the initiative, as well as to the Yellow Wood Associates mailing list of 349 contacts (with some overlap between lists).

Seven news alerts were emailed during the June 2010 – May 2011 period. These news alerts shared information on 8 papers, the Rural Wealth Creation and Livelihoods Conference, and a US EDA Survey. The Wealth Creation mailing list generates strong interest and follow-through, with open rates at 180% of averages for comparable fields, and click through rates at over 200% of average for comparable fields. The list has fewer than average bounced emails (4.75% vs. an average of 7.25%).

The strong interest in this material is shown as it is picked up across the web, including mention in online magazines, newsletters, blogs, websites, and twitter feeds. These include, among others:

- Rural LISC newsletter
- Center for Rural Entrepreneurship newsletter
Word also gets out about this initiative through speaking engagements. Speaking engagements are undertaken by members of the Resource and Policy Development Team and the Project Management Team who are invited by different groups to share the Wealth Creation in Rural Communities approach with their members, colleagues and partners. Below is a subset of presentations:

- June 2010: Penn State University Community Economic Development Course, “Sustainable Place-Based Development: Creating Wealth in Rural Places”
- October 2010: Rural Voices Conservation Coalition, “Local Wealth Creation, Diversification and Retention”
- October 2010: Rural LISC, “Formulating a Sustainable Economic Development Process for Rural America”
- February 2011: Delta Regional Authority Regional Summit, “Creating and Retaining Wealth in the Delta Region”
- April 2011: Fresh Taste Webinar on Wealth Creation
- April 2011: CATIE, Program for 3rd international workshop, “Developing a toolkit for assessing the impact of value chain approaches on poverty”
- June 2011: Appalachian Funders Network pre-conference workshop “Introduction to the Wealth Creation Approach”

As described earlier in this report, a new website, www.creatingruralwealth.org, is under development – led by Marjorie Kelly from the Resource Team in collaboration with Deb Markley, member of the Resource and Project Teams, and grantees. The site is expected to be live in July 2011 and will be enhanced with new materials continually over the coming year. In addition, the site will interface with – and be the front door for – the work being facilitated by the Aspen Institute. The Wealth Creation in Rural Communities page of the Yellow Wood site received approximately
2,000 visits during the period from November 2010 through April 2011. This page will be included in the Resources Section of the new website as a place for people who want to understand the roots of the initiative and explore some of the foundational work that was undertaken by the Working Group and others.

Tools for Value Chain Exploration and Construction

TOOLS FOR VALUE CHAIN EXPLORATION

We have identified 12 steps in the Value Chain Exploration Grant process from Identifying a Sector to Considering Next Steps after completing an Exploration Grant. Each of these 12 steps has one or more tools that have been developed to facilitate the process of completing that step. Seventy-four tools have been created for host organizations, workshop participants, grantees, facilitators and coaches. These tools have been developed in a variety of formats including worksheets, information sheets, how-to guides, scripts, applications, evaluations and examples of how this work has been done in several sectors including affordable housing, tourism, agriculture, renewable energy and waste management.

The steps and associated tools are listed below:

1. **Identify a Sector** – 1 tool developed for the host organization to guide them through the process of choosing a sector and potential participants;
2. **Recruit Participants** – 6 tools developed for the host to learn more about Wealth Creation and how to recruit participants for the Introductory workshop;
3. **Introductory Workshop** – A sample script for the workshop has been developed for the workshop facilitator; for the participants, 13 worksheets have been developed and 17 other tools that provide information on wealth creation, value chains and other relevant information;
4. **Send RFP materials to Potential Grantees** – a sample Value Chain Exploration Grant application and Cover Letter have been developed to be sent to potential grantees;
5. **Review Applications** – An application matrix has been developed for the sponsor to review and rank applications;
6. **Award Grants** – A sample letter and contract to be sent to the grantee as well as reporting forms (2) and 2 additional tools providing information about how to be a successful grantee;
7. **Coach-Grantee Contact** – Tools for the grantee outlining roles for partners and coaches;
8. **Workshop in Place** – A sample script for the workshop has been developed for the facilitator; for the grantees, 9 worksheets and 24 additional tools have been developed that provide examples of the work and more detailed information on wealth creation, value chains and value propositions;
9. **Monthly Calls Coach-Grantee** – This protocol and reporting form has been developed for coaches to track monthly calls with grantees;
10. **Facilitate Connections** – These 3 tools written for coaches introduce the Learning Journey process;
11. **Workshops with Value Chain Participants** – Materials for these work-
shops need to be developed specific to each organization;

