

Setting the Stage for Change

National Rural Funders Collaborative

Year One Review

Two and half years ago the National Rural Funders Collaborative set out to change history in rural America and reverse patterns of neglect and disinvestment. Its first grantee partners exemplify that commitment to change.

IN ALASKA, the Alaska Rural Community Health Economic Strategies initiative is attempting to expand and enhance health delivery systems and create career ladder living wage jobs and community change for native Alaskans in remote areas of the state.

IN APPALACHIA OHIO, the Appalachian Ohio Rural Investment Coalition (AORIC) is attempting to break cycles of poverty and disinvestment in 29 southern Ohio counties through entrepreneurship and tourism.

IN NEW MEXICO, the Rural Livelihoods Initiative is trying to stimulate change in poor pueblo communities through culturally based business and leadership development.

IN SOUTH CAROLINA, the South Carolina Association of Community Development Corporations is trying to break historical patterns of racism and economic apartheid by creating investment in community economic development in poor rural communities

Though each of the partners started from a different place, each is struggling with common issues:

- Finding adequate measurement tools to capture and describe multi-dimensional change
- Creating and maintaining effective partnerships
- Solidifying collaborative structures
- Building and supporting local leadership
- Maximizing cultural and natural capital

NRFC recognizes that changing patterns – changing lives – changing communities are long term, but intentional propositions. The following grantee partner status reports describe first year efforts at setting the stage for change.



Alaska Rural Community Health Economic Strategies

Partners

Alaska Native Tribal Health Consortium
 Rasmuson Foundation
 Denali Commission
 Alaska Mental Health Trust Authority
 University of Alaska

Context

To call Alaska large or rural or geographically challenging understates its vastness, remoteness, and extreme terrain. Large? Accounting for 20 percent of the total landmass of the continental United States, Alaska encompasses an area larger than the states of Texas, Montana, and California combined - measuring 2,400 miles from east to west and 1,400 miles from north to south. Rural? Nearly one-quarter of the state's population lives in towns and villages that are reachable only by boat or aircraft and 25 percent of all Alaskans, and 46 percent of Alaska Natives (Eskimos, Aleuts, Indians), live in communities of fewer than 1,000 people. Extreme terrain? Home to North America's only rainforest in the south and the treeless tundra in the Arctic north, glaciers, ice fields, and mountains blanket much of Alaska's landscape, hindering road and infrastructure development and isolating 75 percent of Alaskan communities access to a community with a hospital by highway. These enormous geographic barriers and constraints combine not only to limit access to rural Alaska but work to limit the economic and physical health of rural Alaskan natives as well.

High transportation costs, exorbitant fuel and utility rates, limited job opportunities, and unemployment that averages 65 percent – together with the sheer isolation of most villages – leaves many Alaskan native families caught in a cycle of poverty.

Living in conditions that lack water, appropriate sewer and waste disposal systems, health care services, and few higher education options, Alaska Natives rank low in most health status measures. Caught between modern culture and traditional lifestyles, this balancing act has taken its toll on the population. The incidence of suicide and homicide among Native Alaskans males is three to four times the national average. HIV, substance abuse and resulting health problems (e.g. fetal alcohol syndrome, liver disease) are on the rise. Premature death due to chronic liver disease, cirrhosis, diabetes and cancer are now major problems for a people who, for thousands of years have relied on hunting, fishing, and gathering for their livelihood.

While the regional Native health organizations have for a long time employed Community Health Aides/Practitioners to provide basic primary care services in rural communities under standing orders from physicians at regional hospital facilities, and have in place a system that employs 500 Community Health aides in 180 villages, the Alaska Rural Community Health Economic Strategies (ARCHES) collaborative was created to expand and improve this existing system of care. ARCHES' Village-Based Health Provider Training project is designed not only to help augment health care access and quality, but is also intended to add much needed mental, behavioral, and dental care services and provide new jobs while helping indigenous people maintain their traditional spiritual and cultural way of life in rural areas of the state.

Strategic Opportunity

With major financial and political support from federal and state governmental agencies and officials, ARCHES offered NRFC the opportunity to evaluate the impact of career ladder living wage employment opportunities on village-based economic development and cultural preservation; expand Alaska's paraprofessional healthcare network into new areas of specialization; and test the sustainability of this model through the use of Medicaid reimbursement.

