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NATIONAL
RURAL FUNDERS
COLLABORATIVE

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A PUBLICATION SERIES AND INTERACTIVE LEARNING TOOL OF THE
NATIONAL RURAL FUNDERS COLLABORATIVE LEARNING NETWORK



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ABOUT RURAL CONNECTIONS AND THE NATIONAL RURAL FUNDERS COLLABORATIVE

RURAL CONNECTIONS is a publication series and interactive learning tool developed by the National Rural Funders Collaborative (NRFC). Our purpose in creating RURAL CONNECTIONS is to stimulate an interactive learning network where ideas, experiences, lessons learned, and strategies can be exchanged. We welcome the participation of rural funders, practitioners, leaders, policymakers, grassroots organizations and concerned individuals. We encourage you to use RURAL CONNECTIONS to help transform rural America from a neglected symbol of our romantic past to a vibrant, fertile seedbed of innovation, industry and sustainable futures.

The NATIONAL RURAL FUNDERS COLLABORATIVE is ten-year learning and funding initiative to strengthen and sustain rural American communities and families who face persistent poverty. Member funders of NRFC include Mary Reynolds Babcock Foundation (Winston-Salem, NC); Otto Bremer Foundation (St. Paul, MN); Calvert Social Investment Foundation (Bethesda, MD); Annie E. Casey Foundation (Baltimore, MD); Fannie Mae Foundation (Washington, DC); Ford Foundation (New York, NY); William Randolph Hearst Foundation (New York, NY, and San Francisco, CA); F. B. Heron Foundation (New York, NY); William and Flora Hewlett Foundation (Palo Alto, CA); W. K. Kellogg Foundation (Battle Creek, MI) and Lumina Foundation for Education (Indianapolis, IN). In addition, NRFC includes membership of its strategic regional collaborative partners in its governance structure: Appalachian Ohio Regional Investment Coalition; South Carolina Association of Community Development Corporations; New Mexico Rural Livelihoods Collaborative; and Alaska Rural Community Health Economic Strategies. Strategic partners from the public sector working with NRFC include: Appalachian Regional Commission; United States Department of Agriculture and United States Department of Health and Human services.

FOR MORE INFORMATION, please send us an email at info@nrfc.org or visit our website at www.nrfc.org.

A WORD FROM THE EXECUTIVE DIRECTOR

Welcome to our Spring 2003 issue of Rural Connections. It has been nearly two years since the National Rural Funders Collaborative (NRFC) released its first request for proposals in July of 2001 and its intention to leverage \$100 million over the next decade to expand resources for rural communities and families facing persistent poverty. In reality, we are only one year old: having announced our initial funding decisions totaling \$850,000 in April 2002 and having used the intervening period from then until now to establish a learning network of funders, practitioners and policy allies.

In the course of this brief span of nearly two years, much has changed. The tragic events of September 11, 2001 have hastened and exacerbated a national economic recession on the heels of nearly a decade of unprecedented growth. In human terms, the events of 9/11 have shaken the very foundations of our sense of security. Eighteen months hence, we have moved from a perspective of seemingly unbounded optimism and self-confidence with which we ended the 20th century to a much more anxious and austere self-understanding as a nation with which we began the 21st.

Despite this unforeseen, antipodal swing in national consciousness, we are finding rural communities amazingly resilient and unswerving in their resolve to overcome decades of disinvestment, brain drain and inequitable distribution of resources. Rural leaders long accustomed to “doing more with less” continue to demonstrate amazing innovation and determination in leveraging resources and effecting rural community change. In the period of just one year, the nine rural collaborative initiatives we funded in our first round have matched each dollar of our initial investment with more than five dollars from other local, regional and national sources. Therefore, despite the greater sense of uncertainty we now feel as a nation, rural America appears to be moving ever confidently forward in implementing new strategies for entrepreneurship, individual and institutional leadership and civic participation/self-sufficiency.

At one year old, it is far too soon to evaluate any measure of success in NRFC’s experiment of strengthening rural areas through expanding resources. Nevertheless, even at this juncture we recognize some early lessons, strategic decisions about the direction ahead for our work and unforeseen opportunities for influencing strategies and relationships that promise to revitalize rural communities and improve quality of life for rural families.

