

wealthworks Evaluation Framework

► The framework

Rural wealth creation is an approach to community and economic development that is demand-driven, focusing on market opportunities that capitalize on a community's existing assets or underutilized resources.

Wealth creation is intentionally inclusive, building lasting livelihoods for those who may not have been at the table before, and it supports local ownership and control of assets. This evaluation framework, developed by real-world practitioners, describes a series of indicators for measuring wealth creation impacts.



Courtesy Joe Klementovich Photography

Efforts to build rural wealth organize partners into a value chain focused on meeting a particular market demand. A WealthWorks value chain is a network of people, businesses, organizations, and agencies addressing a market opportunity to meet demand for specific products or services. A value chain might focus on an industry or sector

alliance, including entities that supply a sector with goods and services, groups representing demand for that industry's products, investors, and support partners. The partners in a value chain participate because it advances their interests while also building wealth within the region.

Value chains benefit from identifying an organization or business to serve as the coordinator to keep track of partners' actions and weave them together.

Together, these partners seek to improve the stocks of assets in their communities. Wealth creation activities work on building

more than one type of community capital without harming other community assets. The eight forms of capital used in the WealthWorks approach are:

- Built Capital: the stock of fully functioning constructed infrastructure
- Financial Capital: the stock of unencumbered monetary assets invested

in other forms of capital or financial instruments

- Individual Capital: the stock of skills and physical and mental healthiness of people in region
- Intellectual Capital: the stock of knowledge, innovation, and creativity or imagination in a region
- Natural Capital: the stock of unimpaired environmental assets (e.g., air, water, land, flora, fauna) in a region
- Political Capital: the stock of power and goodwill held by individuals, groups, and/or organizations that can be held, spent, or shared to achieve desired ends
- Social Capital: the stock of trust, relationships, and networks that support civil society
- Cultural Capital: the stock of practices that reflect values and identity rooted in place, class, or ethnicity

These forms of community capital, along with the wealth-building principles of local ownership and control of assets and inclusive economies, form the basis of wealth creation evaluation.

► Celebrating milestones

Value chain work is often a long-term proposition, requiring the coordination of many partners and many different activities that make an economy more resilient over time. Value chains typically use measures based on evaluating how the eight community capitals are built.

Economic development partners might also find it helpful to track their own progress in organizing value chain partners and institutionalizing WealthWorks as an inclusive, asset-based, economic resilience framework. Once partners begin the process of applying WealthWorks, they can track their progress through these value chain development milestones. These include:

→ **Assessment:** Economic development partners use the forms of capital to understand assets, extend the network, identify sectors and possible products or services to develop through the value chain, determine market demand

→ **Construction:** Coordinator convenes partners to map value chain, identify gaps and develop strategies to fill them, use eight capitals as basis for evaluation

→ **Implementation:** Businesses/organizations launch or expand to fill gaps, begin production of good or service

→ **Evaluation:** Partners review and update metrics, refocus on forms of capital, collect data and document stories

→ **Replication/scale:** Private sector actors drive the work, buyers also invest in value chain, partners design strategies to increase scale and/or to replicate success in other sectors or communities

→ **Sustainability/institutionalization:** Value chain coordinator and champions play a smaller role but continue to hold the shared values, as market forces drive the value chain

Looking back on value chain activities can help a set of partners to see how much they have achieved, and how they can use the stages of value chain development to guide their future plans and ultimately make WealthWorks value chains sustainable, even as they look to form new value chains in other sectors.



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Courtesy Carolina Textile District

Courtesy Region Five Development Commission

► Selecting measures

Value chains around the country are working in different economic sectors, with different sets of partners, and seeking different outcomes. But because they are all working toward the same core principles of building local ownership, lasting livelihoods, and multiple community capitals, they may find it helpful to work from a common set of measures. Over 2017 and 2018, several organizations serving as WealthWorks Hubs (with support from the U.S. Department of Agriculture Rural Development) conducted a process of developing an evaluation framework. Drawing upon real world experience of coordinating and coaching value chains, these organizations shared information about measures that they and their partners use in value chain work and evaluation needs. By examining measures currently in use, analyzing common themes among different regions' evaluation work, and beta testing potential measures, these value chain coordinators and coaches developed a set of indicators designed to be relevant across many types of value chains:

► Individual capital

- Year-round and seasonal full-time equivalent jobs created and retained
- Change in behavior due to new skills and insights, including workforce, financial, business, and other skills
- Increased engagement in value chain activities