Project Description

The Alaska Rural Community Health Economic Strategies collaborative was awarded \$100,000 (with contingent commitments at the same level year two and three) to support the development and implementation of Alaska Native Village Based Health Provider training initiative (ANVHP), which will train up to 100 new health care related jobs throughout rural Alaska in the three critical areas of dental, behavioral and personal/elder health care,

Theory of Change

ARCHES seeks to create

- Healthy Native Alaskans
- Healthy Native Alaskan communities

To do bring this about, ARCHES is organized to

- Increase the capacity of Native Alaskans to deliver new health services that build on the cultures of Native Alaskan communities
- Create employment opportunities in Native Alaskan communities to deliver these services
- Build networks among those who can support leadership training, curricula development and implementation, and service delivery in dispersed and isolated communities traditionally based on natural resources
- Mobilize political support for the provision of those new health services and the structures needed to make them sustainable.

Progress to date/Year One Highlights

Over the course of the first year, ARCHES has made significant progress in putting the pieces of the initiative in place – solidifying its collaborative infrastructure, hiring necessary staffing, and introducing the project to state providers. Dental Health Aide curricula have been developed, work on Behavioral Health Aide delivery system

requirements is underway, and initial training sessions have been held in several rural sites. Of particular note has been ARCHES' ability to develop important strategic alliances exemplified in its partnership with the College of Rural Alaska, which will facilitate ANVHP curriculum development, training, and distance learning options as well as its partnership with the Ford Foundation to implement its dental health aide project.

Issues and Analysis

ARCHES faces enormous obstacles and intractable physical and sanitation challenges that hamper the health and economic vitality of native Alaskans and their communities. Though ARCHES grasps the magnitude of these problems and offers an approach that can catalyze multi-level improvement in the lives of rural residents and their communities, the strategy does not anticipate comprehensive change. Rather ARCHES' treatment orientation anticipates a facility-based infrastructure that will require the addition of millions of dollars to both modernize and expand existing structures and build systems that will enable technology and distance care services. Not only is this approach costly, it may prove to be impractical in remote Alaskan interior communities. If the Village Based Health Provider training project is ultimately successful in transforming Native Alaskan rural communities, it may require a reconceptualization of the model from a purely medical modality to a community empowerment one – which these new positions, at least in part, are designed to do.

Recommendations and Next Steps

Over the next year, ARCHES will:

- Explore ways to share its program model in other areas; and
- Continue to develop behavioral and elder care training modules

NRFC recommends that ARCHES

- Consider expanding the preventive aspects of its program including reintroducing a drug education curriculum into public schools as a preventive component of its strategy; and
- Solidifying relationships with the University of Alaska's College of Rural Alaska to offer culturally based training and leadership development options.



The Appalachian Ohio Regional Investment Coalition

Partners:

The Appalachian Center for Economic Networks (ACENet)
 The Corporation for Ohio Appalachian Development (COAD)
 The Foundation for Appalachian Ohio
 Ohio Arts Council's Appalachian Program
 The Nature Conservancy
 Rural Action
 Voinovich Center for Training and Leadership Development, Ohio University

Context

For pockets of the 200,000-square-mile 13 state expanse known as Appalachia, the poverty label that was once synonymous with the region is no longer applicable. Economic revitalization is underway. But for the 29 southeastern Appalachian Ohio counties, poverty is stubborn and economic renewal is a dream still in the making. Communities once devastated by the loss of good union jobs in mining and manufacturing are now facing even greater deprivation as they try to cope with plant closings, under funded schools, regressive tax systems and the lax enforcement of already flimsy environmental protections.

Covering nearly a third of the state's total geography, Appalachia Ohio is picturesque – a seemingly endless web of streams and creeks crisscross rolling farmland and mountain vistas. But the area's hilly terrain and lack of infrastructure make it a difficult location for new industries and, as a result, it remains one of the poorest regions of the state. With an average monthly income from all types of employment only \$465 per month and a jobless rate in some of its counties as high as 12.5 %, a third of Appalachia Ohio's population lives in poverty. One third of Ohio's 100 lowest performing schools are in this region, and in Athens County, the child poverty rates is 42 %.