Craig McGarvey’s guest essay in this issue represents an attempt to articulate some early observations about NRFC’s emerging work. I met Craig, then program officer for James Irvine Foundation, in December of 2001 at the Sacramento offices of the California Rural Legal Assistance Foundation. On that day around a very large table in a not so large room sat nearly two dozen leaders, consultants, advocates, organizers from the Central Valley Partnership for Citizenship ... and Craig McGarvey. Craig had recently been named by the Council on Foundations as the 2001 recipient of the Robert W. Scrivner Award for Creative Grantmaking – precisely for his work with CVPC. It was evident even at that first meeting that Craig not only shared a passion for the work of this diverse group of “new Americans” working together to create a compelling model of civic participation and self-determination, but that he also enjoyed their trust and respect. Since that first meeting, Craig and I have had several late night chats over an Anchor Steam about the challenges of collaboration within rural communities and regions, about issues of power between funders and grantees, and about a host of other issues that go to the heart of NRFC’s work.

Craig’s observations and reflections on this first year or so of NRFC’s collaborative experiment are in many ways an expansion of those late night conversations. In essence, Craig has wonderfully captured an ongoing dialogue about the nature and value of collaboration among national and regional practitioners, funders and policy advocates working together to strengthen and sustain rural areas. I would hasten to add that his essay is in many ways representative of a host of other conversations among NRFC’s partners and strategic allies about the meaning and direction of our work together.

I hope you will read Craig’s essay as an invitation ... to “listen in” on NRFC’s conversations ... to catch a glimpse of its deliberations and strategies for engagement ... to share its vision and enthusiasm for broadening our knowledge and deepening our understanding of rural America: rich in natural and cultural assets; diverse in its constituents, allies and advocates; and unflappable in its commitment to self-improvement and self-determination.

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INVITING STRATEGIC ENGAGEMENT:

The Multi-Regional, Multi-Layered Experiment of the National Rural Funders Collaborative

by Craig McGarvey

THE PROMISE OF COLLABORATION FOR STRENGTHENING RURAL COMMUNITIES AND FAMILIES

The National Rural Funders Collaborative (NRFC), one among a growing number of important new philanthropic collaborations, was created to focus diverse philanthropic interests more strategically on what is unfamiliar territory for many funders – Rural America. With a goal of leveraging \$100 million over a ten year period, NRFC’s mission is to help rural areas, especially those facing persistent poverty, to build wealth, leadership, and self-sufficient families.

Work began in the summer of 2001. To survey opportunities for collaboration within a regional context, NRFC issued a request for proposals to partnerships between funders and practitioners who were already working together strategically to effect rural community change at a “multi-county, statewide or multi-state level.” NRFC considered carefully the following criteria:

- A demonstrated **history of collaboration** among the funders and community-based participants, in order to build from the strength of existing local relationships.
- A clearly articulated, **community-based strategy** for leverage and sustainability beyond the current funders to other public and private investment, in order to encourage long-term planning toward broader relationships and resources.
- A compelling but **achievable opportunity** for elevating or expanding the collaboration’s efforts to a new level of impact and influence, in order to identify potential investments that could add clear value and achieve early success.

NRFC received 284 letters, selected 20 finalists, and went on the road in search of partners.

At the end of this process – spring of 2002 – NRFC made funding decisions totaling \$850,000 in support of an initial portfolio for rural community change. The idea was to create a mix that would appropriately value the diversity of local context, culture, and strategy, while linking these regional projects in cross-learning opportunities from which could be distilled lessons useful to all. Four multi-year grants, or “strategic investments,” were included, totaling \$600,000 in the first year, as well as five one-year “learning” grants, each at \$50,000. The remaining eleven of the 20 finalists were invited to participate with the nine funded efforts in NRFC’s learning network.¹

Here was the beginning of an experiment, focused on learning, and reaching across the expanse and diversity of rural America, with an intent to bring together into more strategic configuration national and regional philanthropies, public and private sector institutions, funders and practitioners, and other rural stakeholders.

CONSTRUCTING A COLLABORATIVE LABORATORY OF LEARNING: VALUING DIVERSITY

Some of the informing principles for this multi-regional laboratory were evident in early discussions among framing funders of the collaborative – Mary Reynolds Babcock Foundation, Annie E. Casey Foundation, Fannie Mae Foundation, William Randolph Hearst Foundation, F. B. Heron Foundation, William and Flora Hewlett Foundation and W. K. Kellogg Foundation. These seven – subsequently joined by Otto Bremer Foundation, Calvert Social Investment Foundation, Ford Foundation, and Lumina Foundation for Education – worked on a consensus basis to arrive at core values and beliefs about the nature of their collaborative work together:

- **Regional collaboration among area funders, practitioners and community leaders is the foundation for rural success** – with national public and private funders playing supporting roles to build regional capacity;
- **Successful efforts at rural community change exist in many expressions**, reflecting diverse cultural and geographic contexts and employing a diverse array of strategies, theories of change and outcomes.

