

# Wealth Creation in Rural Communities

Presented by

**Wayne Fawbush**, The Ford Foundation

**Melissa Levy**, Yellow Wood Associates



**YELLOW WOOD**  
associates, inc.

# Questions we are ALL asked/asking

- What do we actually do?
- Where do we find the resources?
- How will we know if our work is successful?
- Who will actually benefit?
- How is the effort sustained over time?



# Ford Foundation Intent

**To have a positive impact on high-poverty communities in rural America by using a systems approach to wealth creation.**





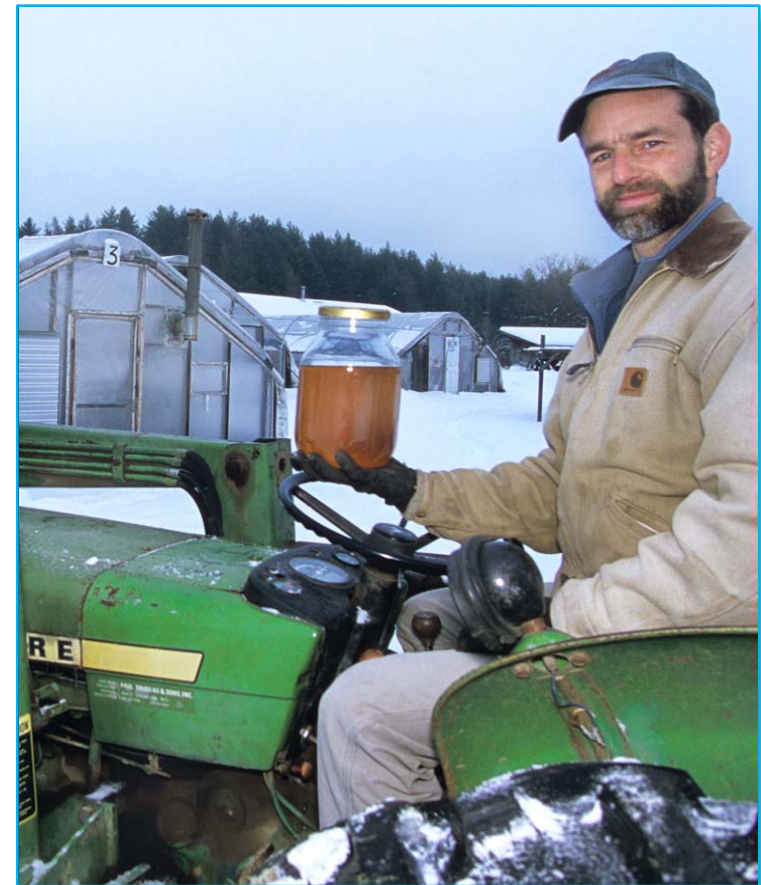
# Why a Systems Approach?

**Systems approach connects practitioners at the community level and makes resource providers more effective by focusing work on common goals/interests.**



# Guiding Principles of a Systems Approach

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



# A Value Chain is...

- A business model based on shared economic, social, and environmental values,
- Buyers, processors, producers and others work together for mutual benefit to create value in response to market demand.

# Value Chains vs. Supply Chains



## Traditional Supply Chain

- ☀ Chain starts with producer supply
- ☀ Measured by net income produced
- ☀ Everyone is in it for him/herself
- ☀ Power determines who gets paid how much for their role
- ☀ Participants try to pass on costs to others within or outside of chain
- ☀ Tries to influence policy to create advantage and maximize short-term income



## Wealth Creation Value Chain

- ☀ Chain starts with consumer demand
- ☀ Measured by wealth created/retained
- ☀ Everyone is in it together
- ☀ Intentionally balances mutual benefit of all in chain
- ☀ All known costs are considered and addressed
- ☀ Tries to influence policy to level the playing field and maximize long-term and widely shared wealth