But residents of s Appalachian Ohio are fiercely loyal to the region, its beauty, and its way of life. Self-reliant, family centered, religious, insular, residents take pride in their vibrant arts, crafts and music traditions, natural resources and strong community ties. No longer looking to new plants to reverse their economic future, the people of Appalachia are relying on the region's resources and their own human spirits to find local solutions to their economic and political problems and to nurture entrepreneurs who can keep the local economy and spirit alive.

The Appalachian Ohio Regional Investment Coalition (AORIC) is a partnership among mature leaders and organizations in the region formed to capitalize on this strong commitment to place-based, more sustainable forms of community and economic development.

Strategic Opportunity

With a policy climate favorable to sectoral development and entrepreneurship that had begun to be fostered by the administration of Governor Bob Taft, the state leadership within the Appalachian Regional Commission, and new federal funding sources, investment in AORIC represented an opportunity for NRFC to test the ability of investment in local cultural and natural resource based business enterprises to stimulate a stagnant regional economy, grow a cohort of community-based entrepreneurs, and create greater income and employment in a historically depressed region.

Project Description

The Appalachian Ohio Regional Investment Coalition was awarded \$250,000 (with a contingent commitment at the same level for years two and three) to build a sustainable entrepreneurial economy in Appalachian Ohio, bring more resources to enterprise development, foster civic leadership, and develop a collaborative sectoral economic development model capable of creating wealth for depressed families and communities in the region.

Theory of Change

AORIC seeks to create

- A sustainable entrepreneurial economy
- More local wealth
- Better jobs
- A healthy ecosystem in Appalachian Ohio

To bring this about, AORIC is organized to

- Build entrepreneurial and leadership skills among rural residents
- Create new products and value chains based on the culture and natural resources of the region.
- Increase regional collaboration for a support system for businesses and community development
- Link new and existing firms to sources of debt and investment capital
- Mobilize political support for increased resource flow to the region.

Progress to Date/ Year One Highlights

AORIC 's first year has been focused on three fronts:

- Defining and developing a regional collaborative;
- Better equipping partners to understand and implement a collaborative regional economic development strategy: and
- Creating regional collaborative projects

Working in partnership with the Nature Conservancy, the Audubon Society, the Chamber of Commerce, Ohio Arts Council and others, one of AORIC's major strategies for reinvestment in the region is centered on tourism. Two such strategies are promising. Combining local art and culture (quilt squares on barns) with natural resources (area bird sanctuaries) and local businesses (bed and breakfasts, artisans, etc.) as well as organizing regional culturally based festivals (e.g. Paw Paw Festival) to attract tourists, investments,

and spawn grass roots enterprises, are initial steps in creating a new regional identity. Working primarily with the limited potential businesses, AORIC wants to continue this focus, but know that they must also begin to cultivate more high impact entrepreneurs who have the potential to create substantial numbers of jobs. AORIC also recognizes the need to build a stronger support infrastructure for all types of businesses, particularly high growth ones and will be exploring TA models, investment strategies, capital development and support systems to better under gird targeted entrepreneurs.

Issues and Analysis

Much of AORIC's attention during its first year was focused on building a workable collaborative organizational structure capable of implementing both its project and strategic planning objectives. While the Coalition has been proactive in bringing ILGARD into the process to facilitate collaborative development and planning, its leadership readily admits that its members need a better system of communication and more collaboration skills training. Too, the Coalition is challenged by the need to collapse a very expansive project into measurable pieces and clear deliverables. To its credit, AORIC has drawn major governmental, financial and educational players to its table and has been able to attract an impressive list of "civic entrepreneurs." Translating gains to direct impact on families and keeping all parties aligned and focused in similar directions may be an on-going issue for this ambitious collaboration.

Recommendations and Next Steps

Over the next year, AORIC will:

- Explore ways to strengthen its business support infrastructure; and
- Develop mechanisms to identify and include high impact businesses as part of its entrepreneur portfolio

NRFC recommends that AORIC consider the following questions:

- What are the objectives for the sustainable forestry efforts over the coming year?
- Is entrepreneurship a sufficient catalyst for comprehensive community revitalization? If not, what implications does this have for your current theory of change?
- How do current strategies impact low-income people in the region? What tools can be used to measure impact at the community and family level?