12. Considering Next Steps – 1 tool has been developed for grantees on integrating the seven forms of wealth into the value chain and 1 tool for coaches and grantees on investing in a value chain.

TOOLS FOR VALUE CHAIN CONSTRUCTION

Five clusters of tools have been developed to facilitate the completion of a Value Chain Construction Grant. This process begins with the

1. Application Packet (3 tools) and is followed by,
2. Tools for Measurement (11 tools);
3. Tools for Construction (5 tools);
4. Tools for Reporting (4 tools); and
5. Support Tools (9 tools).

These 32 tools developed for Construction Grant grantees include templates for assessing their work in the wealth creation paradigm, information on key concepts such as indicators and measures, reporting templates and examples and support documents for obtaining technical assistance, planning a regional convening and recording calls and meetings.

NEXT STEPS IN KNOWLEDGE TRANSFER

All tools are being reviewed by Janet Topolsky and John Molinaro of the Aspen Institute (members of the Wealth Creation Resource and Policy Development Team) and an advisory group as the first step in creating a more robust suite of tools that can be used by practitioners throughout the United States who would like to adopt the wealth creation approach to rural development. The need for several additional tools, including best practice guides to creating each of the seven forms of wealth, and steps to researching a value chain, have already been identified. In our fourth year, we expect to shift our emphasis from tools that explain the “what” of the wealth creation approach to tools that get at the “how.”

We have also begun to work with the Emergent Media Center at Champlain College on developing a wealth creation video game. An advisory committee of grantees from each region plus Yellow Wood staff and a Resource and Policy Development Team member will be guiding this endeavor that is intended to result in a web accessible game that demonstrates the fundamental principles of the wealth creation approach.

Focus for Year Four

KNOWLEDGE TRANSFER

Over the next year, we intend to continue to provide multiple opportunities for knowledge transfer both within and beyond the grantee community. We will continue to develop www.creatingruralwealth.org and populate it with stories from the field and tools. We will continue to disseminate papers prepared by grantees and/or Resource Team members and their colleagues related to this work. We will streamline existing tools and develop new tools through our collaboration with the Aspen
Institute (see above) as well as a video game on wealth creation through collaboration with Champlain College’s Emergent Media program. Staff of Yellow Wood Associates and members of the Resource Team will continue to respond to requests for presentations, workshops, and webinars.

**SOCIAL INNOVATION AND THE CORPORATE DIALOGUE**

The wealth creation approach is designed to essentially require partnerships between the nonprofit, public and private sectors. Toward the end of the past year, we began to explore what it would mean to be more intentional about training value chain intermediaries (most are nonprofit organizations) on how to engage corporations in place-based value chain development that creates wealth that sticks. Toward that end, the Project Management team has engaged in a series of dialogues with Jason Saul, author of *Social Innovation, Inc.* and *The End of Fundraising*, and Hal Hamilton, Director of the Sustainable Food Lab and member of the Wealth Creation Resource and Policy Development Team. These dialogues have made it clear that there are real opportunities to explore in terms of improving nonprofit understanding of for-profit value propositions and in helping for-profits understand how to use their core competencies to strengthen place-based wealth creating value chains. Hal will be working with grantees and Yellow Wood to develop capacities of interested grantees to interview potential corporate partners. Corporations of all sizes with a vested interest in one or two of Ford’s target regions will be convened to explore how to leverage their core competencies for mutual benefit.