# Why use a Wealth Creation framework?

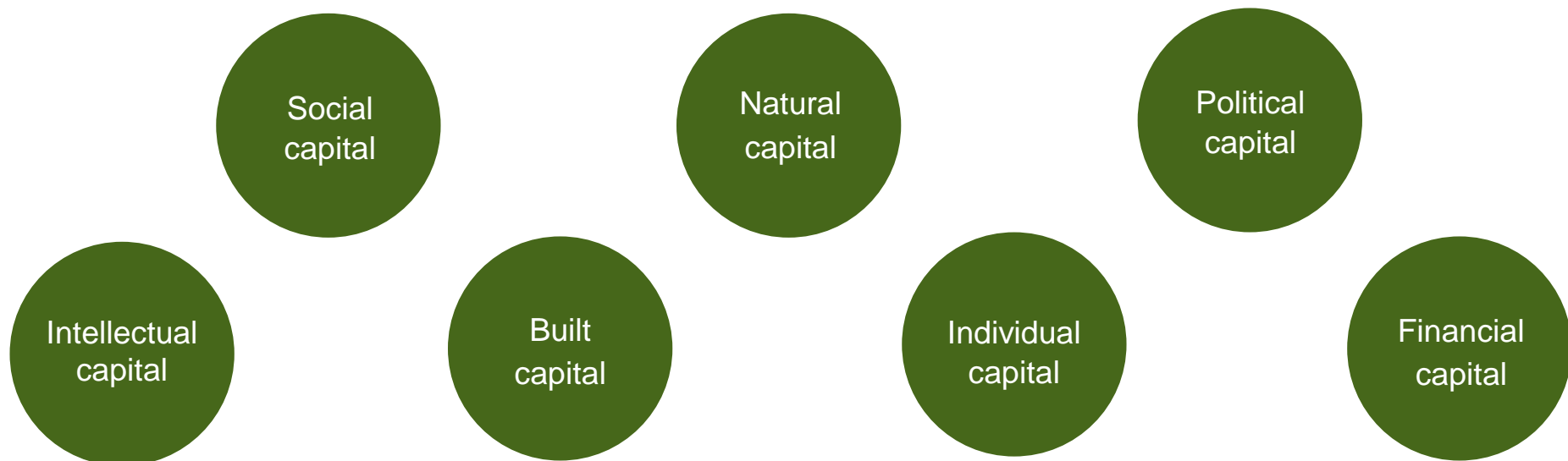
*The wealth creation approach is an antidote to the extraction of wealth and the exploitation of resources to which poor rural areas have long been subjected.*





# What do we mean by “Wealth?”

## Seven Forms of Wealth



Creating wealth that sticks is rarely an intentional goal, even when we define wealth broadly.

# Understand the difference between wealth and income

Most projects focus on income (a flow) instead of on building wealth (a stock).