NEW MEXICO



Rural Livelihoods Initiative

Partners:

The New Mexico Community Foundation (NMCF)
 New Mexico Community Development Loan Fund (NMCDLF)
Community Partners:
 Picuris Pueblo Bison Project
 Gathering Place
 Tapetes de Lana Women's Weaving Coop
 Southwest Creations
 Tierra Madre
 Court Youth Center

Context

New Mexico's stunning beauty – its big sky, red-capped mesas, snow-covered mountains, and vast stretches of Chihuahuan desert, rivers, and forests camouflage the striking levels of poverty and inequality within the state. Home to 23 Native American tribes, long-time Hispanic residents, (many of whom trace their ancestry directly to Spain), newly arrived Spanish-speaking immigrants from Mexico, Anglos, and a small percentage of African and Asian-Americans, and other ethnic groups, poverty in New Mexico is colored in shades of brown. Nearly half the Native American and over one quarter of the Hispanic populations are living at or below the poverty level and eight of the ten New Mexico counties with the highest poverty rates (individual and family) are rural counties with minority-majority populations. With New Mexico's poor residing in remote rural locations, far from jobs, medical care, and state agency offices where food stamps, Medicaid or cash assistance are available, the impact of poverty is compounded and the cycle of poverty perpetuated by limited access to employment, healthcare, education, and social service programs. Worse, New Mexico's high single parent birth rate makes its children particularly vulnerable – with the state rivaling Mississippi for the highest incidence of child poverty.

The Rural Livelihoods Initiative was created in 1998 to build culturally based economic development enterprises that could begin to build wealth and bring improvement to New Mexican rural communities.

Strategic Opportunity

For NRFC, the pledge by the newly-elected administration of Governor Bill Richardson to make investment in New Mexico's rural communities a legislative priority in a state that had no prior governmental leadership in rural development was an encouraging sign. The potential for new state leadership coupled with the diverse mix of communities and non-traditional businesses that had already demonstrated capacity to survive their start up phase, would give NRFC the opportunity to assess the ability of debt capital to grow grassroots businesses to a sustainable scale, the ability of these businesses to act as a

stimulus for community and family transformation , and in collaboration, serve to articulate a rural policy agenda for the state.

Project Description

New Mexico Rural Livelihoods Initiative was awarded \$100,000 (with contingent commitments at that level for years two and three) to create a culturally based rural enterprise development infrastructure that could begin to reverse the poverty of low-wealth New Mexico pueblo towns. Building on the assets of rural communities throughout the state by identifying and supporting a variety of rural "rural livelihoods" - native weaving, bison ranching, Navajo crafts, self-help housing development, the Initiative tests the viability of a user-friendly debt based strategy to build sustainable, scale-level businesses from existing local economic ventures.

Theory of change

New Mexico Rural Livelihoods seeks to

- Reduce rural poverty
- Increase the economic and social vitality of low-income rural communities

To bring this about, NMLI seeks to

- Build the leadership, financial and technical skills of low income people
- Support grassroots organizations that seek to generate income and achieve social justice
- Build a network of grassroots organizations for mutual learning and advancement
- Increase the capacity of the organization and individuals to successfully access capital
- Increase the available tools for both individuals and organizations to access capital
- To create the political will to support new resources directed to low income rural communities and their residents.

Progress to date/Year One Highlights

The Rural Livelihood Initiative is both a bottoms up and a top down strategy. It attempts to use grassroots businesses as the driver for individual, family, community and rural policy change – all of which are long-term, complex propositions. Because Rural Livelihoods attempts to produce multi-dimensional and multi-level change by positively impacting economic, quality of life and human development indicators for individuals, organizations (business ventures), and communities – much of the Initiatives aggregate gains are obscured or are hard to identify because of the reticence to define horizontal and vertical progress indicators. Areas of clear progress have been:

Organizational Capacity-Building and Network Formation: Livelihood groups have the dual responsibility of growing their businesses revenues, while maintaining efficacious internal systems. During the first year of the NRFC partnership, each Initiative member had specific capacity-building goals for their business ventures that they pursued including shoring up management and financial systems, increasing web based and catalogue sales, putting in place user-friendly operational protocols, developing and maintaining client databases, increasing funding opportunities, ensuring that adequate trained staff were hired, and installing software capable of tracking business performance.

