Regional Approaches to Rural Economic Development

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NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
REGIONAL STRATEGIES. PARTNERSHIPS. SOLUTIONS
About NADO’s Mission

- Strengthen local governments, communities and economies through the regional strategies, partnerships and solutions of the nation’s regional development organizations

Advocacy | Education | Networking | Research
NADO Focus Areas

- **Infrastructure assets** including advanced broadband
- **Access to capital** and business expertise
- **Workforce** readiness
- **Quality of place** (i.e. Do knowledge workers want to live within your region?)

*These are the minimum requirements for the game of economic development. But, they do NOT guarantee success or long-term economic sustainability...*
Federal Policy Issues

- Role of federal government in economic development
- Federalism divide among federal, state and local govts.
- One America policy
  - Urban vs. Rural / Distressed vs. Prosperous
- Obama administration
  - Regional innovation
  - Regional sustainable development
  - Interagency collaboration *including joint funding*
  = Quality of place to advance economic competitiveness

National Association of Development Organizations
Wordle™ of remarks prepared for delivery by John Fernandez, Assistant Secretary of Commerce for Economic Development, at the 18th Annual Conference of the National Association of Seed and Venture Funds in Arlington, Texas, on October 19, 2011.

Source: http://www.eda.gov/NewsEvents/Speeches/Speech10192011_SeedAndVentureFunds_TX
Lessons Learned: Regional Innovation

- **Regional governance leadership**, not regional govt.
  - Public, private and nonprofit collaboration
- **Risk management**, especially political appetite for risk
- **Motivation, culture and ability** to start new ventures
- **Sustained, long-term public policy framework** that transcends elected official terms and short-term views

National Association of Development Organizations
Lessons Learned: Regional Innovation

Technical assistance

- Public, private and nonprofit collaboration
- Working regionally across political and sector boundaries
- Data collection, analysis and know-how
- Sustaining coalitions after the planning phase and when the grant runs out!

National Association of Development Organizations
Regional Innovation Performance Measurements

- Moving beyond just *jobs* in the current climate
  - Wealth creation and retention
  - Community and institutional knowledge
  - Net gains in household incomes and purchasing power

- Regional resiliency
  - Infrastructure, economic and social
  - Preparing for resiliency threats *before the shock*
Innovation is the main driver of prosperity, competitiveness and job creation – *innovation and competitiveness are more connected than ever before*

**New paradigm** that engenders collaboration between several partners, values the creative power of smaller organizations and individuals, and tailors solutions to meet local needs
Sacramento Area Council of Governments: Rural-Urban Connections
◊ Asset-based regional strategy
◊ Low-growth population region
◊ Asset-rich natural environment
◊ Strong private sector engagement

- Regional cluster analysis
- Asset mapping and analysis – cultural, environmental and economic
- Wealth flow impact assessment
- Public + private + nonprofit sectors

= New approach to the future
Economic Flow of Expenditures on Home Heating Oil

Purchase of #2 Heating Oil
5.9M gallons @ $2.71 (4/5/10)
$15.9M

78% of expenditures leaks out of the economy
$12.4M

Aroostook Impact
$3.5M

22% of expenditures retained for distribution and service

Economic Flow of Expenditures on Biomass Heating

45,000 tons local sourced and processed wood pellets @ $200/ton
$9M

Aroostook Biomass Economic Impact
Biomass = $9M/year
Equip/Install. = $19M over 5 yrs

30%-50%

Equipment and Installation Value over Five Years
$63.5M

Economic Flow of Expenditures on Home Heating Oil

Economic Flow of Expenditures on Biomass Heating

Job Creation Categories

<table>
<thead>
<tr>
<th>Job Creation Categories</th>
<th>Direct Jobs</th>
<th>Indirect &amp; Induced</th>
<th>Economic GDP Impact Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition &amp; Production of biomass fuel</td>
<td>90</td>
<td>67</td>
<td>$8.4M</td>
</tr>
<tr>
<td>Installation &amp; Admin</td>
<td>40</td>
<td>30</td>
<td>$3.7M</td>
</tr>
<tr>
<td>Wealth Retention</td>
<td></td>
<td></td>
<td>$6.9M</td>
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<tr>
<td>Total</td>
<td>130</td>
<td>97</td>
<td>$19.0M</td>
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</table>
Growing Rural Innovation-Based Economies:
Kansas Opportunity Innovation Network
Landscape Perspective

Regional Analysis - Interdependencies

- Workflow
  - Shows where people in the region work through the world
Kansas Opportunity Innovation Network

Regional Projects Enable “Learning by Doing” Approach

Business Profiling/Supply Chain Network Development
Partner: KDOC

KTEC Technology Cluster Strategy Development
Partner: KTEC

Business Profiling and Innovation Networking
Partner: North Central Regional Planning Commission

Regional Asset Mapping
Partner: Great Plains Development Inc.