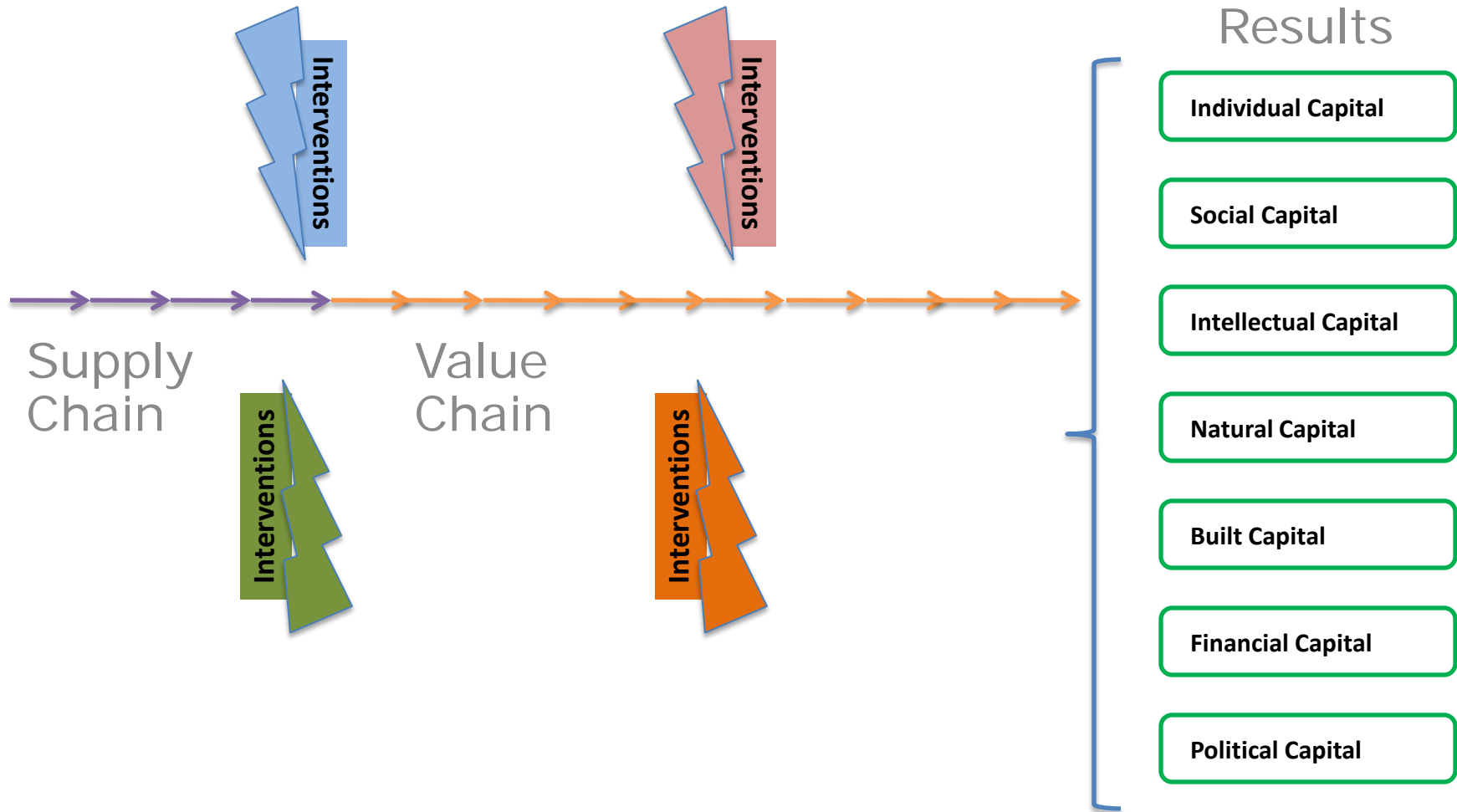


# A wealth matrix for planning and evaluation



Type of Wealth	Interventions in Value Chains
Individual	How will your intervention impact the stock of skills and physical and mental healthiness of people in a region?
Social	How will your intervention impact the stock of trust, relationships, and networks that support civil society?
Intellectual	How will your intervention impact the stock of knowledge, innovation and creativity?
Natural	How will your intervention impact the stock of unimpaired environmental assets in a region?
Built	How will your intervention impact the stock of fully functioning constructed infrastructure?
Political	How will your intervention impact the stock of power and goodwill held by individuals, groups, and/or organizations?
Financial	How will your intervention impact the stock of unencumbered monetary assets at the individual and community level?

# The Wealth Creation Approach





# Wealth Matrix

Type	Intervention	Indicator	Measure	Baseline	Method
Individual					
Social					
Intellectual					
Natural					
Built					
Financial					
Political					