Guided by these assumptions, NRFC has sought with its portfolio partners to frame initial learning themes, identify promising early policy issues, and jointly develop meaningful processes of participatory evaluation and measures of lasting achievement.

Learning has been a primary value for NRFC from the outset. The goal has been to use shared experience to build a more comprehensive understanding of how rural communities can strengthen themselves sustainably over time. The knowledge developed can increase visibility of rural issues and amplify a collective rural voice. The very diversity of the funding group—national and regional, differing priority guidelines and degrees of rural focus—is one of the collaborative’s most important assets, just as the collaborators have believed diversity to be an asset for communities. Commitments to equity among all stakeholders and bottoms-up decision making have characterized the learning approach.

Through a series of assemblies², workshops³ and ongoing dialogues⁴, the funders, practitioners, and other strategic allies are working to develop a comprehensive framework for evaluating their success. They are also seeking to identify and advocate for policy changes that can increase impact, leverage, and sustainability in rural areas. From the work so far — not yet a full year’s cycle of collective engagement and policy discussions — NRFC has identified three key themes or hypotheses that will guide its work going forward:

- **Build Wealth:** Sustainable revitalization of rural economies requires community-based, *community-controlled economic development* that is regional in scope and entrepreneurial in approach.
- **Build Leadership:** Sustainable rural community change is dependent upon *inclusive leadership and responsive institutions*, working to transform themselves in order to transform their communities.
- **Build Family Self-Sufficiency:** The ultimate measure of rural success will be found in the *improved quality of life and full civic participation* of workers, families, and children of rural communities, particularly those living at or below poverty levels.

Holistic in their approach and mindful of these three elements of rural community change, NRFC's diverse group of national and regional partners are working to increase impact, leverage and policy change.

THE BLUEPRINT AND THE GREENHOUSE

While the blueprint for NRFC's work is clear even at this early stage, the unfolding learning experiment is creating, in effect, a greenhouse, in which the work is collective, iterative, interactive, and inquiry-based. Funders and practitioners have committed to look beyond traditional roles as grantmakers and grantseekers to find common values and develop a more compelling case for increased investment in rural areas. Participation in collective learning is not without its challenges, but the work together is bringing to the surface early lessons of exploration for the partners:

- Regional funders, whose traditional interests lie in increasing resources to develop the capacity of local areas, and national funders, who often set their sights on broad policy change, are creating a **strategic regional-national dialogue** among themselves that can make these two goals reinforce one another.
- Private funders are working together to increase their collective clout and use their maneuverability to provide effective leadership for **regional engagement and public-sector change**.
- **Policy makers and implementers are working with private philanthropy** as a strategic partner to expand reach, develop scale, and improve flexibility and responsiveness; funders, on their side of the equation, are finding that working relationships with those in the policy arena can improve both insights and impact.
- Community organizations are learning to move **beyond "we-they" worldviews** sometimes fostered by power imbalances, claiming their own power as they seek strategic alliances with foundations and government agencies; foundations are realizing that the power they share in community partnerships adds value far beyond their grant money in the pursuit of community-building goals.

The collaborative learning of NRFC's first round of funding has led to collaborative governance: local community agencies and funders, both national and regional, work together as equal partners. In this dialogue among equals, NRFC partners are learning to forge more strategic and engaging relationships to achieve greater social return on investment.

INCREASING IMPACT AND LEVERAGE: PLACE-BASED OPPORTUNITIES FOR REGIONAL CHANGE

The strategies of rural community change pursued by NRFC's regional partners are indeed diverse.

In **Appalachian Ohio**, NRFC's strategic partners are asking how to build mechanisms and institutions for economic development in rural regions where disinvestment has been the norm, and past attempts to attract and retain outside industries have created neither good local jobs nor environment-friendly business. The hypothesis: *economic strength can be achieved through investment in entrepreneurship and the development of small, community-based businesses associated with sustainable forestry and local cultural expression and heritage*. The collaborators behind this strategy are the Foundation for Appalachian Ohio, a regional community foundation, along with the Appalachian Center for Economic Networks (ACENet), Corporation for Ohio Appalachian Development (COAD), Rural Action, Ohio Arts Council, the Nature Conservancy, and others. Here NRFC has made a first-year investment of \$250,000, again with contingency commitments for two further years of funding at the same level, providing added capital to help ensure successful early development of this promising regional model.