Regional Manufacturing Park/Incubator IBED Strategy and Business Development
Partner: Harvey County Economic Development Council

Wind Supply Chain ID and Pre-profiling Assessment
Partner: South Central Kansas Economic Development District

Kansas Army Ammunition Plant Business Redevelopment
Partner: Great Plains Development Authority
WHAT'S NEW

WEALTH FROM FORESTS IN THE DAILY YONDER
The Wealth From Forests project, a Ford Foundation grantee, is featured in a piece on the Daily Yonder.
Read More >

JOIN THE NEW RURAL WEALTH CREATION AND LIVELIHOODS NATIONAL COMMUNITY OF PRACTICE
The NCP builds on the conversation at the October 2011 Rural Wealth Creation and Livelihoods conference.
Read More >

RURAL CDFIS ATTRACTION IMPACT INVESTMENTS

Our Mission:
Improve rural livelihoods with a systems approach to development that creates multiple forms of wealth that are owned and controlled locally. This wealth creation approach:

FOCUSES ON PLACE: Respects, builds on and advances the work people are already doing.

INCENTIVIZES COLLABORATION: Breaks out of rural isolation by building regional collaborations and tapping market demand.

CREATES MULTIPLE FORMS OF WEALTH: Builds many forms of capital - knowledge, resilient natural resources, social networks, and more.

EMPHASIZES LOCAL OWNERSHIP: Enhances the livelihoods of low-wealth people and places by building wealth that is owned and controlled locally.

WEALTH CREATION IN PRACTICE
CAN IS TAKING THE WEALTH CREATION APPROACH AND RUNNING WITH IT
The Central Appalachian Network is using the wealth creation framework as a lens for refocusing everything they do in building a healthy food system, write Katy Allen and Thomas Watson.

http://www.creatingruralwealth.org
Four Principles of Wealth Creation

1. Focus on place.

2. Incentivize collaboration.

3. Create multiple forms of wealth.

4. Emphasize local ownership.

The principles underlying the wealth creation approach are simple. Respect people and their places. Help people collaborate and tap new markets based on shared values. Build many kinds of wealth so everyone benefits. Keep wealth local.

1. **Focus on place:** “There isn’t one way to do rural development,” says Deb Markley of the Center for Rural Entrepreneurship, who is the coordinator of the Resource Team for the WCRC initiative. Development will look different in Mississippi, Appalachia, or rural Kansas. “You start where people are and help them get to where they want to be,” she says.

Place-based development means recognizing the assets inherent in a particular place — and respecting and building on the work people are already doing there. It means recognizing the cultural and political challenges of that place, and helping people build the capacity to overcome those challenges. In poor areas, it means connecting people to new ideas, markets, and partners in the mainstream economy for mutual benefit.

In some areas of Appalachia, for example, “the coal companies own everything, and there are consequences if you speak out in public,” says Mikki Sager, vice president of The Conservation Fund and a member of the WCRC Resource Team. In the South, racial discrimination has....
www.regionalinnovation.org

www.knowyourregion.org
STATS America

Innovation in America's Regions

This tool helps a region guide strategic conversations about where to invest scarce resources to build prosperity (for the next generation). These tools enable regional leaders to focus on 2 sets of core assets that create prosperity: brainpower and innovation. Go to Regional Innovation

Measuring Distress

This tool, made for economic development, provides a fast and simple way to calculate whether a county, region, or neighborhood (based on census tract groupings) may meet certain federal grant thresholds based on unemployment and per capita income. Go to Measuring Distress

STATS America is a service of the Indiana Business Research Center at Indiana University's Kelley School of Business: www.ibrc.indiana.edu. This initiative is funded in part by the U.S. Commerce Department's Economic Development Administration and Indiana University.