

# A New Way Forward for Rural America



For too long, the resources and assets of rural communities – their natural resources, agricultural bounty, labor force, and young people – have flowed out of rural places, along with the economic and social returns on those resources. Rural regions, particularly low-wealth rural areas, have struggled to put in place the strategies and institutions that build local assets and create wealth that stays local. They have struggled to replenish rural resources and create communities that are resilient in the face of a rapidly changing global environment. In the face of these struggles, the ability of rural areas to contribute to overall economic growth in the U.S. has been limited. What is needed is a new way forward for rural America. What is needed is an approach to development that allows rural areas to build wealth and become stewards of resources in ways that serve the larger public good.

Rural America stands at a historic crossroads. Rural communities are facing an enormous potential loss of wealth as current generations retire or pass on, often closing businesses and leaving their assets to kin who reside outside rural areas. The present economic crisis has produced massive upheaval. Yet from this moment of crisis can come innovation and an opportunity for renewal.

The potential contributions to be made by rural America are significant. Rural areas can responsibly provide the nation with renewable energy of many types, with energy-efficient housing, with food that is healthy and affordable, with open spaces, with ecosystem services, and with so much more that our nation needs. But, effectively making these contributions means avoiding the exploitative patterns of the past and adopting a new approach to wealth creation. In order to respond to today's historic opportunities in a way that builds wealth and assets rooted in rural places, rural leaders need new ways of thinking about economic development.

Since early 2008, the Ford Foundation has supported the work of a group of individuals and organizations committed to exploring a wealth-creation approach to rural economic development. Known as the Wealth Creation Working Group (formerly Triple Bottom Line Working Group), this group has sought to create a framework for development that builds on successful efforts and delivers economic, social, and environmental benefits. The work has been guided by the active implementation of new approaches of leading economic development practitioners across rural America. Their work aims to: make rural communities and regions more economically competitive;

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preserve the ecological heritage, which is the foundation of each region's rural flavor; and draw more people into the social and civic life of the community. This is the underpinning of a multi-faceted approach to development, focusing on more than economic returns, that we refer to as a wealth creation approach.

As the group's members have come to better understand these new approaches to rural development, they identified some of the guiding principles that inform this approach.

## **Guiding Principles of a Wealth Creation Approach to Rural Development**

**A systems approach is essential.** It will take more than single new programs to create wealth in rural America. What is needed is an approach that recognizes the interconnections between the parts of a region's social, economic, and natural infrastructure – how decisions in one realm have implications for other parts of the system. For example, a cabinet manufacturer's decision to have a "zero waste" plant may create an opportunity for a neighboring artificial log manufacturer to access needed raw material at lower cost. And the reduced waste into the landfill may extend its life, freeing up resources the region might use to develop a methane gas capture system at the landfill or to support early childhood education. A systems approach intentionally looks for connections that have multiple benefits.

**Engaging diverse groups that operate across the system creates opportunities for effective change.** To expand wealth in rural communities, it is important to engage a diverse group that, collectively, can see the system more completely than can individuals on their own. It must be a powerful enough group to have the clout to make change. Together, these individuals will be able to identify more effectively the leverage points – places where making a change in one part of the system offers the greatest potential for positive change across the system. For example, creating a market for ecosystem services (like watershed protection) may change the behavior of landowners, business owners, environmental advocates, and downstream urban communities.

**"Value propositions" must be clearly articulated, in order to make the case for this new approach to rural development.** How we engage in and respond to development is often determined by our own self interest. Entrepreneurs are motivated to grow their businesses and achieve an economic return. Environmental advocates are interested in the preservation or restoration of natural resources. Social change agents may be most interested in ensuring a voice for under-represented groups in the decision making process. People in urban places will become involved if they understand their connection to

*To see how rural development can be different, it is important to engage a diverse group that, collectively, can see the system more completely than can individuals on their own... and with the clout to make change.*

and see the value from investing in rural places. Using a systems approach that intentionally explores different forms of wealth makes it easier to identify how various self-interests can complement, rather than conflict, with one another.

**Community wealth building can benefit from new ownership and control/influence models for rural America.** If our goal is to create “community wealth” in rural America – assets owned, controlled, or influenced by the community and used for the betterment of the community and its members – shared ownership models can make a valuable contribution. These include existing models such as land trusts, cooperatives, employee ownership, as well as emerging models such as community benefit agreements, mission-controlled architecture, and community endowments. These models hold out promise to rural communities seeking ways to keep wealth local.

**Rural regions need to understand their starting point – the baseline – and measure progress toward achieving goals.** In this time of scarce development resources, accountability for achieving goals is increasingly important. Practitioners must be able to address questions such as these: What is the goal we want to achieve? What must change in order to reach that goal? What are the indicators that will tell us we are making progress? The answers will help communities establish a baseline and tangibly track progress over time.

**Policy change is a necessary component of a wealth creation approach for rural America.** Like many development efforts, policies are typically written to address one issue without understanding the interconnection and impact on multiple dimensions. Strategic changes in existing policy or crafting new policy – at local, state, federal and international levels – can help to create an enabling environment that supports rural wealth creation and retention.

**The change we seek needs to be institutionalized.** Changes in the system cannot depend on a single person or a single organization. Too often rural development efforts are derailed by the loss of a passionate leader or advocate organization. Systemic change that underlies a new wealth creation approach to rural development must become part of the way that organizations and individuals behave and a standard to which they are all accountable.

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## **Working on the Ground**

Our hope is that these principles can inform the work of rural development practitioners enabling them and the broader field to achieve greater impact on the livelihoods of the rural poor. The next phase of the Foundation's work will apply these principles and the wealth creation evaluation framework

developed through the working group to development projects on the ground in selected communities. The working group is committed to working with the Foundation to serve as a learning laboratory to develop tools that practitioners across rural America may use. The aim is to help the field of rural development begin to craft strategies and create institutions that steward rural America's assets in more effective ways, creating wealth that is re-invested in rural America for the benefit of rural and urban areas alike.

The Wealth Creation Working Group has created a website to share its learnings with practitioners across the country. See [www.yellowwood.org/wealthcreation.aspx](http://www.yellowwood.org/wealthcreation.aspx). The members of the working group are listed below. They invite you to use these resources as you consider a new way forward

***We invite you to use these resources to help you discover a new way forward for rural people and places.***



## Working Group Participants

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