# Measuring Individual Capital



## Central Appalachian Network

### Indicator:

more and improved best practices skills by farm and food producers

### Measures:

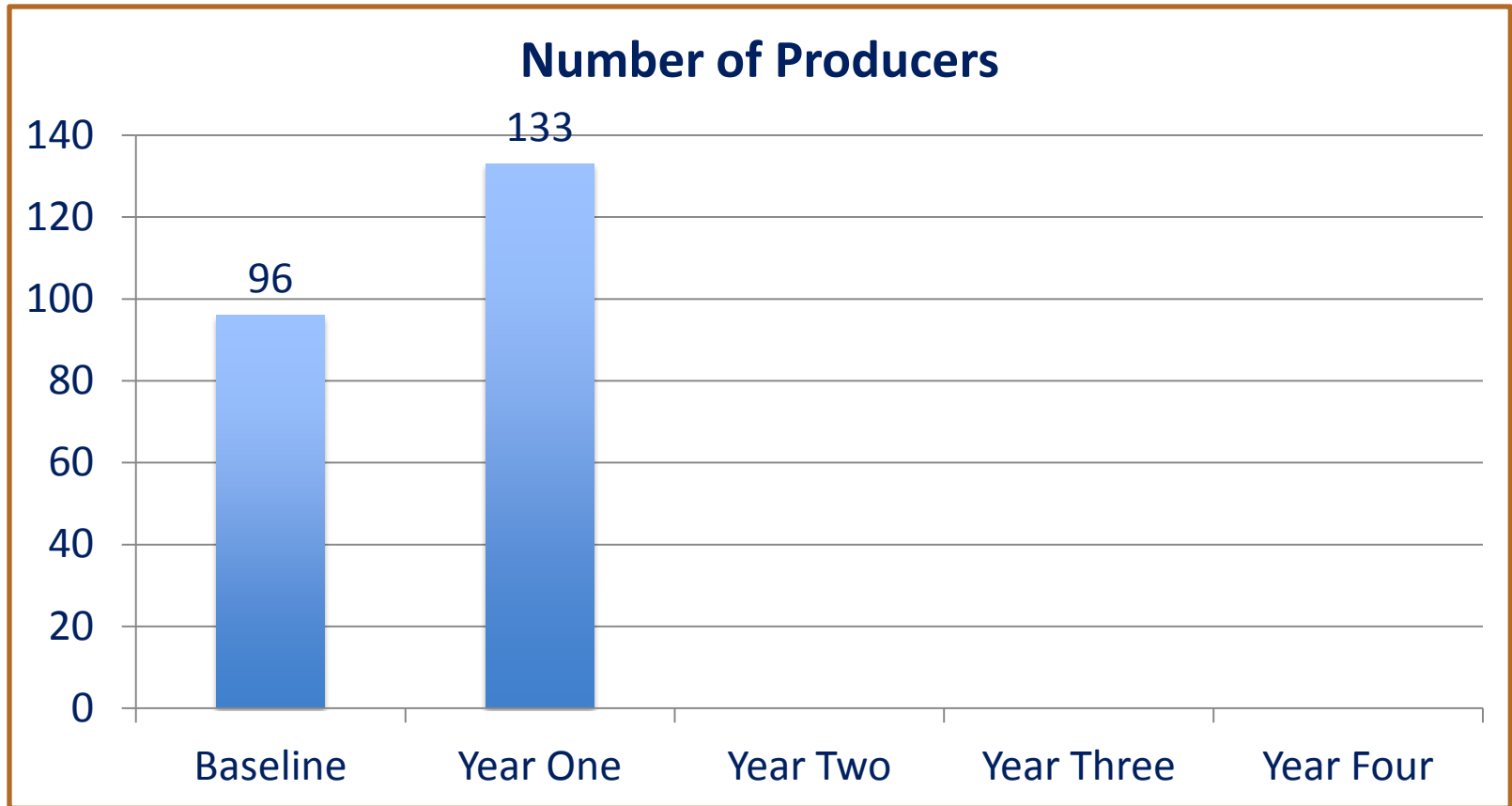
number of producers selling into wholesale value chains, amount of sales, relationships between producers and buyers

### Framing measure:

number of producers selling into wholesale value chains and amount of sales at a greater scale

# Measuring Individual Capital

## Central Appalachian Network



## Central Appalachian Network

### Indicator:

increased acreage of sustainable production going into value chains

### Measures:

acreage of sustainable production contributing to value chains, degree of sustainability