► Financial capital

- Dollars of investment
- Number of enterprises created or expanded

► Built capital

- Amount of new or improved infrastructure that supports the value chain, such as miles of fiber optic cable allowing new business activity or square footage of a new facility supporting the value chain, such as cold storage for food

► Political capital

- Number of organizations and networks engaged in supporting policy change aligned with value chain strategies
- Number of policies and programs supporting value chain strategies

► Intellectual capital

- Number of network members, other partners, and beneficiaries implementing new ideas

► Social capital

- Number of value chain members, typically measured as enterprises or organizations
- Decisions made together by the value chain members (qualitative; this indicator demonstrates social capital being used)
- Number of value chain members representing people who may not have participated in or led past economic development efforts, including persons of limited income, youth, or racial, ethnic, linguistic, and religious minorities

► Natural capital

- Acreage of land meeting value chain goals, such as acres in production, conservation, or restored
- Natural resources protected or restored, such as watersheds protected or water pollution avoided, due to value chain activities

► Cultural capital

- Stories related to culture and evolving regional identity (qualitative measure to capture preserving, enhancing, or evolving beliefs, values, languages, and traditions)
- Number of successions and new entrants in locally owned businesses in sectors that are important to regional identity (new activity in economy)

These indicators can be customized to focus on the most significant aspects of a value chain's work—for instance, some types of infrastructure may matter more at certain times. These measures form the basis for analyzing change in the stocks and flows of community wealth. Value chain partners might select just a few measures initially, based on the forms of capital they are working to improve most actively. Over time, they might add more of the indicators in this framework or others.

Stakeholders might choose to evaluate their impacts on other regional characteristics, as well. Measures that evaluate a value chain's progress should connect desired outcomes to wealth-building strategies. To select additional measures, partners can work together to identify the kinds of outcomes they would like to see as a result of their work. Together, organizations in a value chain should identify which forms of capital relate to those desired outcomes, and what changes need to happen in order to know that progress is being made. Value chain stakeholders should ask themselves as they develop a measurement plan: How are their strategies building wealth for low-income people or others who have not

been at the table? How are their strategies maintaining or increasing local ownership and control of assets? These characteristics are also an important part of understanding the resilience of a region's economy.

► Finding Information

Value chain partners typically have information about their own activities that demonstrate what has been completed and what the impact is. When a value chain coordinator meets with partners individually or in group settings, ask them to share their progress. That information can be recorded in a document or a spreadsheet to show progress over time, or even reported in a newsletter or annual report that the coordinator or another support partner publishes.

Partners that receive grant funding are likely to track their outcomes in grant reports, which they may be able to share. Government agencies with programs that support value chain efforts might compile information publicly. Private businesses might be willing to share some information about sales or activities, or to have conversations about general business trends. Some of the data feeding the region's WealthWorks evaluation may be anecdotal information,

but qualitative data is still an important part of telling the story of the region and its efforts to build wealth. Having conversations and sharing successes and concerns among value chain partners will be an important way to evaluate activities over time.

Some information about the region, its economy, and its residents might be available in public data sets, such as demographic information collected by the U.S. Census Bureau or jobs and labor market data from the Bureau of Labor Statistics. These data are all part of the picture of regional wellbeing, although they often reflect larger trends that reach beyond value chain activities.

Other organizations that are not part of the value chain might aggregate information from multiple sources that are of interest to a value chain's stakeholders and area residents. For example, AARP has developed a livability score available at the county level, which is based on housing, transportation, civic engagement, environment, health, and other measures (<https://livabilityindex.aarp.org>). If the health of the arts sector is an area of interest for a value chain, the Southern Methodist University National Center on Arts Research publishes an Arts Vibrancy Index (<https://sites.smu.edu/meadows/heatmap/index.html>).

► Applying Evaluation Lessons

Rural wealth creation efforts will have to adapt to remain relevant and continue to improve the livelihoods of people and resilience of regional economies. Analyzing evaluation information is important for multiple reasons. First, value chain partners should use their evaluation framework to assess the appropriateness of the measures and the sources of information collected for those measures. Measurement is an iterative process, and value chains should expect that their ideas about what is important to measure and how will change over time.

Value chains should also use that evaluation framework to update their ongoing strategies, develop new strategies as some efforts are completed, and to add or edit the characteristics being measured to ensure that progress is being made in the region. Value chain coordinators should make sure to identify which partners are responsible for collecting and communicating performance information, as well as to bring partners together to discuss plans for the future based on the outcomes that are achieved.

► What about Cultural Capital?

