Wealth Creation in Rural Communities

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

<table>
<thead>
<tr>
<th>Traditional Supply Chain</th>
<th>Wealth Creation Value Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain starts with producer supply</td>
<td>Chain starts with consumer demand</td>
</tr>
<tr>
<td>Measured by net income produced</td>
<td>Measured by wealth created/retained</td>
</tr>
<tr>
<td>Everyone is in it for him/herself</td>
<td>Everyone is in it together</td>
</tr>
<tr>
<td>Power determines who gets paid how much for their role</td>
<td>Intentionally balances mutual benefit of all in chain</td>
</tr>
<tr>
<td>Participants try to pass on costs to others within or outside of chain</td>
<td>All known costs are considered and addressed</td>
</tr>
<tr>
<td>Tries to influence policy to create advantage and maximize short-term income</td>
<td>Tries to influence policy to level the playing field and maximize long-term and widely shared wealth</td>
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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.
Creating wealth that sticks is rarely an intentional goal, even when we define wealth broadly.
Most projects focus on income (a flow) instead of building wealth (a stock).
## A wealth matrix for planning and evaluation

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

Supply Chain

Value Chain

Interventions

Interventions

Interventions

Results

Individual Capital

Social Capital

Intellectual Capital

Natural Capital

Built Capital

Financial Capital

Political Capital
<table>
<thead>
<tr>
<th>Type</th>
<th>Intervention</th>
<th>Indicator</th>
<th>Measure</th>
<th>Baseline</th>
<th>Method</th>
</tr>
</thead>
<tbody>
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<td>Individual</td>
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</tbody>
</table>
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
Central Appalachian Network

Number of Producers

Baseline: 96
Year One: 133

Year Two, Year Three, Year Four: 0
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.
Central Appalachian Network

- Certified Organic Acres
- Moving Towards Certification
- Chemical Free, Uncertified
- Other/Unspecified

**Baseline**
- Certified Organic Acres
- Chemical Free, Uncertified
- Other/Unspecified
- Moving Towards Certification

**Year One**
- Certified Organic Acres
- Chemical Free, Uncertified
- Other/Unspecified
- Moving Towards Certification

**Year Two**
- Certified Organic Acres
- Chemical Free, Uncertified
- Other/Unspecified
- Moving Towards Certification
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

![Bar chart showing certified acreage ATFS and Certified Acreage SFI for Ohio, West Virginia, Kentucky, Tennessee, and Virginia. The chart compares the acreages in each state.]
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.
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
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
and
http://www.yellowwood.org/wealthcreation.aspx

Join the National Community of Practice at
www.ruralwealth.org

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