**LEGAL ASSISTANCE FOR WEALTH CREATION AND MAKING WEALTH STICK**

Over the next year, we will be working with the Community Law & Business Clinic at Wake Forest University School of Law and its director, Steve Virgil, to provide legal assistance to place-based grantees. Several grantees have raised questions about the legal issues related to value chain development. Specifically, are there anti-trust implications from bringing producers or others together to collaborate? Are there ways to build a value chain that avoids any legal problems? The Project Team also saw potential legal issues related to labeling and/or chain of custody (for both sustainable agriculture and certified wood value chains), and with the legal aspects of keeping wealth local or financing models for wealth creation.

To meet this need for legal assistance, we reached out to Steve Virgil and his clinic, based on a previous relationship between Steve and a member of the Resource Team. Over the course of each semester, Steve manages a group of business, law, and divinity graduate students who can work on a variety of legal issues for businesses and organizations. They can do research on local, state, and federal law and very specific issues or problems that grantees identify. The clinic’s services are provided at no cost to the grantees, giving them an opportunity to gain insight into issues they are facing, without having to allocate significant resources. Steve Virgil is also interested in working with us on developing ways to expose more attorneys to the wealth creation approach and to build additional legal assistance capacity to support this work in other regions.
**WORK ON THE GROUND**

Work in the regions will continue with the first round of value chain construction grants in the South, the second year of value chain construction activity in Central Appalachia, and the first year of value chain explorations in the Lower Rio Grande Valley. All grantees will have the opportunity to share their experiences and meet with the Resource and Policy Development Team in person at the first cross-regional convening planned for early 2012.

We recognize that grantees need capacity and systems for promoting ongoing communication between all of the strategic partners. This may require skills in facilitation, conflict management, data management, and new vocabulary to communicate with different partners. We will be working with the grantees on this in Year Four.

**WORK ON POLICY**

As described earlier, the Resource Team is committed to developing a policy strategy for the wealth creation initiative and this will be a primary focus over the coming year. The first step is research to identify the policy implications of sector-based value chain development in the regions, which is underway. An August 2011 conference call, with Resource Team and grantee participants, will be arranged to present the findings from this research and to gather input on the most promising areas of focus for the policy strategy. Resource Team member and Ford grantee Matt Chase of NADO is working to identify opportunities at the federal agency level to introduce the wealth creation approach and to connect the new focus within these agencies on inter-agency collaboration, regional innovation and sustainable development to the lessons learned from the wealth creation approach to date. The work that the Rural Futures Lab will be undertaking, beginning in July 2011, to identify and develop case studies of rural-urban interconnections that help support the creation and local ownership of wealth in rural places will provide an additional opportunity to inject real world insights into the development of this policy strategy.

**NATIONAL PARTNERS**

The Ford Foundation has partnered with USDA Economic Research Service to co-convene the *Rural Wealth Creation and Livelihoods Conference*, taking place in Washington, D.C., October 3-5, 2011. Over 300 people including researchers, practitioners, funders, intermediaries, policy makers and others applied to participate in this “by invitation only” conference. The conference is intended to lead to a community of practice in rural wealth creation.

The *National Cooperative Business Association* has invited participation by Wealth Creation in Rural Communities in their annual conference as a precursor to a research project during 2012 which is the International Year of Cooperatives. The research will explore the multiple dimensions of wealth creation through cooperatives.
Conclusion

The third interim report has provided an overview of activities and lessons learned in Year Three of Wealth Creation in Rural Communities. We continue to make progress in testing wealth creation hypotheses on the ground. We are also experiencing a high level of receptivity to these ideas from practitioners across the country. If you would like to receive regular updates on this work, please contact Ginger Weil (ginger@yellowwood.org), we would be happy to add you to our dissemination list. For any additional questions regarding this work, please contact Shanna Ratner, Barbara Wyckoff, Deb Markley, or Melissa Levy (email addresses for the above can be found online at http://www.yellowwood.org/wealthcreation.aspx).