In **South Carolina**, the question has been how to develop a statewide infrastructure for creating wealth in low-wealth areas. A specific hypothesis is being tested: *building the the necessary leadership and organizational strength of grassroots leaders and community development corporations in order to increase economic opportunity and individual wealth, while simultaneously building throughout the state the political will and resource stream to sustain the regional work over time*. At the center of these strategic efforts are the South Carolina Association of Community Development Corporations (SCACDC) and its policy-oriented partner, the South Carolina Community Economic Development Public Policy Committee (SCCEDPPC). Having made an initial investment of \$150,000 in year one in SCACDC/SCCEDPPC, with equal commitments for two additional years contingent on demonstrable progress annually, NRFC hopes to learn about regional network building for sustainable rural community change,

Related questions concerning locally grown community-based industry have been asked by NRFC partners in **New Mexico**, where, despite the fact that the state is a major tourist destination, pueblo towns languish in poverty. New Mexico Community Foundation, New Mexico Community Development Loan Fund, and other regional and national funders are testing a *strategy of creating “patient capital” to build sustainable livelihoods from existing local economic experiments*, including a weavers’ collective, a sewing piecework cooperative, and a bison ranch. Peer-learning and customized technical assistance are being combined with credit and equity financing to help grow the efforts of local entrepreneurs. NRFC’s New Mexico investment is \$100,000 in the first year, with contingency commitments at that level for years two and three.

In **Alaska** the hypothesis is that *both quality health care and sustainable career opportunities can be brought to remote villages through the training of village-based and -selected native health care providers*. The Alaskan Native Tribal Consortium, the U.S. Denali Commission, the Rasmussen Foundation, and the Alaska Mental Health Trust Authority have used NRFC’s first-year investment of \$100,000, with contingency commitment for years two and three, as a catalyst that has expanded their experimental model, successfully encouraged the University of Alaska to collaborate and contribute resources, and helped unlock appropriations from the U.S. Congress to fund the native health provider jobs.

Other strategies are being pursued by NRFC learning grantees in *Arkansas, Colorado, California’s Central Valley, Western Maine, and Nebraska*, as well as among the eleven other finalists across rural America. Some of these hypotheses would have been included in the mix had NRFC pursued a focused, centrally established programmatic agenda. Many more would have been excluded. The key rubric for the engagement of community partners has been to seek sound assumptions and promising strategies across diversity of geography, issue, condition, and culture. The objective is to use the resulting network of learning to build an understanding of rural community change that is as dynamic and nuanced as rural communities, themselves.

PURSUING POLICY CHANGE: CONTEXT-BASED ENGAGEMENT WITH PUBLIC PARTNERS

A belief in the importance of local context has also informed NRFC’s approach to policy work. In addition to resources and relationships, the leveraging of policies has been a central strategy from the early days of the initiative; public dollars would be needed to sustain positive change in rural communities, the partners have believed, and private dollars could help in the realignment of those funds.

Often policy efforts are focused on advocacy at the legislative level. Community organizations and their funders make a case and try to move a vote. NRFC partners are pursuing a policy strategy consistent with their interests in collaborative learning: pragmatic, interactive, community- and relationship-based. Working regionally with their community partners, they have asked themselves, “Where are the policy barriers and opportunities?” “How can the NRFC find avenues to promote a more just and helpful policy framework?”

The approach that NRFC has taken is characteristically close to the ground:

- **Identify lessons at the community level** and, working up rather than down, explore the implications for national policy;
- **Connect public agencies and community efforts** and, working with officials trying to implement administrative and legislative agendas, find collaborative solutions to the real problems in rural America.

Engagement with public officials at every level, building relationships between public agencies and regional community leaders, is key. Here are some of the early collaborative efforts taking shape:

- NRFC is part of the monthly deliberations of a working group within USDA to improve internal agency coordination and build a more collaborative budget in the 2005 fiscal year.
- NRFC is working with USDA and the Director of the USDA-supported North Central Regional Center for Rural Development to develop outcomes and measures for rural community development.
- NRFC is helping to facilitate a conversation among HHS, USDA, the Kellogg, Winthrop Rockefeller, and Walton Family Foundations, and other funders and intermediaries to explore joint, strategic investments in the mid-south Delta.
- NRFC has brought to the interest of USDA the “family farm brand” project of its learning network partner in the Rocky Mountains; as a result, USDA has assigned one of the university-based field representatives in its national Cooperative Extension Service to explore these ideas.

Other collaborative ideas are on the table, including work with USDA to increase incentives for rural entrepreneurship, with HHS to develop greater access to health and human services for rural areas, and with other agencies to work on such policy issues as expansion of the Individual Development Account (IDA) program for rural residents. In each case, NRFC is seeking to create access, relationships, and a stronger voice for its community partners, in a belief that policy work from the ground up can sustain positive change in the long haul.