Cultural capital is based on the notion of culture, which exists in all communities and shapes the way people live their lives. Culture has four important characteristics: it is shared among people, changes over time, is learned through observation and experience, and influences people's decisions and behavior (adapted from L.E. Lassiter, *Invitation to Anthropology*). *Culture* emphasizes the beliefs and behaviors of people in a social, rather than individual, context, and *cultural capital* strengthens a value chain's identity and process.

Cultural capital measures, such as success stories and new activity in sectors connected to regional identity, might track how existing values or traditions are maintained or increased through value chain strategies. However, some regions may choose not to explicitly measure cultural capital, if there are not specific measures that relate naturally to the value chain's work. If your region chooses not to adopt measures on cultural capital, instead use the concept of shared culture

as a way to check the strategies and measures your region chooses. For instance, consider questions such as: Does our work connect to traditions? Does our work build upon shared values, a sense of history, and collective hope for the future? Shared values might include strong social bonds, enjoying open space in the landscape, or investing in vibrant town centers. These shared cultural viewpoints may or may not be directly related to the outcomes of a given wealth-building initiative. But, it is important to recognize that community and economic development involves some change occurring over time in order for livelihoods to improve, which might also change some aspects of culture and how cultural viewpoints are expressed.

Ultimately, a central question relating to cultural capital is: Do the strategies that are chosen—and the measures to track progress—maintain, enhance, or at a minimum avoid harm to the ways that local traditions, history, and values are understood, shared, and evolve over time?

the **wealthworks** inventory

Measuring Outcomes in Central Minnesota

Sprout MN is a regional food systems value chain coordinator in central Minnesota. Sprout and co-coordinator Region Five Development Commission work with diverse partners to develop the regional agriculture and food economy, connecting to institutions and individual consumer demand and using the region's produce to have an impact on food insecurity among households.

Sprout and Region Five used the indicators proposed in this framework, as well as other metrics, to measure progress toward their value chain outcomes in a baseline report released in 2018. The region tracked measures related to all eight forms of capital, including:

- **Individual capital.** 867 participants and approximately 2,594 household members participated in the Choose Health Prescription Community Supported Agriculture Program and its nutrition education programming from 2014 – 2017; during the 2016 – 2017 growing seasons, over 49,000 pounds of food was provided through the program, equivalent to 41,831 meals.
- **Financial capital.** Region Five Development Commission loaned \$102,600 for a microloan program targeted toward producers such as growers and artists, and job creation from all of Region Five's lending programs (including microloans and other programs) included 26 jobs created and 34 jobs retained; the region also tracked sales, grant dollars secured, and crowdfunding.
- **Built capital.** 7,130 sq. ft. of food value chain infrastructure was added to the five-county region for food hub aggregation, and 17,550 sq. ft. was added at the Sprout Growers and Makers Marketplace; visitation and workshop/kitchen utilization were also tracked.
- **Political capital.** Policies and programs supporting the local food value chain include translating the Sprout vendor application and artist agreement and marketing flyer into Spanish; Minnesota Department of Agriculture began accepting grant applications in non-English languages.

→ **Intellectual capital.** 14 organizations or networks have been connected to the WealthWorks framework to promote sharing of ideas and best practices that increase regional intellectual wealth.

→ **Social capital.** 113 value chain members participated as vendors in 2016 – 2017; over 80 value chain members are small family farms, and the top five beneficiaries include Amish, Latino, and women-owned farms. Eight regional co-ops benefit from the Sprout Mobile Market and reinvest funds to help low-income residents become co-op member/owners.

→ **Natural capital.** 3,767 acres of land have been preserved as farmland, and an additional 595 acres are in production; 90 percent of growers are using organic or other sustainable agricultural practices.

→ **Cultural capital.** Regional storytelling occurred through 58 blog posts on the region's ArtPlace Project website, 12 live videos, 33 video posts, and more media; nine culinary and education workshop events were held in 2017, with an average of 24 attendees, and workshops were designed to be intentionally inclusive of the cultures of all regional residents.

Each of the community capitals is examined in its own section in the measurement report. These sections include a trend analysis related to the form of community capital. The report applies performance information, identifying lessons learned that can help to guide future value chain decision making. Sprout and Region Five will update the report regularly. To view this example of how this value chain has used the set of metrics proposed in this evaluation framework to report impact, read the full Sprout WealthWorks report (http://www.regionfive.org/cms/files/SproutWealthWorks18_Web.pdf). To learn more about the value chain, visit www.sproutmn.com.



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