The Initiative has formalized a collaborative that meets quarterly as a peer learning community where technical assistance is provided. The strength of the collaborative is captured in the geographic and business diversity of its members. Still in its early stages, the role of the network in other rural economic development efforts and state rural policy formation is not yet formulated.

Building Leadership: The learning community culture that the Initiative exemplifies carries over in the human development aspects of the project and has contributed to leadership transition activities in both Terra Madre and Gathering Place. The presence of cooperative work environments and the attention placed on giving voice, a sense of self-worth and value to workers and artisans on the job and in the community. Told through individual stories, the development of skills, talents, confidence, and leadership, is most impressive.

Issues and Analysis

While the objectives of the Rural Livelihoods Initiative are laudable and compelling, the implementation of these objectives raises fundamental conceptual issues around the understanding and use of debt. While strengthening the skills and ability of New Mexico's alternative financial institutions to design and deliver financial instrument for wealth creation is a central Initiative strategy, the willingness of Livelihood enterprises to embrace these debt instruments has not fully materialized. Steeped in cultural traditions that decry debt accumulation, some Livelihood partners are reticent to take on large loans to expand their businesses or secure capital assets. Not yet apparent among all initiative partners is a comfort level with the use of debt to fuel further business expansion. Though funder partners realize that collaborative members will need technical assistance and training to be better assess when the use of debt is an appropriate business strategy for them to pursue, this training has not yet occurred.

Recommendations and Next Steps

In addition, the Initiative indicates that within the next two years it intends to:

- Create sufficient credit that can be structured as equity-like financing to better
 - Meet borrowers needs,
 - Allow for positive growth/development and eventually
 - Move borrowers into a banking relationship;
- Provide technical assistance, which is more specialized and intensive, to help community-based economic development projects solve specific problems and build enduring organizational capacities;
- Offer peer-learning opportunities that produce empowering, and self-sustaining networks of collaborative support.

In addition, NRFC recommends that Rural Livelihoods

- Devise an evaluation framework that will allow it to better understand how change is occurring at the various project levels over time.
- Explore ways that the collaborative can begin to play a leadership role in the development of a rural strategy agenda.
- Begin discussions with initiative partners about the meaning and implications of scale in relationship to their existing business plans
- Explore larger issues of business sustainability, short-term project mission (e.g. Tierra Madre - housing development versus community development), and the viability of debt-based strategies to create community change.

South Carolina



Community Economic Development Public Policy Collaborative

Partners:

South Carolina Association of Community Development Corporations
South Carolina Statewide Individual Development Account Collaborative
South Carolina Community Economic Development Public Policy Collaborative
South Carolina Department of Social Services
South Carolina Department of Commerce
Wachovia Bank

Context

South Carolina, like many of its southern counterparts, is still influenced by its 19th century legacy of slavery and inequity. Still functioning under a 1895 state constitution that stripped Blacks of voting rights and denied power to local governments, South Carolina has operated in a policy context that supports and sustains a two-tiered social order – one that is wealthy and one that is poor – one that has power and one without – one that is white and the other that is Black. Worse, the weight of racism and economic apartheid has stymied the ability of the state to make the type of inroads that could ensure a high quality of life for all of its residents.

The CDC movement in South Carolina, headed by the South Carolina Association of Community Development Corporations (SCACDC), which began to take shape in the state in the mid-nineties, was created to challenge the status quo and to build a network of CDCs capable of improving the physical and economic vitality of low-wealth communities and bringing the voice and concerns of grassroots South Carolinian Black and minority families and communities into the public arena. In its first seven years, the state CDC movement had impressive results - producing and rehabbing more than 1,000 housing units and creating more than 3,086 jobs, and enacting legislation that authorized (but did not appropriate) state funds for CED operations. In 1995, SCACDC created the South Carolina CED Public Policy Collaborative (Public Policy Collaborative) to advocate for programs that support rural South Carolina communities and their residents.