CHANGING RELATIONSHIPS AMONG PHILANTHROPY, PRACTICE AND POLICY: CREATING A COMMON TABLE FOR MULTIPLE STAKEHOLDERS

Each of the activities of the NRFC's experience thus far—outreach, site visits, selection process, network convenings, consultant assistance, www.nrfc.org with its learning components, a second, more strategic round of site visits—has been an exercise, ultimately, in transforming relationships among resource bearers, community practitioners, and agencies charged with public policy. Framing the diverse regional hypotheses is a core hypothesis:

- ***collaborative learning among funders, practitioners and policy institutions can break through structural impediments and traditional roles to a culture of honest dialogue and full partnership, in which it is possible to create positive, sustainable community change.***

Getting beyond a “what are you going to deliver to us” mode of interaction is of equal challenge to all participants, and it will take practice for all to move from transactions based on expectation to common enterprise based on what can be offered one another. The interests of grantmakers, practitioners and policymakers tend naturally to be distinct. Private funders are often concerned with measuring impact. Practitioners tend to focus on building capacity to achieve the impact. The concern of public funders and policymakers is typically to remove obstacles and provide incentives to reach the impact. Each seeks to leverage the other, and power imbalance distorts attempts to find the intersecting ground of common interest.

NRFC's assumption is that collaborative inquiry can create the common ground. The risk its members ask one another to accept is that of moving beyond roles as co-consumers of one another's products to be co-producers of a single product: sustainable, positive change in rural communities. When this risk is shared, the varying interests of the three partners become a matter of being as articulate as possible in collective answers to the following questions of **“strategic readiness”**:

- What change, explicitly, are we trying to make, why do we believe it to be important, and what opportunities present themselves for this change?
- What strategies, explicitly, are we attempting to pursue, why do we believe this to be the best way to proceed, and how can we prepare ourselves best to execute these strategies?
- How will we know—again, explicitly—whether we are accomplishing the change; what outcome markers will we measure, so we can make continuous improvements, and we can demonstrate our accomplishment to other constituents?

Funders, practitioners and policy institutions all have reason to want to improve their work, all have constituents—governing boards, donors, colleagues in the field, the broader public—to whom they want to demonstrate accomplishment. That is, the political “market force” is present to promote the power sharing necessary for collaborative inquiry. But the risks are real; each side must be willing to expose its weaknesses if there is to be shared improvement. The risks, NRFC feels, are essential, and the partners have been working together to answer these questions. In the end, the basic assumption being made by NRFC is embodied in one of the three hypotheses distilled from the work of its regional partners: leaders and institutions must transform themselves in order to transform communities.

DEEPENING DIALOGUE, EXPANDING ENGAGEMENT: THE WORK AHEAD

At this writing, NRFC is in its infancy, preparing for a second round of funding. But the year of work that began with almost 300 proposals has refined the questions the partners are asking:

- How can we best use the collective work of evaluation—clarifying theories of change and measures of outcome—to deepen learning and improve impact?
- In what ways can we strengthen the network to promote sustainability and approach scale?
- How can we connect these efforts to other initiatives to leverage further effect?
- In what ways, if any, has the changing, increasingly austere economic environment altered any of the initiative's fundamental assumptions?
- Where should we prune, and where should we plant, sharpening our focus while enriching the network with geographies, cultures, and contexts not yet included?
- How can we best keep our door open and inviting to new partners from philanthropy, practice, policy, and business?

Much learning lies ahead. So do many challenges, from the practical difficulties of maintaining relationships in the space between meetings and regions, to the political realities of building common ground across the sectors, to the human psychology of transforming hearts and minds. NRFC has created an opportunity to join in the work: additional fellow learners and wayfarers are welcome.

1 See Report “First-Round Funding Activity and Rural Portfolio”: Spring 2002, at www.nrfc.org/PDFreports/2002funding.

2 See “Building the Network: Convergence of Efforts: Finding a Collective Voice” Report on 1st Annual Learning Network Event: June 2002, Berkeley Springs, West Virginia at www.nrfc.org/PDFreports/2002juneassembly.

3 See Report “Mid-term Learning Event”: January 2003, Santa Fe, New Mexico at www.nrfc.org/PDFreports/2003midterm.

4 See Report “Regional and National Funders Discuss Values of Collaboration”: October 2002, Baltimore, Maryland at www.nrfc.org/PDFreports/2002fundersdiscussion.