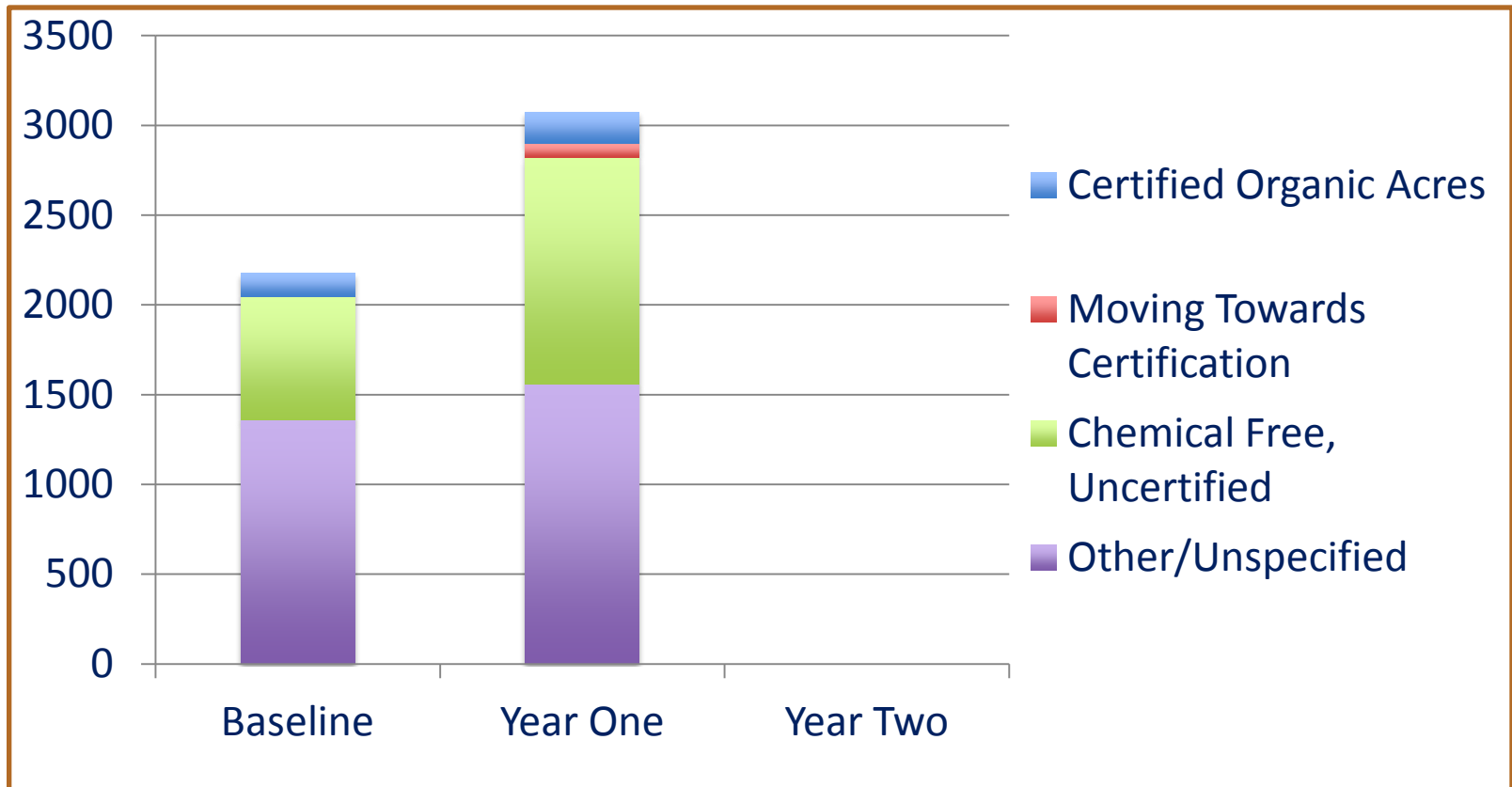
### Framing measures:

acreage of sustainable production in the region, acreage of prime agricultural soils.



# Measuring Natural Capital

## Central Appalachian Network



# Measuring Natural Capital



## Rural Action

### Intervention:

Growth of certified acres as a result of the Appalachian Carbon Partnership.

### Indicator:

Improved forest ecosystem health.