Strategic Opportunity

Though SCACDC's membership had experienced tremendous success, support of community development efforts were still below the radar of most policymakers as well as state and federal funders whose interest and investments would be essential to advance the State Association's wealth creation and capacity building agenda. Given the past effectiveness of the Public Policy Collaborative as a voice for the development of technical and financial resources to support the community development industry in the state, NRFC saw an opportunity to capture statewide

multi-sector interest and support to ignite and sustain SCACDC's capacity building and wealth creation agenda.

Project Description

SCACDC was awarded \$150,000 (with contingent commitments at that level for years two and three) to support the work of the State Association-led SC Community Economic Development Public Policy Collaborative and the SC Statewide Individual Development Account Collaborative to test the ability of the state's CDC industry to both create a political and funding climate to sustain the work of the community economic development industry over time while engineering an increase in economic opportunity and asset creation among the rural poor.

Theory of Change

SCCEDPPC's overarching goal is to

- Build wealth for low-income residents in rural communities
- Improve the quality of life in poor rural communities in the state

In order to accomplish those goals, SCCEDPPC works to

- Build the organizational and leadership capacity of CDCs and the communities they serve
- Acknowledge and mobilize the cultural and environmental strengths of low-income rural communities and their residents
- Create a statewide network supportive of a community development/wealth creation agenda.
- Mobilize the political and private sector support to direct new resources toward non-profit organizations that serve low-income rural residents.

Progress to Date/ Year One Highlights

SCACDC's first year objectives centered on building broad based support for the expansion of statewide capacity-building efforts and support of the CDC industry generally..

CREATING A STATEWIDE NETWORK AMONG VARIOUS SECTORS SUPPORTIVE OF A COMMUNITY DEVELOPMENT/WEALTH CREATION AGENDA.

During NRFC's first anniversary site visit in May of 2003, team members found an emerging comprehensive capacity-building program that now extends well beyond SCACDC's efforts and has taken the form of an ad hoc South Carolina capacity building collaborative which includes representatives from SC Association of Nonprofit Organizations (SCANPO), Clemson University, the SC Association of Community Development Corporations and SC Fair Share. The collaborative is currently learning more about each others' work, developing a coordinated approach to addressing capacity building concerns of rural development organizations and communities, and developing a joint funding proposal to be marketed to state, regional and national funders

Early indications suggest funder interest in a coordinated capacity building proposal from the newly formed group. The Association, through the efforts of the Public Policy Collaborative, was also able to push through reauthorization of CED legislation state budget deficits precluded any real chance of appropriations being attached or full discussion of a rural policy agenda.

Issues and Analysis

SCACDC clearly understands the benefit of strategic alliances and has been particularly successful in forging effective partnerships with business and other sectors and interests that advance the agenda of the Association.

BUILDING ORGANIZATIONAL AND LEADERSHIP CAPACITY

Capacity -building remains a major focus for the Association at a number of levels. Grassroots leaders need to be trained. Organizations need efficient management and board structures. CDCs need sophisticated development and financial assistance. Rural groups need to know how to broker relationships and partnerships – how to form and sustain collaborations to change policy, deepen leadership, communicate effectively, and work more intentionally. Communities themselves need capacity building – and the assistance and help needs to be culturally grounded. For the Association, addressing these multi-dimensional requirements, balancing the needs of emerging CDCs against those of more mature organizations, challenging.

Recommendations and Next Steps

During the next year, the Association will:

- Develop an approach and policy on its level of support for emerging CDCs
- Explore alternative capacity-building models and is particularly interested in discovering ways to transfer knowledge from” best practice” projects to other CDCs
- Refine heritage based community-building and leadership development prototypes
- Begin discussions about use of “venture” funding for specific projects; and
- Begin to investigate the creation of new sources of development capital e.g. community based credit unions, CDFIs, etc.

In addition, NRFC recommends that the Association:

- Explore the creation of tools to measure and document wealth creation and progressive change at the community and family levels
- Begin to address issues of scale and specialization as they relate to the growth and development of the CED industry in the state
- Explore cultural promotion and preservation as wealth creation strategies throughout South Carolina’s rural Black communities.