### Measure:

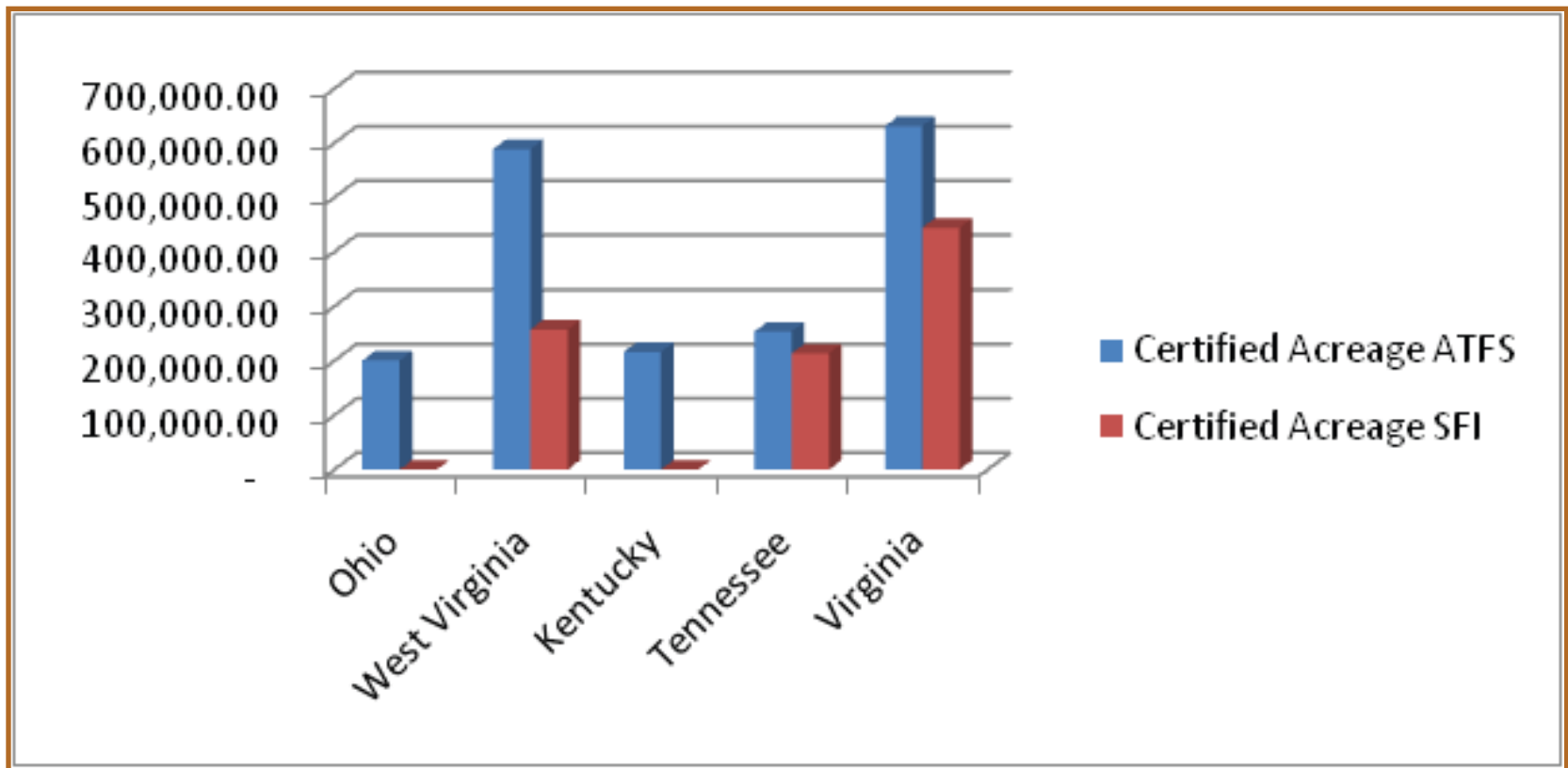
Number of landowners actively managing and acreage being actively managed.

### Baseline Measure:

Number of certified acres in region.

# Framing Measure

## Rural Action



This process is not designed to be extractive. This way of measuring should help groups do their work more effectively.

Measurement does not just happen; it needs to be intentional and well considered.



# Where are we working on the ground?



- ☀ Value chain construction with partners in **Central Appalachia**

*Energy efficient housing, energy efficiency, food, forestry*

- ☀ Value chain exploration and selected construction grants with partners in the **Alabama Black Belt and Mid-South**

*Renewable energy, investment, forestry, food, community-based tourism*

- ☀ Value chain exploration grants in the **Lower Rio Grande Valley region in Texas**

*Green housing/neighborhoods, literacy*

# Acknowledgements



Thank you to **CAN** and **Rural Action** for their contributions to this presentation.

Learn more about their work on their websites:

**CAN:** <http://www.cannetwork.org/>

**Rural Action:** <http://ruralaction.org/>

# For More Information



***Please visit:***

[www.creatingruralwealth.org](http://www.creatingruralwealth.org)

***and***

<http://www.yellowwood.org/wealthcreation.aspx>

***Join the National Community of Practice at***  
[www.ruralwealth.org](http://www.ruralwealth.org)

***Or contact:***

*Wayne Fawbush*

*The Ford Foundation*

*w.fawbush@fordfound.org*

*Melissa Levy*

*Yellow Wood Associates*

*802-524-6141*

[melissa@yellowwood.org](mailto:melissa@yellowwood.org)